

FISCAL YEAR 2008-09

---

RECOMMENDED BUDGET

CONTRA COSTA COUNTY

Budget Hearings – April 22, 2008



# Introduction

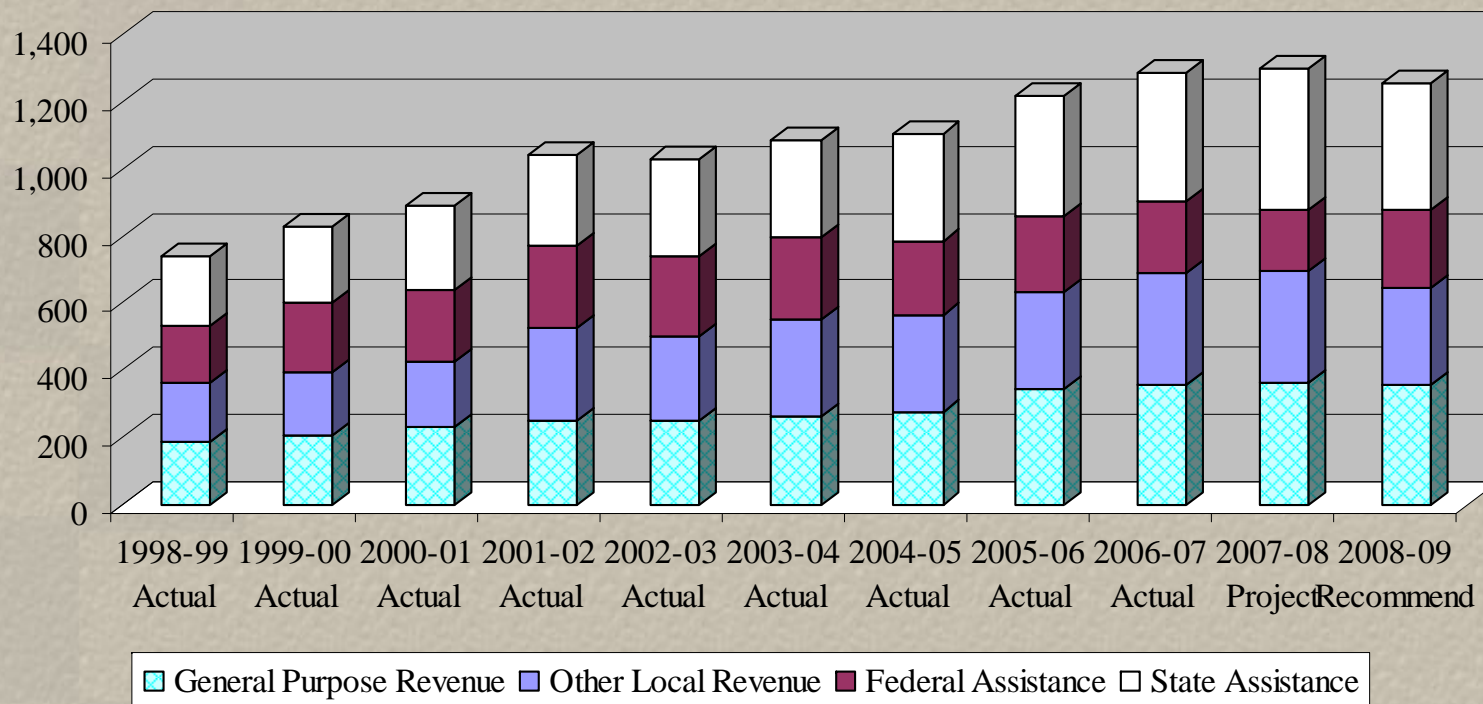
- Present information on our FY 2008-09 Recommended Budget
- Receive public input
- Receive Broad direction for adoption of a balanced budget on May 6

# FY 2008-09 Budget Goals

- Continue pursuit of our public service mission to provide services which improve the quality of life of our residents and the economic viability of our businesses
- Recognize the impact of the changing economic climate on our ability to provide desirable levels of public service
- Develop a spending plan that adheres to our Balanced Budget, Reserve, and Debt Policies
- Begin partial prefunding of OPEB – our top long-term fiscal and services delivery issue

