



# Contra Costa County

## Mission

Contra Costa County is dedicated to providing public services which improve the **quality of life** of our residents and the economic viability of our businesses.

## Vision

Contra Costa County is recognized as a **world-class service organization** where innovation and partnerships merge to enable our residents to enjoy a safe, healthy and prosperous life.

## Values

Contra Costa County **serves people,**

businesses and communities. Our organization and each one of our employees value:

- Clients and communities
- Partnerships
- Quality Services
- Accountability
- Fiscal prudence
- Organizational excellence



# Key Issues for 2010/11

# BUDGET & FINANCE

Current and Emerging Issues

# Budget Drivers/Challenges

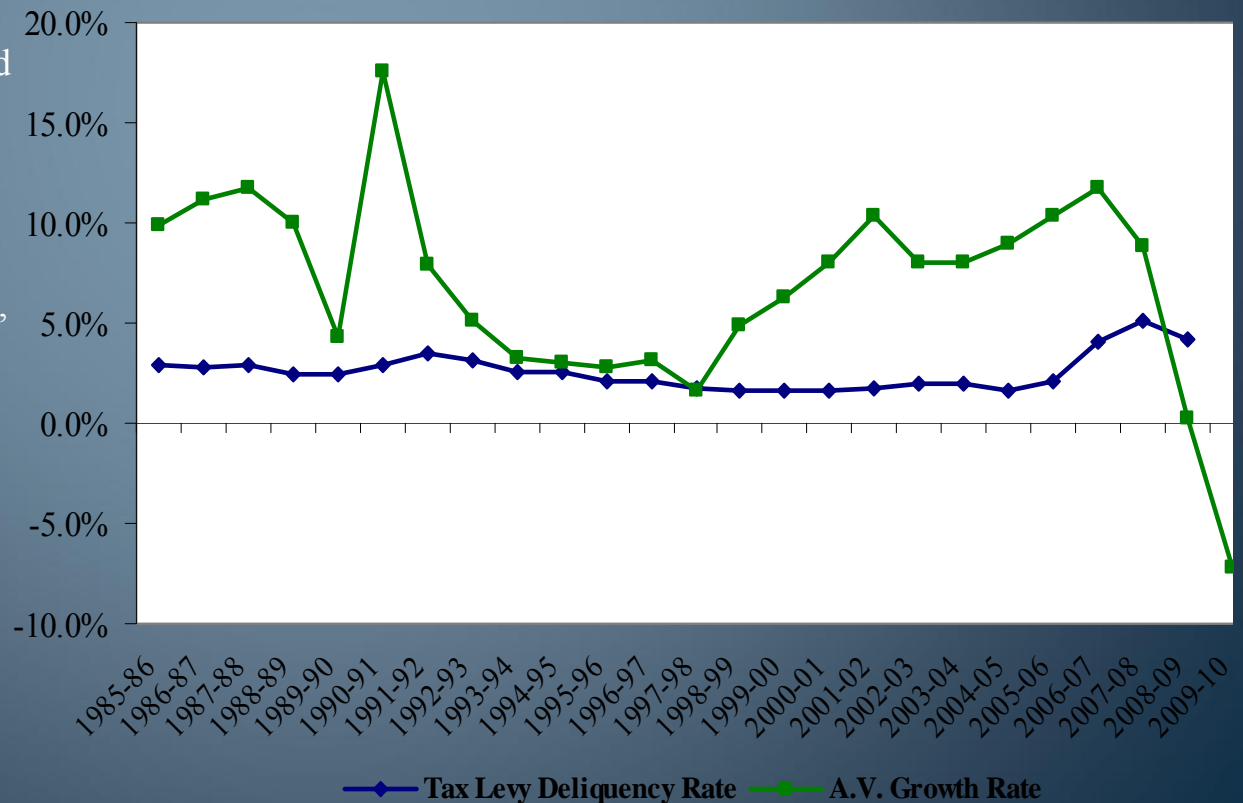
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- Real estate downturn revenue reductions
- Budget and Financial Performance
- Labor negotiations
- Future borrowing - Capital Projects and Financing
- Infrastructure needs

# Real Estate Downturn

- County experienced cumulative 7.2% AV decline since FY 2008-09
- Most of the decline is due to the impact of reduced AV for properties reduced under Proposition 8
  - ❖ Allows temporary tax reduction when baseline market value is lower than current market value, which is related to the sub-prime fallout
  - ❖ County reviewed an additional 200,000 properties and reduced assessed valuation on about 168,000 of them for tax year 2009-10
  - ❖ Most of the reductions were in Antioch, Pittsburg, Brentwood, Oakley and San Ramon, the cities with the highest recent population growth rates
- County will likely assume negative AV growth rate for FY 2010-11

**A.V. Growth Rate and Tax Delinquency Rate**



# Housing Crisis to Continue

- 40% of home-owners who negotiated reductions in monthly payments fall behind again within one year
- Beacon Economics predicts that property tax revenue will continue to decline in 2010/11 and beyond, with only a modest recovery beginning in 2012/13
- If we use Beacon Projections:

➤ FY 10/11	3.6% decline	- \$9,450,282
➤ FY 11/12	0.8% decline	- \$2,024,460
➤ FY 12/13	1.0% recovery	+ \$2,510,331
- If property revenue decline is greater

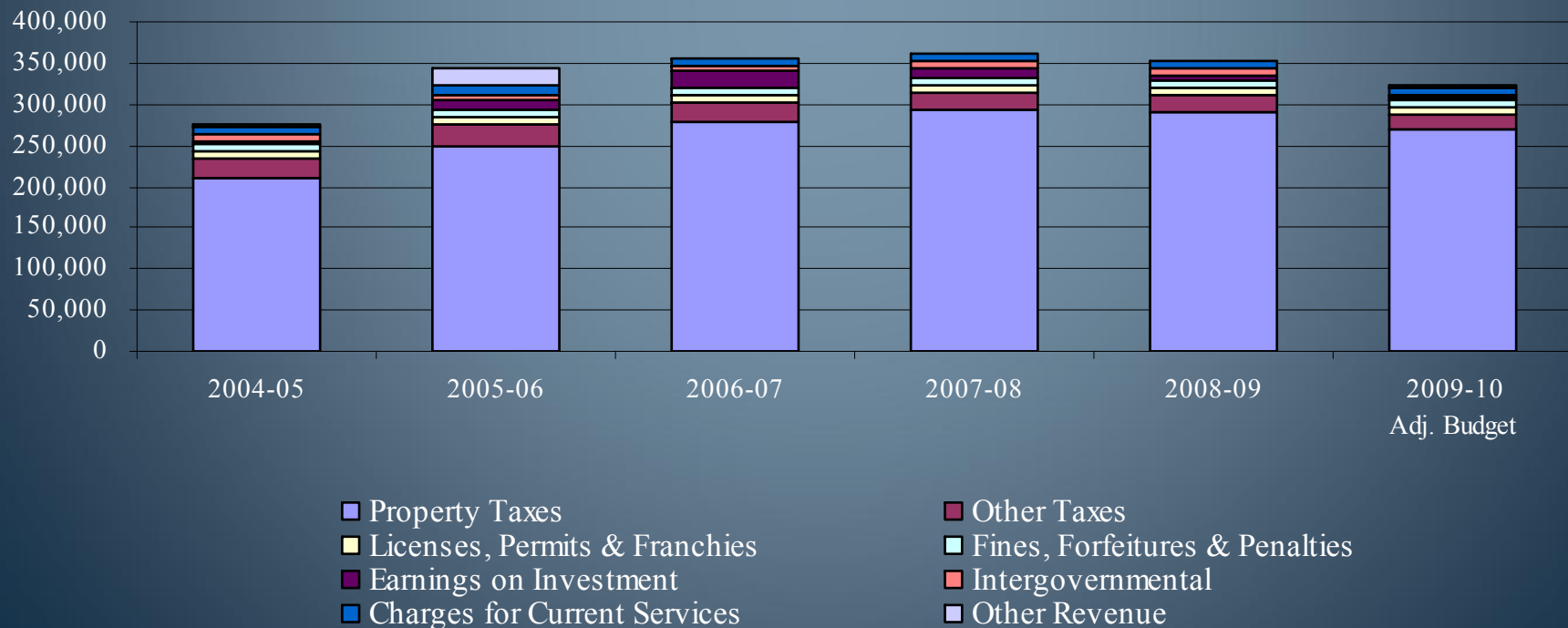
➤ FY 10/11	5.0% decline	- \$13,000,000
➤ FY 10/11	7.5% decline	- \$20,000,000

# Impacts

- Negative local impact on County property tax receipts in Fiscal Years 2008-09 and 2009-10
- Property tax decline was 7.2%, compared to the 5% assumed in the FY 2009-10 budget
  - Budget was adjusted for local share of \$8.8 million property tax decline, of which \$4.5 was General Fund
  - County is Teeter County and will continue to advance the full tax roll
  - County will benefit by collecting the penalties and interest on delinquent taxes once paid
  - Properties in foreclosure cannot be transferred to new owner until all past taxes and penalties are paid
  - Biggest issue for the County is the lag between advancing the tax roll and receiving the Teeter redemptions
- County has Tax Losses Reserve fund as a cushion
  - The County believes there are ample resources in the fund

# General Purpose Revenues Reflect Economic Slowdown

- General Purpose Revenues equal about 27% of Total General Fund Revenues
- FY 08-09 unreserved fund balance was 8.5% of General Fund Revenues and 32% of General Purpose Revenues
- Federal/State Revenues have been relatively stable during same timeframe



# Budget Highlights

- Board actions and backdrop:
  - Adopted a FY 2009/10 Budget on March 31, 2009;
  - Acknowledged that property assessments, and the resulting drop in tax revenues on July 1 are due to the housing market meltdown and have a significant impact beyond those already anticipated in the FY 2009/10 Budget;
  - Determined that other local changes are occurring that will affect FY 2009/10 appropriations and revenues as well;
  - Implemented departmental funding reductions to adjust for the impact of State and other local revenue losses to rebalance the FY 2009/10 Adopted Budget;
  - Recognized that sacrifices were made by the majority of employees who agreed to reduced earnings and increased shares of health care premiums;
  - Understood that several labor unions have yet to conclude negotiations and that successful negotiations will positively impact the County financially as a whole; and
  - Recognized that further State reductions and economic impacts may require subsequent adjustments to the FY 2009/10 Budget.



# Budget Highlights (cont'd)

- Departments made tremendous progress in addressing the Board's objectives and specific administrative and service delivery goals
- \$71 million of budget solutions have been addressed, of which \$63.5 million was for General Fund
  - Includes September and October Board actions that rebalanced \$18.4 million, of which \$8.8 million was General Fund
- County participated in the recent Prop 1A securitization
  - \$34.7 million total
    - \$23.5 million for General Fund
- CAO will again recommend an early budget with current year impacts
  - Board acknowledges that economic impacts could require additional cuts in FY 2009-10
  - Board declared its intent to adopt a no-growth FY 2010-11 budget
- State impacts
  - County policy is not to backfill any State revenue reductions

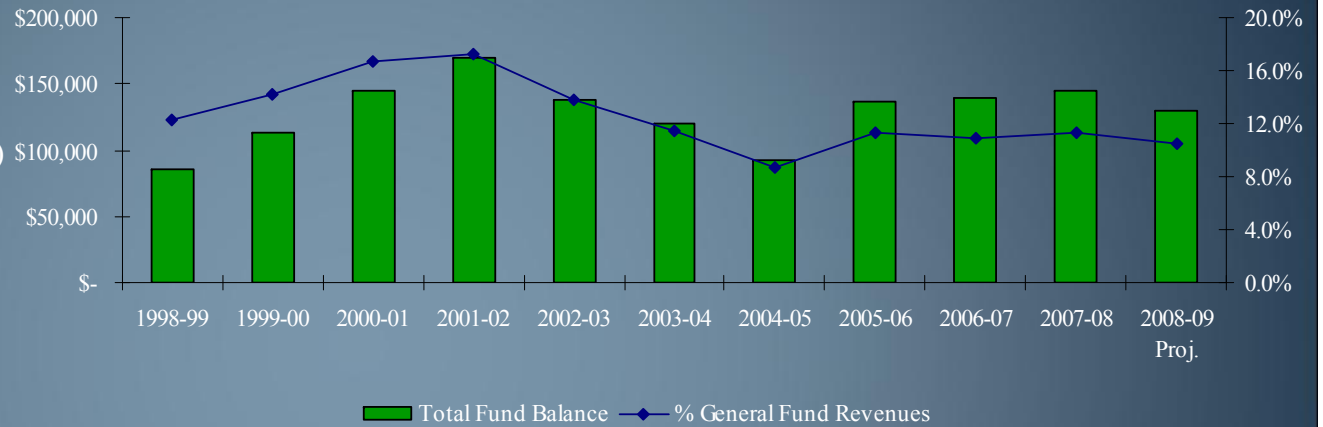
# Change in General Fund Actual Status – Managing 7.7% Revenue Decline from Peak

(in millions)