# Financial Picture - Revenue

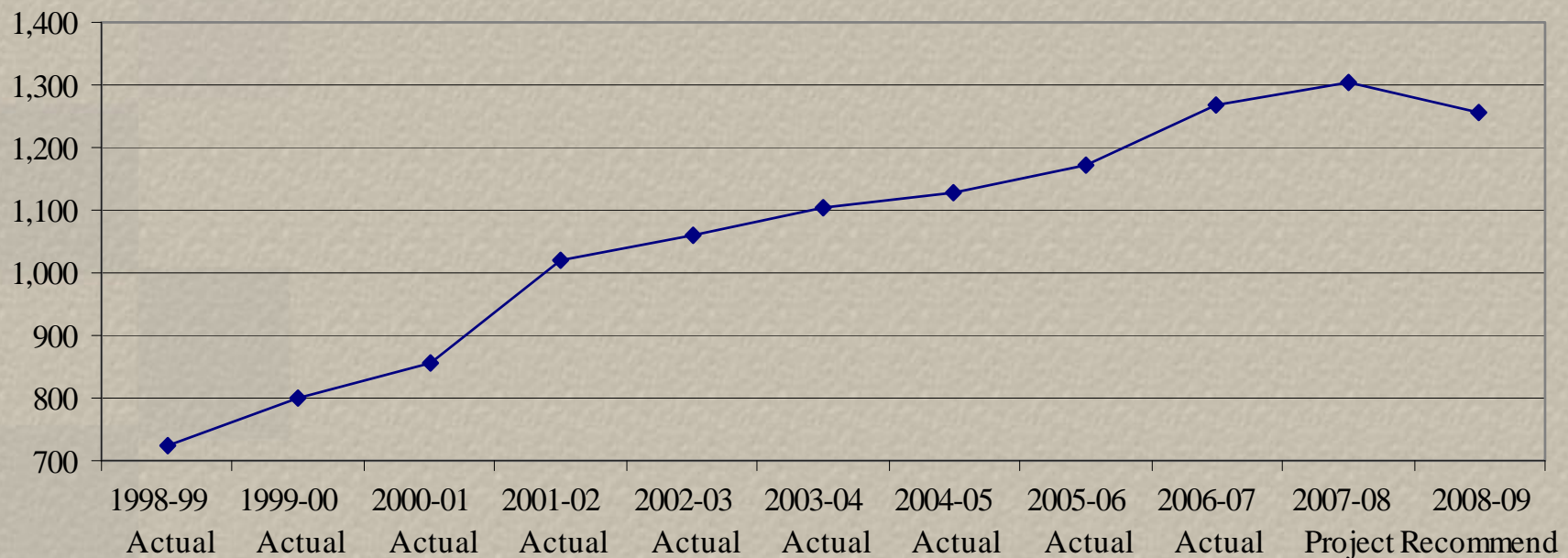
- Contra Costa County General Fund has benefited from an average 7% annual revenue growth over the 1998-2008 period



- Our revenue growth will not continue at 7%, but will decline 4% in 2008-09 – an 11% swing