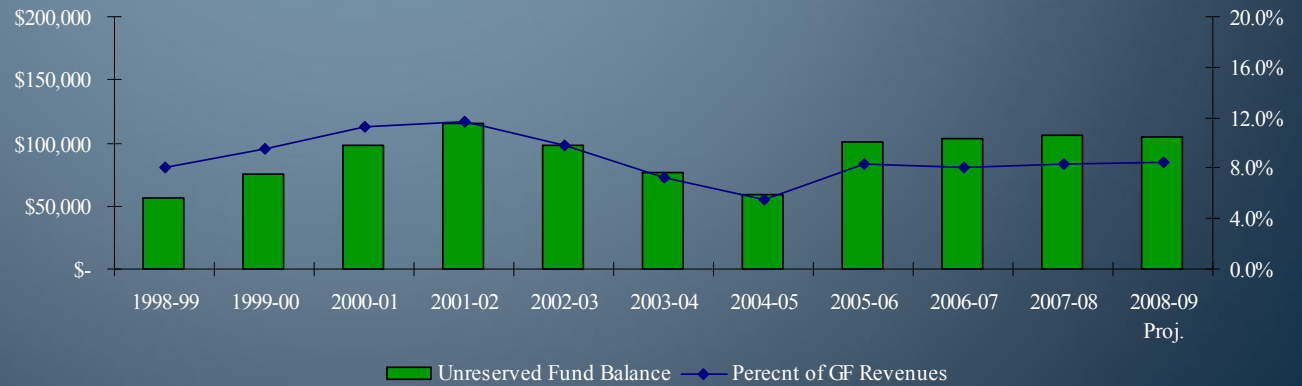


# Fund Balance in Sync with Reserves Policy

**Audited Total Fund Balance**  
(Level and % of General Fund Revenues)  
As of June 30



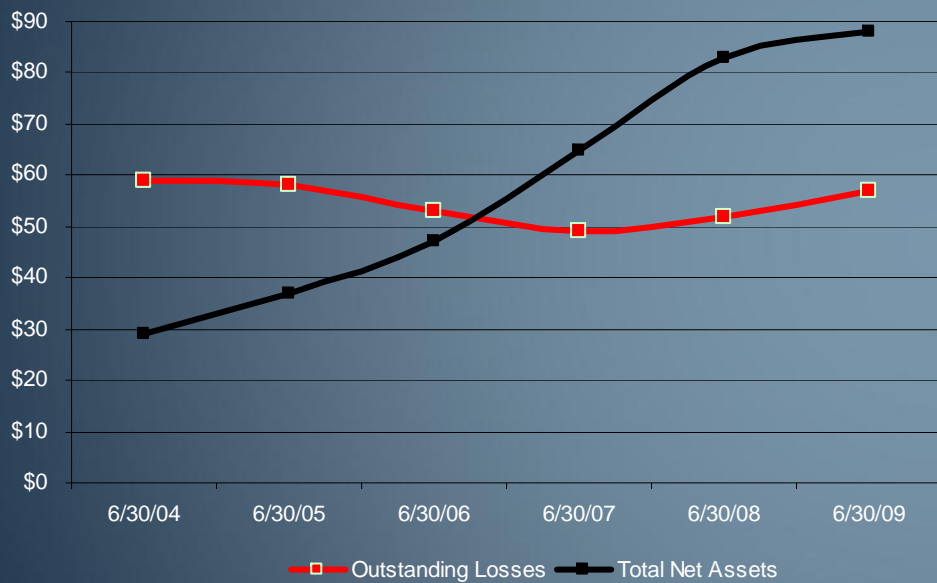
**Audited Unreserved Fund Balance**  
(Level and % of General Fund Revenues)  
As of June 30



# Workers' Compensation Funding Meets County Policy Goals

Outstanding Losses vs. Total Net Assets

Milliman Actuarial Report  
Risk Management Financial Summaries w. Comparison  
(\$000's)



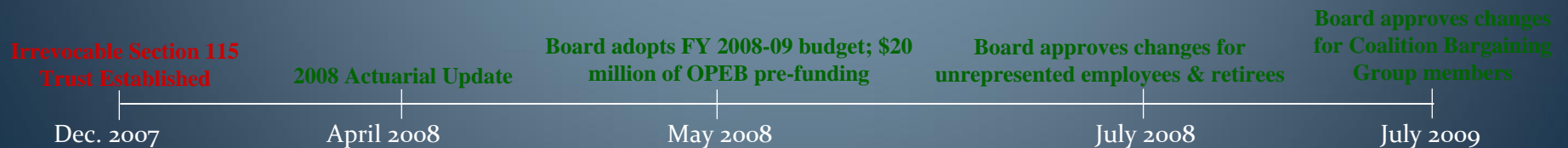
	June 30, 2009	June 30, 2008
<b>County Workers' Compensation ISF</b>		
Expected Losses (CAFR)	\$73,228	\$66,327
Losses Discounted @ 80% Confidence Level	\$65,912	\$62,057
Net Assets	\$87,174	\$83,748
Excess of Expected Losses	\$13,946	\$17,421
Excess of Losses Discounted @ 80% Confidence Level	\$21,262	\$21,691
Discounted confidence level (Milliman)	99%	99%

# OPEB Update

## Steps Completed:

- Set specific goals and objectives
- Considered economic census assumptions and rationales
- Established funding strategy & funding level
- Identified pre-funding resources
- Conducted employee communication forums and information sessions
- Directed establishment of a Section 115 trust fund
- Selected Benefit Design consultant
- Received 2008 updated actuarial report
- Approved a cap on County contribution for unrepresented employees and retirees and Coalition Bargaining Group members
- Appropriated \$20 million of pre-funding in the FY 2008-09 and FY 2009-10 Adopted Budget