# Financial Picture - Expenditure

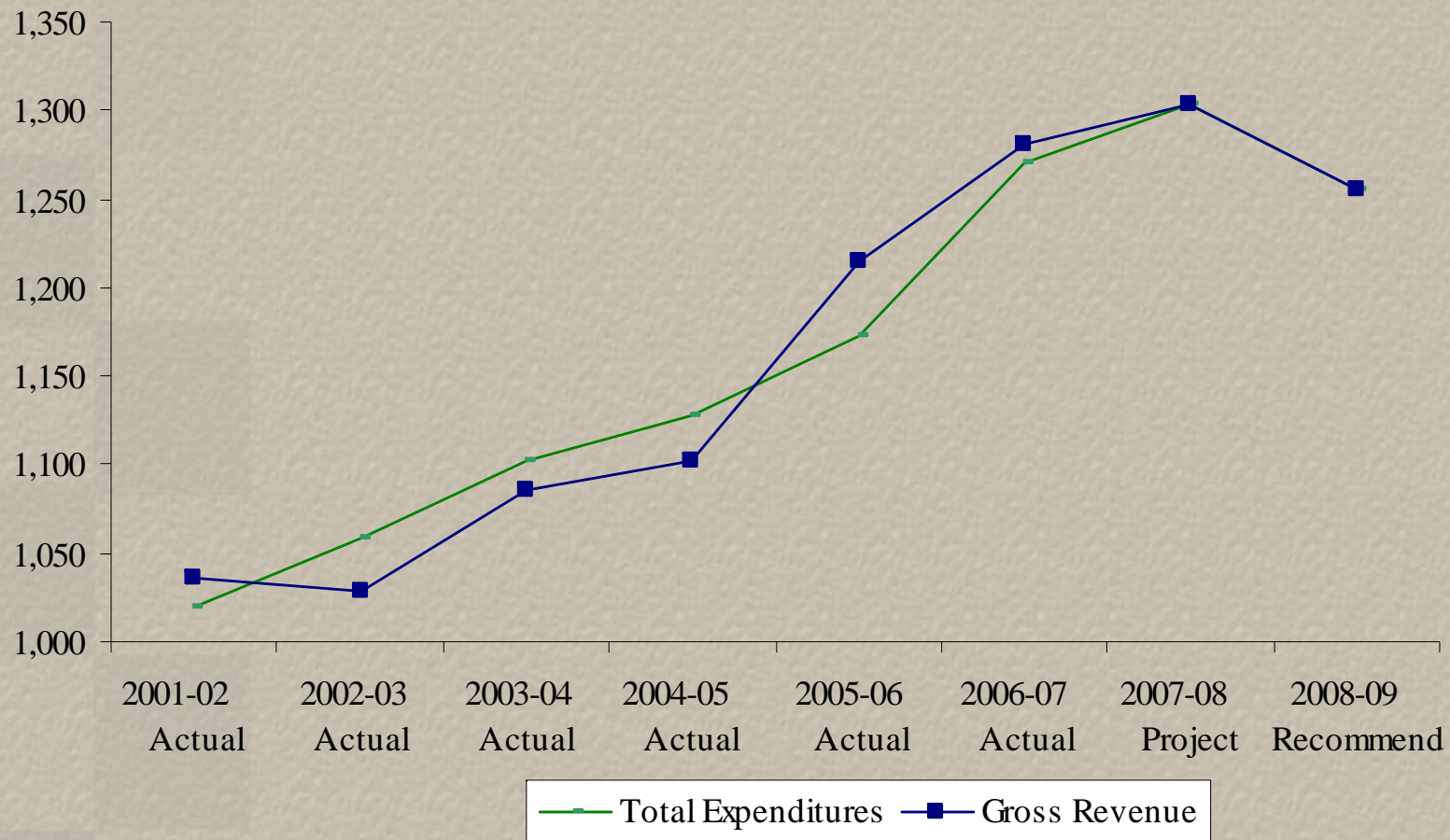
- Contra Costa County General Fund has experienced on an average 7% annual expenditure growth over the 1998-2008 period



- Our expenditure growth will not continue at 7%, but will actually decline 4% in 2008-09 – an 11% swing

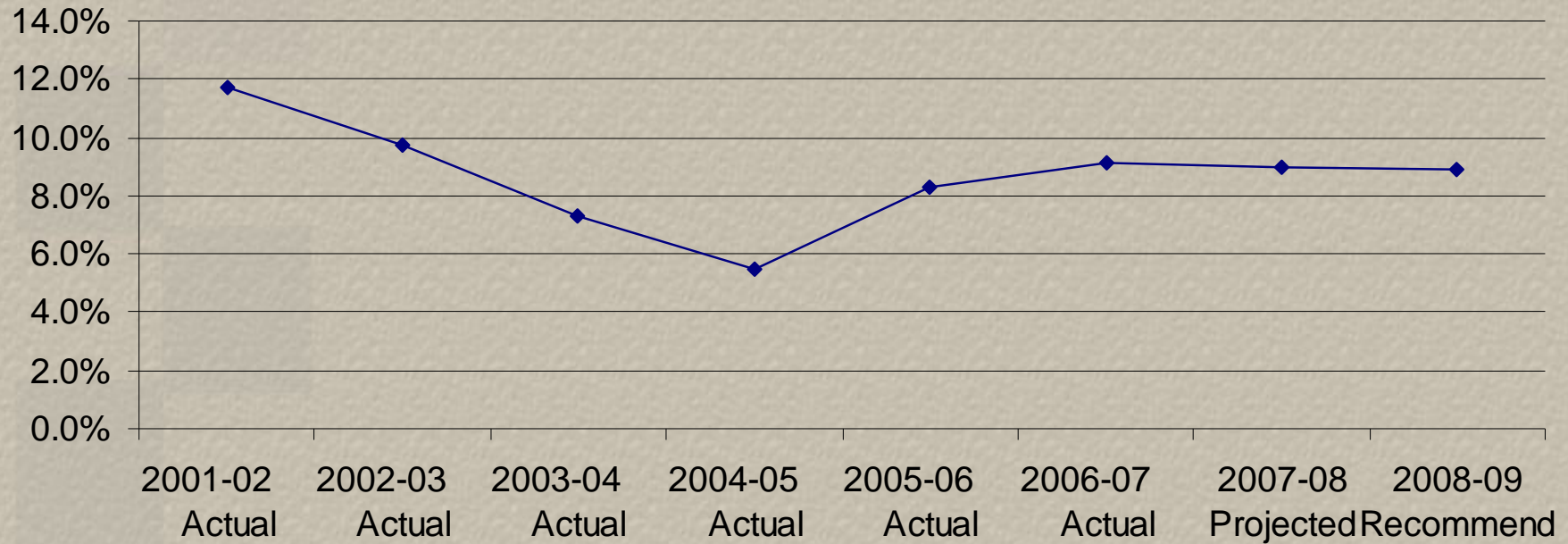
# Effects of Decline in Resources

General Fund



# Effects of Balanced Budget Policy

General Fund



# FY 2008-09 Budget Drivers

- Nationwide economics
- Federal deficit and decline in resources
- State Budget deficit impacts
- Housing market downturn and property tax impacts
- Increased costs of providing public services

# FY 2008-09 Budget Approach

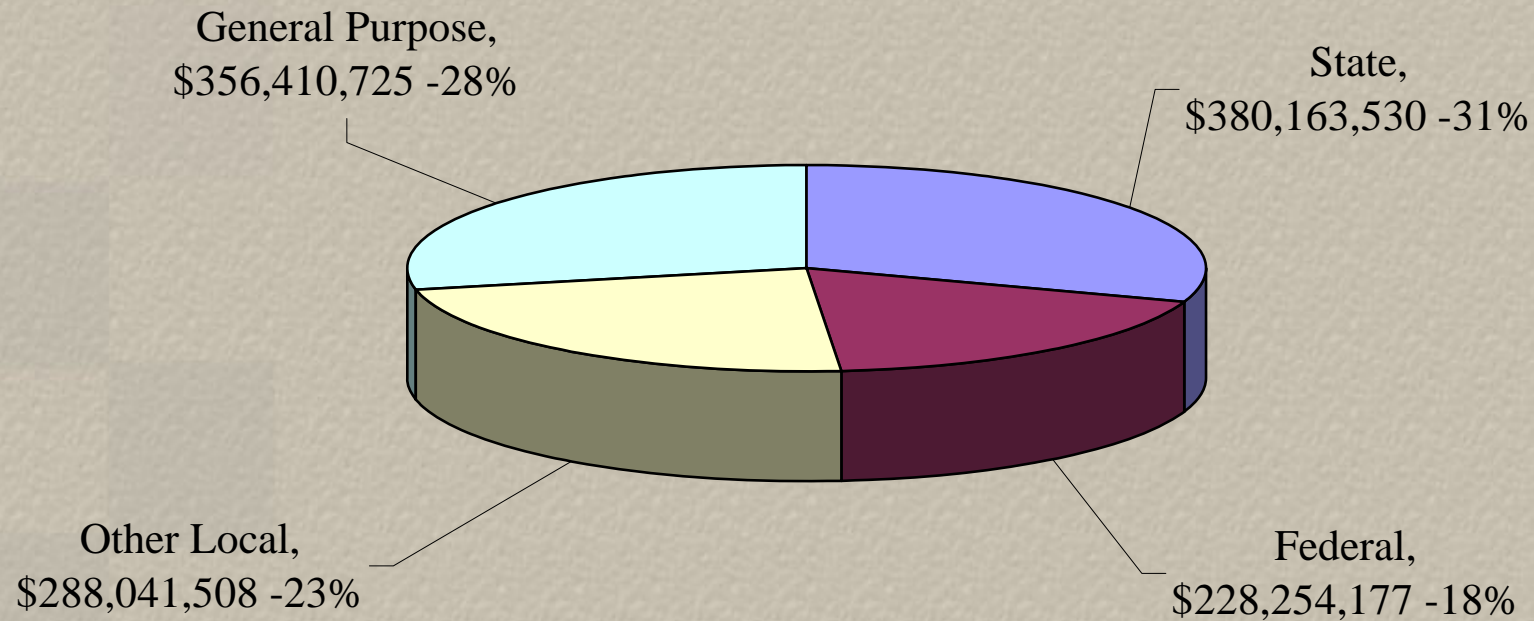
- No revenue growth; absorb increased cost of doing business
- Absorb loss of County General Purpose Revenue
- Begin practice of partial pre-payment of OPEB Health Costs at \$20 million
- Implement Fleet/Internal Services Fund
- Start critical capital improvement investments
- Prepare for State Budget reductions – Phase II local budget cuts this summer