## Milestones:

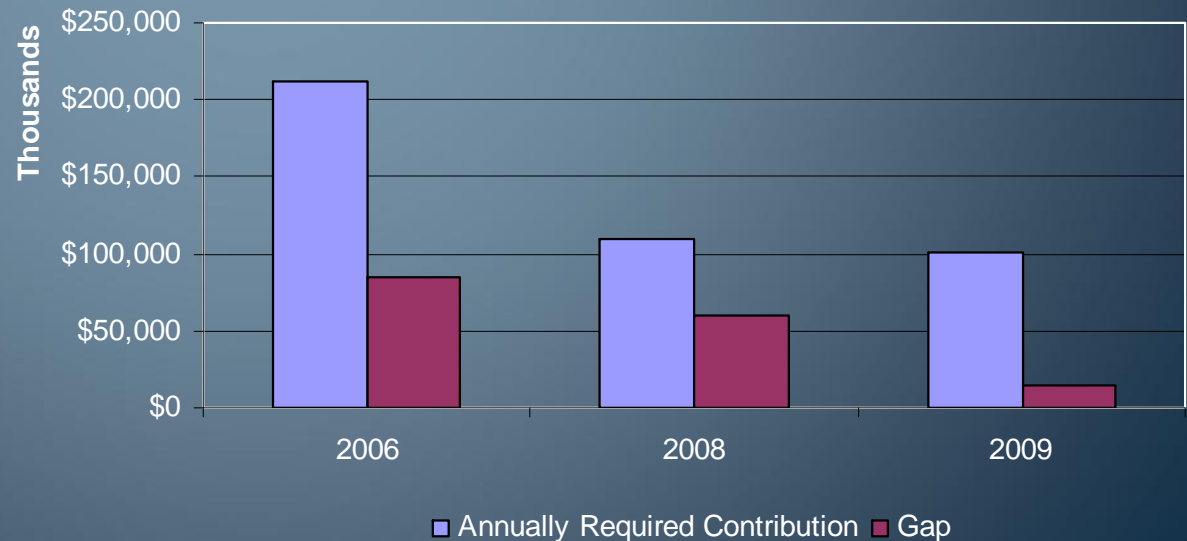
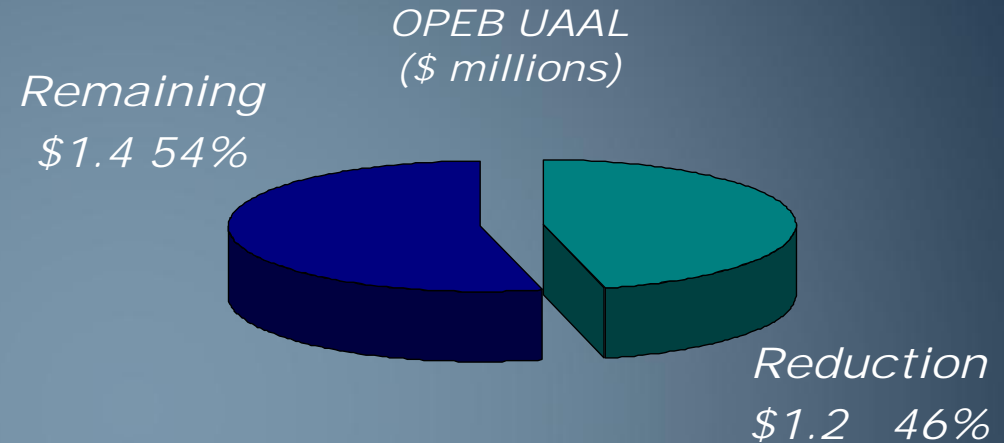


# OPEB Liability Reduced Due to Board Actions

- Reduction in 2006 OPEB Liability from \$2.6 billion to \$1.4 billion

- Reduction in ARC from \$211.4 million to \$101.1 million

- Reduction in annual “gap” to about \$15.1 million



# Current & Future Budget Challenges

	<u>CY 09/10</u>	<u>FY 10/11</u>	<u>FY 11/12</u>	<u>FY 12/13</u>
General Purpose Revenue*		-\$13.2	-\$2.0	\$2.5
Pension Costs		-\$7.0	-\$26.0	-\$29.0
District Attorney	-\$0.7	-\$1.5		
EHSD/Realignment	-\$5.9			
Proposition 172	-\$4.5	flat	\$1.1	\$1.6
Public Health Clinics	-\$1.5			
State Cuts		Unknown	Unknown	Unknown
Total (Millions)	-\$12.6	-\$21.7	-\$26.9	-\$24.9
Cumulative Total (Millions)	-\$12.6	-\$41.7	-\$68.6	-\$93.5

\* @ -5% (\$19.9) @ -7.5%

## Pension Funding 1999 - 2009

- 1999/00 \$67,064,151
- 2000/01 \$69,418,625
- 2001/02 \$77,444,032
- 2002/03 \$105,991,132
- 2003/04 \$117,444,032
- 2004/05 \$156,479,829
- 2005/06 \$179,422,764
- 2006/07 \$209,387,104
- 2007/08 \$214,709,066
- 2008/09 \$217,597,746
- 2009/10 \$201,594,750 (slight drop due to five yr averaging)



## Pension Funding 2010 - 2015

- 2010/11                                 \$208,487,693                                 increase of \$6,892,943
- 2011/12                                 \$234,808,309                                 increase of \$26,320,616
- 2012/13                                 \$263,832,790                                 increase of \$29,024,481
- 2013/14                                 \$289,801,443                                 increase of \$25,968,653
- 2014/15                                 \$281,156,999                                 decrease of \$8,644,444
- (one pension bond paid off)
- 2015/16                                 \$292,516,463                                 increase of \$11,359,464
- Total annual increase between now and 2015/16 is \$90,921,713 or 45.1%
- Absent new revenues or significant changes in pension benefits, we would need to eliminate 25% of our employees

# Pension Reform Required

- Pension Funding Options – San Diego County Model for New employees
  - New Tier – 2% at 55 for Safety & 2% at 60 for General Members
  - 3 -5 Year Average for salary – end pension spiking
  - Eliminate vacation buy back – end pension spiking
  - Eliminate 50% subvention by Employer
  - Possible Legislative or Initiative Changes
    - 90% benefit cap
    - Employer paid member contribution prohibited
    - Flexibility to determine when part time employees are entitled to pension benefits

# Labor Negotiations

# Challenges remain in the areas of rising personnel and pension debt service costs

- County significantly reduced its average compensation increases during labor negotiations and intends to continue to lower the trend of compensation costs.
- County is engaged in strategic planning for FY 2011/12 negotiations.
- Board negotiated labor contracts have significantly reduced the cost of future health care for both active employees and retirees.
- Board continues to fund OPEB Trust - \$20 million per year for the last two years.
- Weak performance in 2007 and 2008 significantly impacted CCCERA's UAAL. Major cost growth is anticipated.
- Actuarial study shows significant improvement in County Workers' Comp funding; Consolidated Fire costs have increased and will require increases to the fund.