# FY 2008-09 Budget Information

- \$1.256 billion General Fund is 4% less than FY 2007-08 (This is the first recommended budget since the early 1990s that is being planned with NO overall expenditure growth, and actually lowers the County operational costs)
- \$48.5 million General Fund & \$3.2 million Hospital Enterprise is being reduced from departments' maintenance level requests
- \$20 million in service resources is being redirected to partially pre-fund our employees' and retirees' future health care
- 193 positions will be eliminated (most will be vacant due to attrition and our hiring freeze)
- All County Department and many public services will be impacted

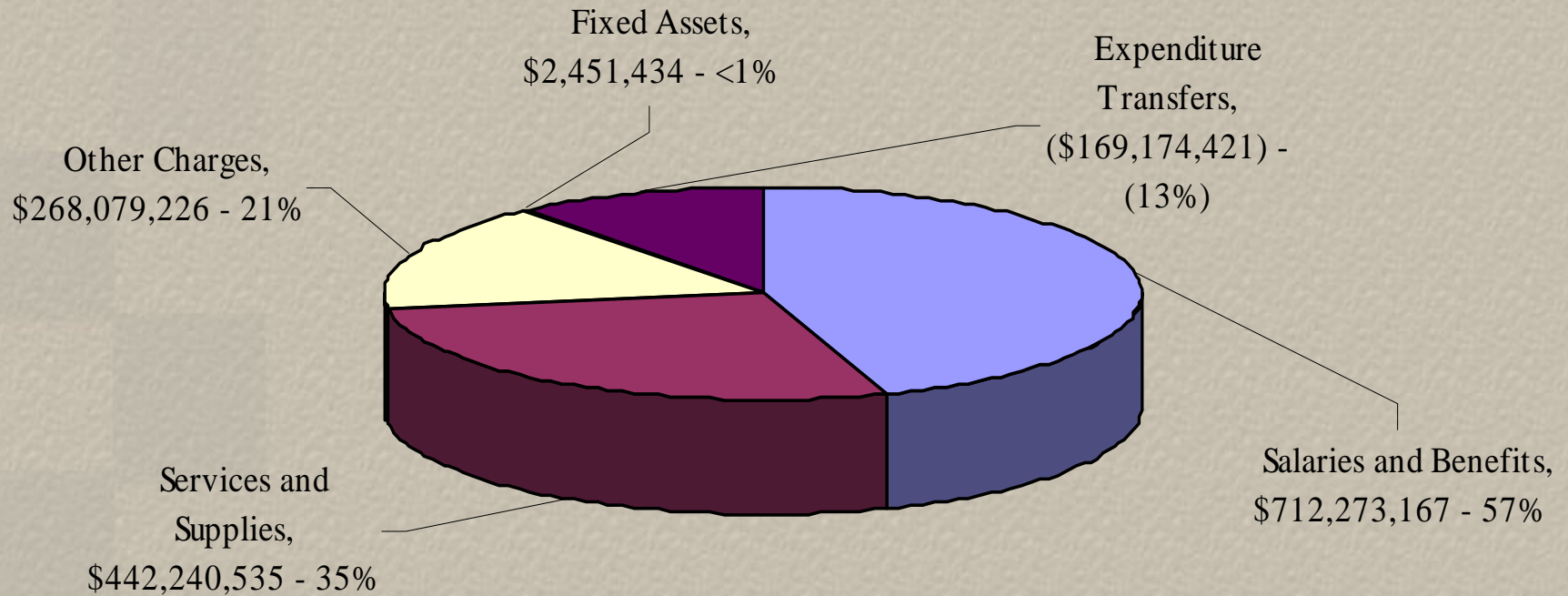
# Where Does Our Money Come From?

## General Fund



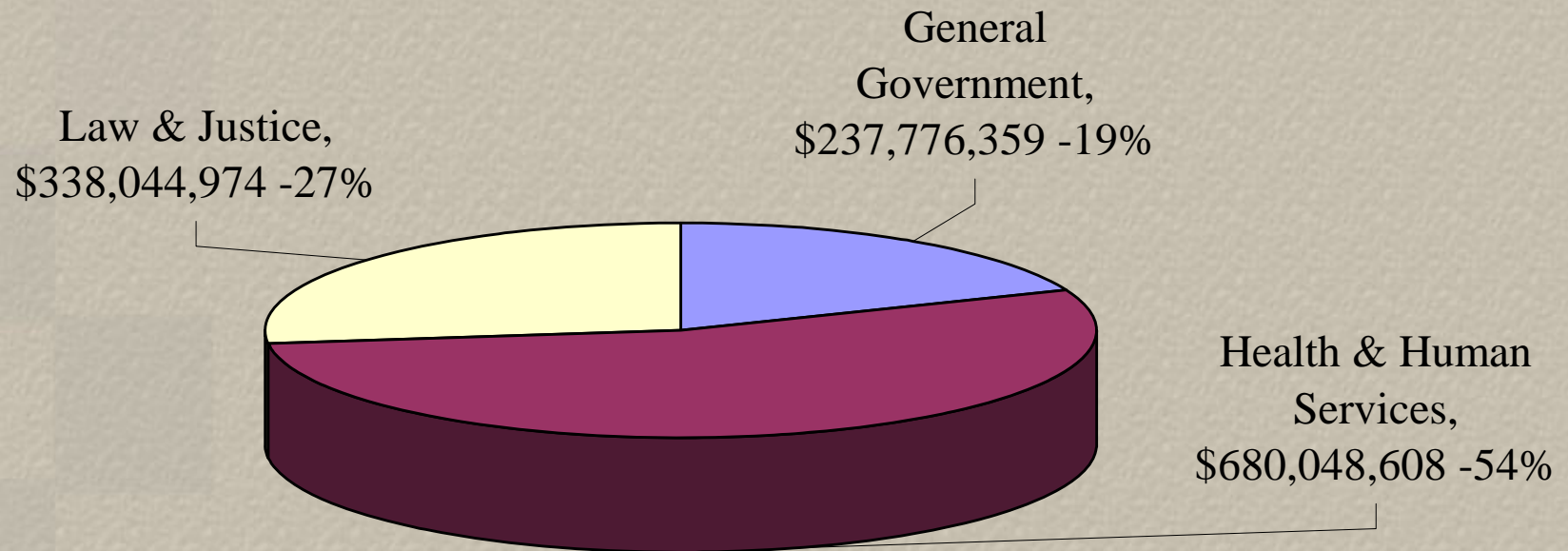
# What Does the Money Pay For?

## General Fund



# Where Does the Money Go?

General Fund



# General Government Reductions

- Reduce appraisal staffing, increasing workloads and response times
- Reduction of payroll, accounts payable, accounts receivable, and contract staffing requiring remaining staff to increase workloads
- Reduce Board Office support increasing response time to constituents
- Reduce staffing to support IT and GIS functions
- Reduce grower support
- Reduce janitorial services to County facilities
- Reduce personnel support staff to County departments