# Status of Labor Negotiations

## Labor Organization

## Contract Expiration Date

### Currently Negotiating

Contra Costa County Defenders Association (P.D.)	9/30/2008 (1)
Contra Costa County Deputy District Attorneys' Association (DDAA)	9/30/2008 (1)
Deputy Sheriff's Association, Management Unit and Rank and File Unit (DSA)	6/30/2008 (1)
District Attorney Investigator's Association (DAIA)	6/30/2008 (1)
Physicians and Dentists of Contra Costa (PDOCC)	9/30/2008 (1)
Probation Peace Officers Association (PPOA)	9/30/2008 (1)
Professional & Technical Engineers – Local 21, AFL-CIO	No current MOU
SEIU United Health Care Workers West (UHW)(IHSS)	9/30/2009 (1)

### Settled

East Contra Costa County Firefighters, IAFF, Local 1230	11/30/2010
California Nurses Association (CNA)	8/31/2011
IAFF Local 1230	6/30/2012
United Chief Officers' Association (UCOA)	9/30/2010

### Coalition Bargained Agreements

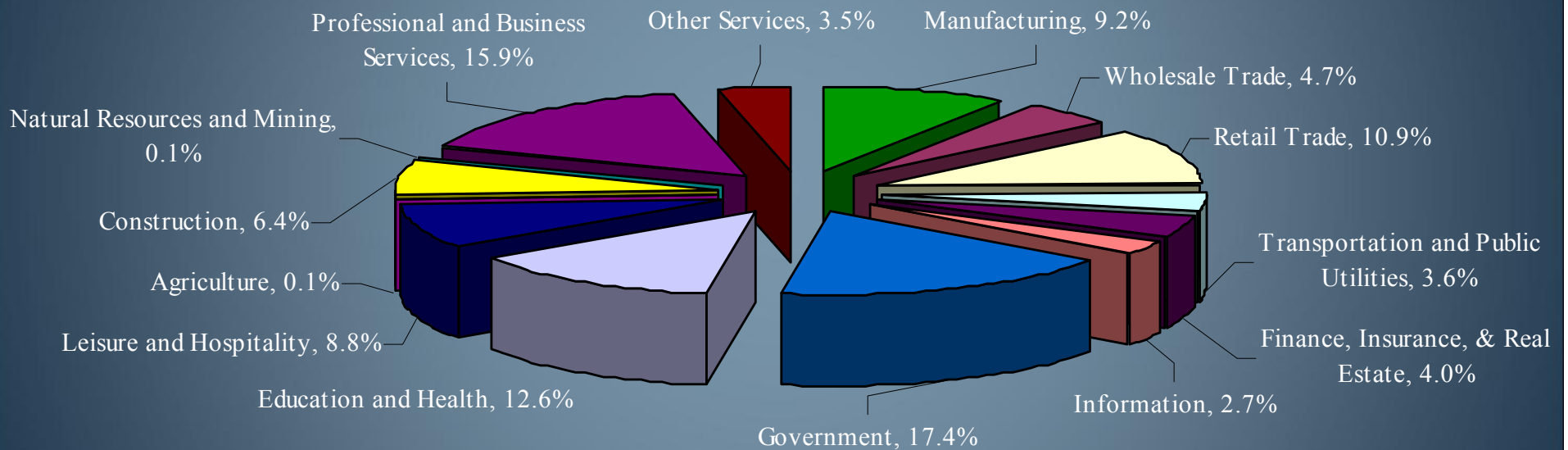
AFSCME Local 512, Professional and Technical Employees	6/30/2011
AFSCME Local 2700, United Clerical, Technical and Specialized Employees	6/30/2011
Public Employees Union, FACS Site Supervisor Unit	6/30/2011
Public Employees Union, Local One	6/30/2011
SEIU Local 1021, Rank and File Unit	6/30/2011
SEIU Local 1021, Service Line Supervisors Unit	6/30/2011
Western Council of Engineers (WCE)	6/30/2011

(1) Negotiations are in process and the employees continue to work for the County pursuant to the terms of the existing MOUs.

Source: Contra Costa County Human Resources Department, November 10, 2009.

# CREDIT RATING PROGRESS

# County's Employment Base is Still Diverse



# County has manageable debt burden

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Still true.



# County's Policy Report Card

	<u>Policy Requirements</u>	<u>Accomplished?</u>
<b>Budget Policy</b>	Structurally Balanced Budget	✓
	Multi-Year Projections	✓
	Mid Year Update	✓
<b>Reserves Policy</b>	Total Fund Balance $\geq$ 10%	✓ (was 10.6% in FY 08/09) ✓ (down from 10.6% in FY 07-08)
	Unreserved Fund Balance $\geq$ 5%	✓ (was 8.5% in FY 08/09) ✓ (down from 9.4% in FY 07/08)
<b>Debt Policy</b>	Conservative debt structuring	✓
	Annual debt report/update	✓
<b>Investment Policy</b>	Comprehensive, conservative	✓ (AAAf-S1+ pool rating)
<b>Workers' Compensation Policy</b>	80% Confidence Level	✓ (was 99% in FY 08/09)

❖ *Standard and Poor's FMA score for the County is "Strong."*

# Future Borrowing/Infrastructure

# Future Borrowing – Capital Projects

- New Richmond Health Clinic
- 20 Allen – Psychiatric Facility in Martinez
- Conservation and Development Building under discussion
  - No General Fund cost
  - Building permit fees and other fees will pay debt service
- East County Government Center under discussion
  - May involve purchasing land for future construction or lease purchase of existing building
  - Would eventually consolidate existing leased space into one location
- RAMP project up and running
  - Significant savings expected
- Other projects on hold until economic environment improves

# Infrastructure

- The FY 2008/09 & FY 2009/10 budget process included information on facility deferred maintenance to facilitate evaluation of competing funding priorities
- As building needs cannot compete with human services, departments continue to defer maintenance and facilities continue to deteriorate
- As part of the RAMP program, County Administration and General Services have worked together to encourage moving from leased space into County owned property. Relatively significant savings are anticipated.

# Budget & Finance Conclusion

- Board declared intent not to backfill any State revenue reductions – additional reductions to the current fiscal year may be required
- Board acknowledged that economic and other impacts would require additional cuts in FY 2010/11
  - State cuts are expected to be significant
  - Revenues are expected to be down again
  - Not all planned reductions have materialized this year
  - Many cuts taken to close the local problem were “one-time” reductions which will have to be re-cut for FY 2010/11
- Board declared its intent to adopt a balanced FY 2010/11 budget
  - Economic decline is expected to continue
  - Revenue growth not expected prior to fiscal year 2012/13

# Key to Balancing the Budget for 2010/11

- Take early action
- Focus on lasting solutions
- Make hard decisions on priorities
- Include revenue options
- “Don’t let perfect be the enemy of good”

# Budget & Finance Conclusion

## – Alternative Conclusion

- Departments have continued to make tremendous progress in addressing specific administrative and service delivery goals this year. As a County, we will continue our focus on:
  - Fiscal Health,
  - Service Delivery Efficiency and Effectiveness,
  - Team and Organizational Development, and
  - Credibility Building and Public Education
- County is addressing the difficult economic environment
- County is committed to solving the OPEB and pension issues
- Following our fiscal policies is key to our success
- County's reserves are stable
- Maintenance of long-term rating remains a top priority

# HEALTH AND HUMAN SERVICES

Current and Emerging Issues



# Health Care Reform

- President Obama has made overhauling the health care system one of his top priorities
- Major focus will be on:
  - Expanding public and private insurance plans
  - Reducing health care costs
  - Improving the quality of care
- Issues that will need to be addressed:
  - Ensuring reform does not add to federal deficit
  - Creating independent commission to bring Medicare costs under control
  - Discouraging high-cost insurance plans
  - Changing incentives in medicine so providers are paid for how well treatment works not how much is provided

# Challenges to the County Health Care Delivery System

- Financial challenges related to a lack of a comprehensive State or federal health care policy
- Increased efforts to insure the delivery of “quality” services
- Increased requirements to insure patient safety
- Increasing volume of services due to economy
- Meeting the information technology needs of the health care delivery system including, but not limited to medical records

# Employment and Human Services Workload Increases

Between May 2008 and October 2009, workload has significantly increased as a direct result of the economy:

- Food Stamp applications are up over 112%
- Medi-Cal has increased 96%
- CalWORKs caseload has increased 64% -- much of it in East County
- General Assistance has increased 126%
- Adult Protective Services and Child Welfare caseloads per staff have risen significantly

Declining revenue and increased service demand has and will continue to force structural changes in service delivery modes

# Social Service Programs

## Funding/Cost of Doing Business (CODB)

- State increases for the cost of doing business have been flat since 2001. Over \$1 billion Statewide funding gap annually. EHSD has estimated the funding gap for this County at over \$33 million.
- Loss of over 190 positions in the past year, including loss of 119 child welfare positions in December 2008.
- Current County General Fund allocation is at the 1998-99 level – 42% below the 2008-09 actual.
- VLF and Sales Tax Realignment continue to fall.
- State's continuing fiscal crisis will likely lead to further reductions in core allocations.

# Additional Pressures on Health and Human Services

- Increases in IHSS caseloads and associated costs due to the aging population
- General Assistance cost increases as a result of the recent legal settlement required hiring additional staff to meet agreed upon processing time and additional aid costs. Estimated additional General Fund cost of over \$2.8 million this year climbing to over \$6 million next year.
- Increasing number of uninsured and under-insured

# MUNICIPAL SERVICES

Current and Emerging Issues

# Budget Issues – Public Works

- Continued concerns over transportation funds (HUTA)
- Declining funds available for local streets and roads
- Illegal Dumping continues to be a drain on County's very limited road funds
- The need to establish cost-effective strategies for Integrated Pest Management
- Explore alternatives to ease fiscal challenges in several Special Districts (Landscaping, Lighting, and Recreation)

# Climate Change

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- More regulation likely over time
- Developing Climate Action Plan in anticipation of State mandates for greenhouse gas reductions



# Future of the Delta

- Delta Counties Coalition (DCC) gaining strength/recognition
- Delta legislation approved
- State still pushing a peripheral canal
- \$11.14 billion bond to fund Delta measures on November 2010 ballot
  - Debt service a burden to the state budget
  - Delta legislation initiatives will stall without bond funds
  - Some opposition building to bond passage
- DCC advocating for federal funding

# Municipal Regional Permit (Storm Water)

- Approved by the Regional Water Quality Control Board on October 2009
- Places regulatory and enforcement burden on the County
- Expands requirements to several departments; not just Public Works
- First year costs are double current revenue; fifth year costs are triple revenue
- New fees will be proposed to cover increased costs
- Will need to expand legal authority/ordinances (if possible) to enact requirements

# Real Estate Downturn

- 30% decrease in Building Permits over last 18 months
- Conservation and Development shifting workload to urban infill and foreclosure assistance activities
- Continuing revenue strength from specialized industrial projects, contracts with cities, and transportation projects

# Budget Impacts

- Fee revenue reduces budget volatility for Land Use departments (DCD and PW)
- Central Support departments (GSD, HR, DoIT) are scaling back in response to cuts in EHSD, Health Services and other operating departments

# PUBLIC PROTECTION

## Current and Emerging Fire District Issues

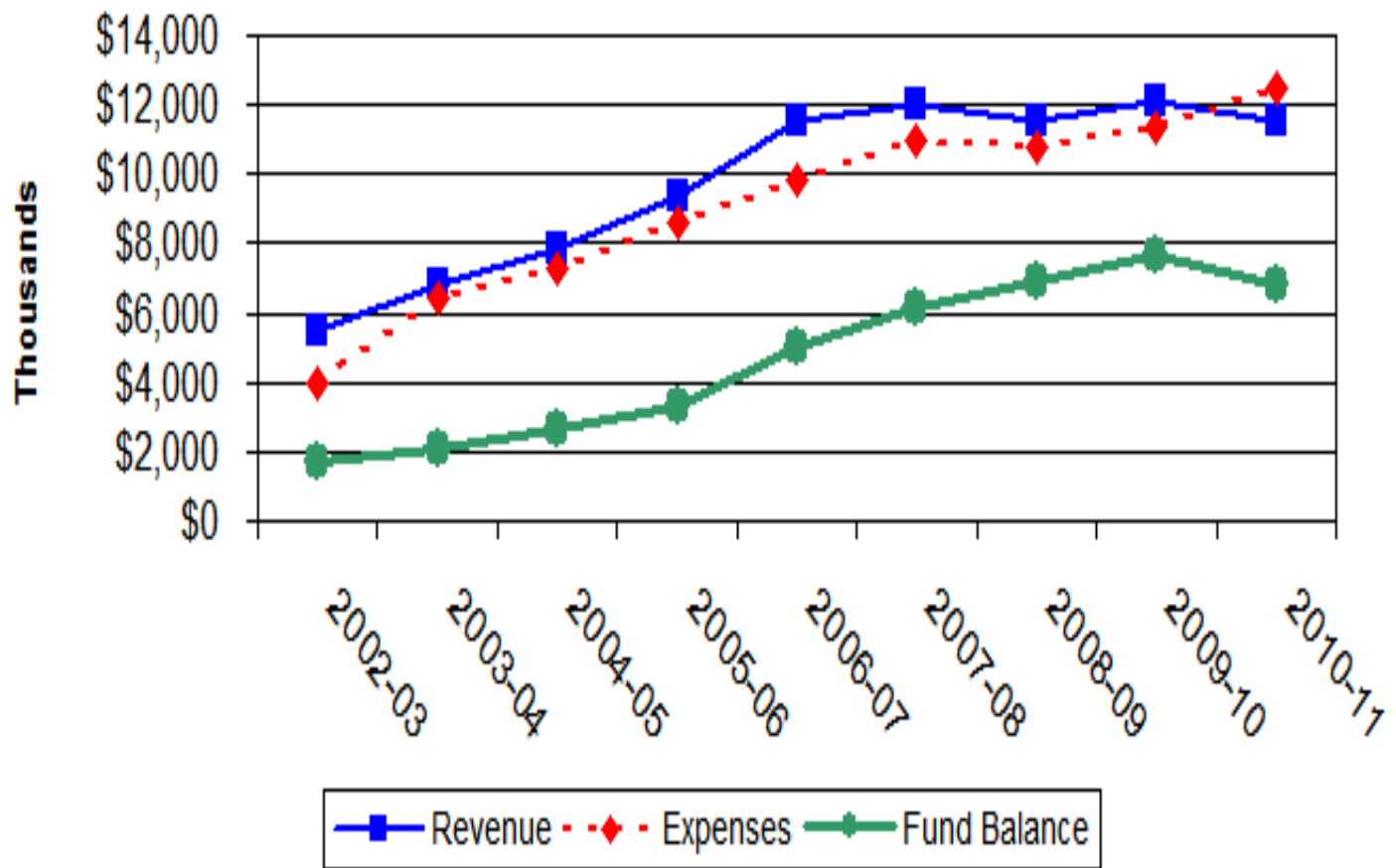
- Budget reserves
- ECCFPD spin off
- Consolidation
- Rolling brown outs
- Staffing
- Contract employees