# Health & Human Services Reductions

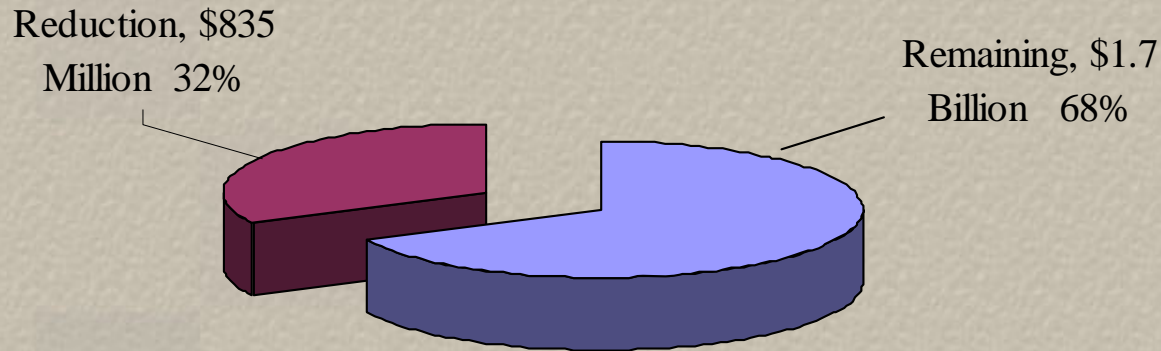
- Close 2 children's & 1 adult mental health clinic
- Reduce subsidy for two children's mental health group homes
- Downsize staff and require others to assume heavier workloads
- Reduce adult transitional shelter beds from 100 to 75
- Reduce occupational and physical therapist positions
- Eliminate specimen testing on weekends at public health lab
- Reduce number of home visits for first time parents by 14%, 135 families

# Law & Justice Reductions

- Reduce misdemeanor prosecutions
- Reduce positions in Sheriff's office, impacting the graduating class of the Sheriff's academy, custody services, crime investigations and prevention
- Eliminate abandoned vehicle program
- Eliminate computer-assisted probation supervision
- Reduce monitoring of drug offenders
- Reduce animal services field enforcement
- Increase public defender caseloads

# Health Care Funding Progress (OPEB)

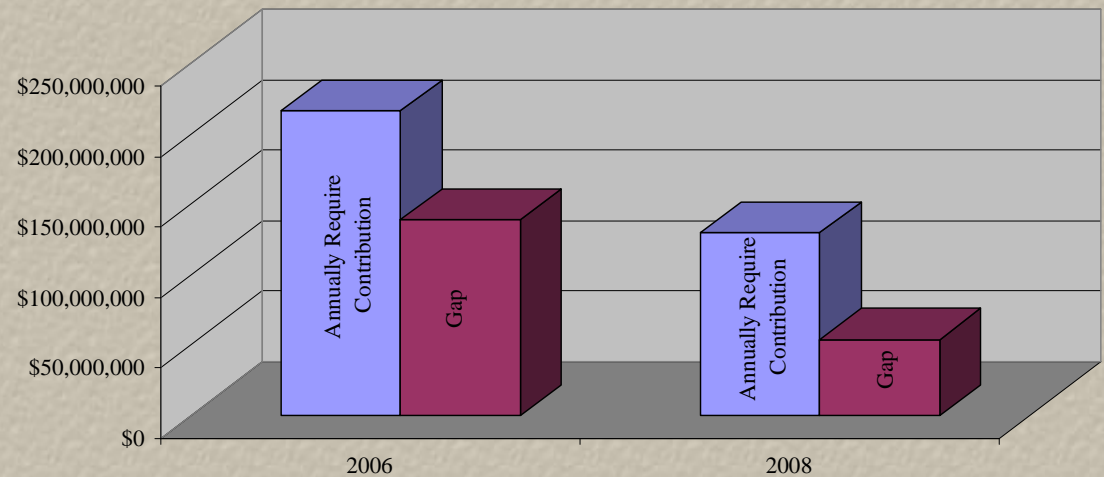
## Reductions from 2006 Actuarial



## Continue to implement OPEB plan

- Prefund employee and retiree future health care costs
- Lower the need to cut public services
- Begin the process for Health Plan redesign

## Reductions in the ARC and Gap



# General Government/Countywide Issues

- Light Brown Apple Moth eradication and public health concerns
- Municipal Regional Permit/Regional Water Quality Control Board
- Reimbursement to counties for cost of February 2008 election
- Deferral of Gas Tax revenues
- Continued economic downturn
- Continued State/Federal revenue reductions
- Labor negotiation results

# Health & Human Services Issues

- State Human Services Funding Deficit is costing Contra Costa County over \$23 million per year (over half of this gap is in child welfare services)
- Proposed State Health and Human Service reductions will impact the full spectrum of services:
  - Rates to foster parents
  - Reductions in the State Maximum Allowance for mental health services
  - Child Welfare and CalWORKs Program changes
  - 10% reductions in Medi-Cal rate will impact provider network
  - Fastest growing segment of the population are over 65, increasing demands for services

# Law & Justice Issues

- Antiquated computer systems
- Spikes in homicides and Criminal Conflict referrals
- Juvenile Justice realignment
- Corrections reform/parole realignment
- Court – County facility and service transfers
- New East County Courthouse in 2011
- Jail booking and access fees

# Performance Accomplishments

## General Government

- Lead Countywide detection & education campaign on the Light Brown Apple Moth
- Instituted a certified Canine Program to detect packages containing exotic pests of danger to our agricultural industry
- Worked with property owners to reassess property value and assist the public with rebate of property taxes
- Provided County employees with paperless paycheck remittances
- Continued development of web based permitting system
- Upgraded our election process/practices to meet ADA outreach requirements
- Awarded and completed several affordable housing projects

- Demonstrated compliance with Measure C & Proposition 111 gaining millions for transportation improvement
- Realized efficiency improvements in managing civil litigation cases
- Achieved service cost & service efficiencies within County's Wide Area Network, radio & voice mailing system, and IT processing
- Progressed in Green Business initiatives with fleet, facility & purchasing services
- Initiated technology to improve customer service in the job application information, tracking and hiring process
- Worked with several cities to transform Library facility management services, and, plan for new community literacy projects
- Improved upon interdepartmental coordination of land development, permit, and code enforcement
- Implemented efficiencies with mail-in tax payment and cashiering operations

## Law and Justice

- Developed pet emergency preparedness program to manage in times of disaster or emergency
- Expanded the feral cat spay/neuter day to an on-going quarterly program
- Planned for new case management information system to improve efficiencies within local Court System
- Managed pre-transition in preparation for relocation to a new District Attorney facility
- Realigned Probation Department organization to obtain general efficiencies
- Completed significant training programs for Probation staff
- Managed the transition of Public Defender representation in Juvenile Dependency

- Implemented management information programs and departmental systems changes to best represent clients
- Initiated efforts to provide crime forensic services utilizing a regional plan, and instituted local efficiencies
- Improved crime prevention, investigation and arrest services through utilization of new technologies
- Negotiated enhanced court collections agreement to recover collection costs and maximize revenue
- Developed new inter-agency Memorandum of Understanding for the Automated Regional Information Exchange System

## Health and Human Services

- Completed the consolidation of Community Services into Employment and Human Service to improve service collaboration and lower costs
- Progressed on improving adult and child protection outcomes
- Implemented new Safety and Performance Improvement Program in Hospital and Ambulatory Care Centers
- Realized significant gains in Health Care Outcomes
- Launched several new Mental Health Service programs and plans under the Mental Health Services Act
- Developed additional partnerships, outcomes and tracking in support of AOD treatment programs

- Completed audits, inspections, and provided incident responses to hundreds of environmental health concerns
- Continued development of services for homeless persons through outreach, additional vouchers, and facilities
- Held second Project Homeless Connect event and began planning for third
- Worked to engage communities in health access, treatment and services
- Improved integration between programs through collaboration
- Expanded access to provider services by developing new contracts with community physicians
- Obtained significant financial resources, health care and support for our County's Veterans

# Going Forward

- Making adjustments and reductions in our operations now, will better position our County to fund our future priorities
- Refining our service delivery systems and priorities to be as efficient and effective as possible in meeting the public's need for services, has been identified in our many administrative and performance goals for 2008-09
- Taking action to address OPEB, fixing a health care subsidy, offering alternative care plans, and prefunding, can minimize/stop additional service delivery cuts
- Working for improvements in revenue, Federal and State mandate relief, use of intergovernmental, community, and private partnerships, will be keys to improving our ability to provide public services into the future

# Recommendations

- Direct the CAO to prepare for Board consideration on May 6:
  - The FY 2008-09 County and Special District Budgets, as modified to incorporate any changes directed by the Board
  - Lay-off resolutions necessary to carryout actions in the Recommended Budget
- Direct the CAO to return to the Board for ‘Phase II Budget’ to include:
  - Any reductions made necessary by the State’s budget approval
  - Any additional reductions that may be necessary due to further declines in the economy or increased costs