# Budget Reserves

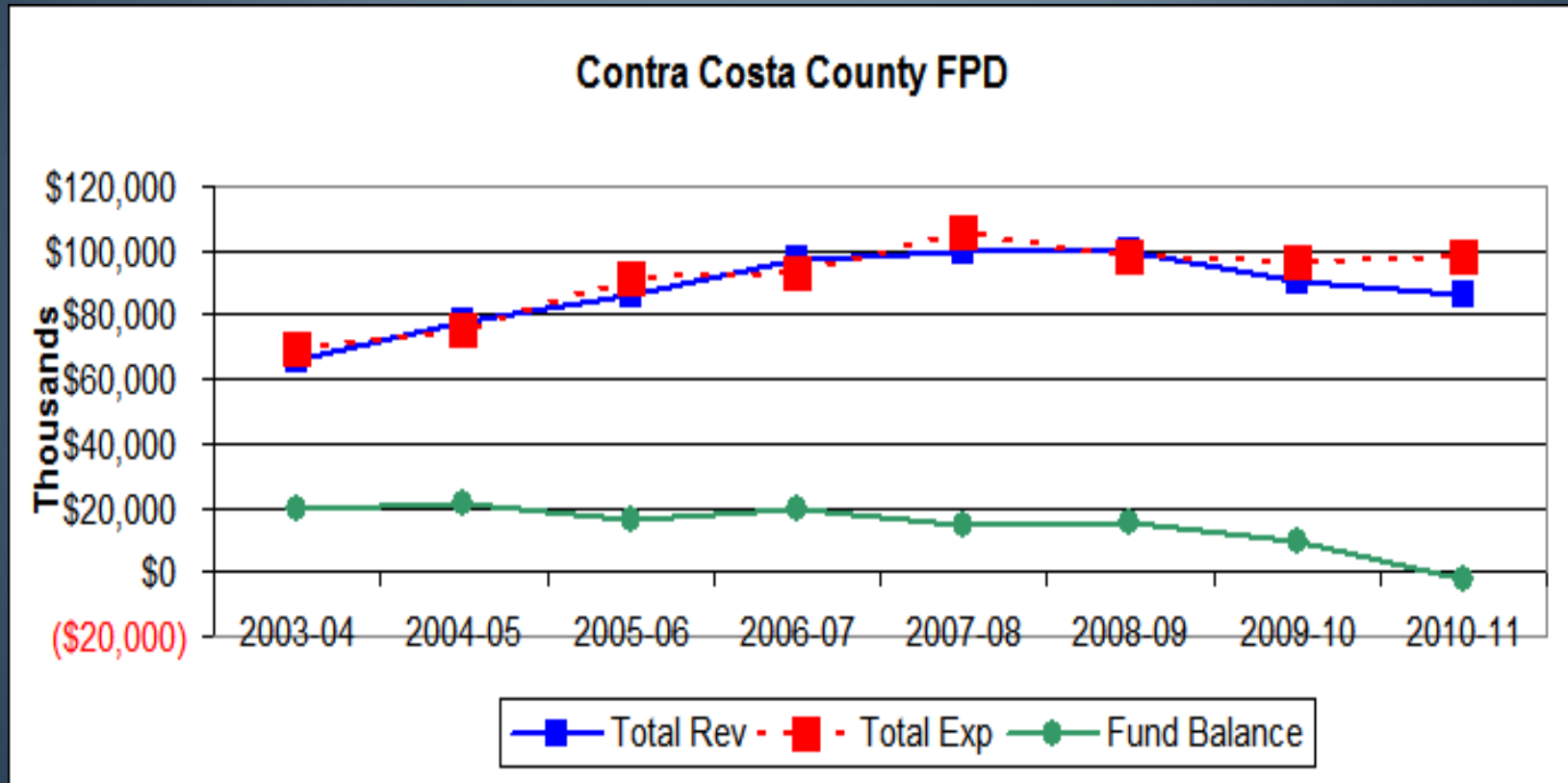
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- The Districts are suffering double jeopardy: increasing costs and decreasing revenues
- The next two slides illustrate the severity of the issue...

# East Contra Costa FPD



# Contra Costa County FPD





# ECCFPD Spin Off

- New East Contra Costa FPD Board of Directors is anticipated to be in place by early 2010
- With increased local control, the probability of a parcel tax being approved should increase
- Contra Costa County FPD may be moving towards independence, as well

# Consolidation

- Currently, several fire districts, as well as LAFCO, are entertaining a much larger consolidation that would reduce the number of fire agencies down to three:
  - San Ramon Valley FPD
  - Richmond Fire Department
  - Contra Costa County FPD

# Rolling Brown Outs

- Financial quandary means that rolling brown outs have become an option for CCCFPD
- 3 to 6 stations per day are being staffed with overtime employees
- Rolling brown outs would:
  - Reduce overtime pay;
  - Help to avoid fire suppression layoffs;
- Browning out 1 station per year would save approximately \$1.6 million
- High call volume stations would not be affected

# Staffing

- In addition to the aforementioned rolling brown outs, other cost-avoidance alternatives are:
  - Reduce engine staffing at low call volume stations from 3 to 2 personnel;
  - Consider contracting with Alameda County for apparatus shop service, and;
  - Explore contracting with DCD for plan checks.

# Contract Employees

- Recent turnover in the CCCFPD Chief and other key management positions has required the district to rely on retirees and independent contractors for interim technical and administrative support.
- Due to its limited administrative staffing, ECCFPD may also need to hire a retiree or contractor to assist with the work required to transition the district to a new board of directors.

# PUBLIC PROTECTION

## Current and Emerging Justice Partner Issues

- Detention and parole: corrections reform and its impact on County programs
- Continuing high number of homicide case filings and criminal conflict defense referrals
- Budget issues
- Management Team turnover
- Facilities
- New integrated case management system
- Justice Partner relations
- Other issues

# Detention and Parole

SBX<sub>3</sub> 18 (State corrections reform & parole realignment) takes effect January 25, 2010:

- Will get lower-level offenders out of custody earlier by increasing the amount of local and state custody credits a prisoner receives for time served and programs completed
- Will reduce the number of parolees returned to prison for parole violations by authorizing placement of parolees into “non-revocable parole” (*a euphemism for zero supervision*)
- Removes low-level offenders from parole supervision
- Provides financial incentives for county probation offices to provide programs that reduce recidivism to State prison

# Impact on County Programs

- Early release of State inmates may result in recidivism to and through the County's justice system, impacting all levels of the system
- Reform purports to reduce requirements for local bed space, but we believe that State prisoners will end up in County jail, effectively neutralizing any benefits of new local early release policies
- Calculation of early release creates a new administrative burden and may pose a new liability to County for potential miscalculation of release dates
- MDF still lacking adequate high-security bed space capacity



# Homicides & Criminal Conflict Referrals

- Homicide cases filings have remained high for the last four years:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Cases	48	43	46	40
Defendants	55	68	73	61

- Sustained high number of multiple-defendant & gang cases, requiring multiple public and conflict defenders
- Criminal conflicts program costs have more than doubled from five years ago (now at nearly \$4.3 million annually)
- CAO working cooperatively with Presiding Judge on establishing expense policies, fiscal review procedures, and more accountability

# Public Protection Budget Issues

- Source funding of major grant programs transferred from State General Fund to Vehicle License Fee, for which DOF projections have been grossly unreliable:

<u>Program</u>	<u>Dept</u>	<u>Amount</u>
Citizens Option for Public Safety (COPS)	Sheriff & DA	\$0.4 m
Juvenile Justice Crime Prevention Act (JJCPA)	Probation	\$2.0 m
Booking Fees	GF and Sheriff	\$2.0 m
Juvenile Probation	Probation	<u>\$2.8 m</u>
	Total:	\$7.2 m

- Predicted stabilization of sales tax and 172 revenue will not allow for program restoration but may enable better planning
- Exhaustion of 2009/10 one-time funds of nearly \$2 million in Sheriff budget and \$1.4 million in Probation budget will need to be made up in 2010/11

# Public Safety Management Team Turnover

Justice departments will continue to experience significant management turnover through 2010/11:

District Attorney	January 2011
DA Chief of Administration	December 2009
Sheriff-Coroner	January 2011
Undersheriff	?
Commander – Field Operations	December 2009
Public Defender	July 2009
Public Defender Admin Officer	Military leave eff. Dec. 2009
Chief Deputy Probation Officer	February 2010
Probation Admin Chief	? 2010
Law & Justice Business Systems Mgr	April 2010

# Detention Facilities are Aging

- 100% of the 2009/10 Facilities Life-Cycle Investment Program was for justice facilities
- Martinez Detention Facility is approaching 30 years and continues to incur maintenance problems, particularly with plumbing
- Orin Allen Youth Rehabilitation Facility in Byron, opened in 1960 and expanded in 1999, is served by well water and frequently has well and sewage maintenance problems

# Integrated Case Management System

- Contract awarded in 2009 to third party vendor to modernize system to meet operational requirements for case management, electronic report transmission, digital imaging and file storage, and ad hoc statistical reporting and performance measurement
- New system will replace current systems used by District Attorney, Public Defender, and Probation Departments
- System will need to integrate with the rest the CJIS and the future statewide court system
- First phase (DA) set to “go live” in March 2010
- Full implementation will have over 600 system users
- Succession plan being developed pending April 2010 retirement of current Project Manager

# Public Protection Partner Relations

- Enhanced court collections services MOU implemented in 2009
- Family Law Center debt service dispute was resolved and facility transferred in December 2009
- Reinstated jail booking and access fees in FY 2008/09, and continuing under VLF formula for FY 2010/11
- Potential loss of contracts to provide city police services for Oakley, Danville, and Lafayette, but would still leave the County with OPEB pre-fund costs for contract city employees
- Working with Superior Court on criminal case cost controls
- Governance for East Contra Costa Fire District transferred to new, independent district board
- New East County Courthouse = increased service demand

# Other Public Protection Issues

- 700/800 Mhz/ P 25 East Bay Regional Communications System
- 2013 date to go from UHF to P 25
  - \$30 – 39 million needed to complete System
  - Grant funding becoming sparse
  - Possible bond measure in partnership with Alameda Co.
  - COCO Infrastructure Cost to Complete
    - COCO West Cell \$ 1,411,600
    - COCO Central Cell \$10,402,300
    - COCO Central/East Cell \$ 2,820,000
    - Contra Costa County annual cost for 1485 radios @ \$40 = \$750,000

# POLICY & LEGISLATION

Current and Emerging Issues



# State Budget

- **\$6.3 billion deficit projected for FY 2009/10**
  - \$20.7 billion deficit through FY 2010/11.
  - Operating shortfalls of \$20 billion in out years. (\$23 billion in 2012-13 when the State must repay the Prop. 1A loan.)
- **Failed Budget Solutions Responsible for Newly Identified Budget Problem**
  - One time solutions including acceleration of payroll taxes and postponing last payday to first day of next fiscal year
  - The expected inability of several programs—in particular, the prison system and Medi-Cal—to achieve billions of dollars of spending reductions assumed in the 2009–10 budget.
  - The expected inability of the state to sell the State Compensation Insurance Fund (SCIF) for the budgeted amount of \$1 billion
  - The state's loss of a court case that makes the General Fund unable to raid over \$800 million in transportation funds in 2009–10.
  - A nearly \$1 billion increase in the Proposition 98 funding guarantee for K–14 education in 2009–10.

# More State Budget

## Lingering Budget Problem Around \$20 Billion for Years to Come

- The forecast of the State General Fund's annual shortfall is affected significantly by the expiration at the end of 2010/11 of all of the temporary tax increases approved in February 2009.
- These expirations, coupled with increasing program spending, cause the operating shortfall to rise to \$21.3 billion in 2011/12.
- In 2012/13, the shortfall grows even larger to \$23 billion as the State must pay back local governments for borrowing funds pursuant to Proposition 1A.
- Thereafter, revenues grow by at least 6.6 percent per year and outpace annual spending growth. During the later years of the forecast, growth in various health and social services programs is expected to moderate as the economy improves. These factors cause the operating shortfall to moderate somewhat—declining to \$18.4 billion in 2014–15.

# Legislative Priorities & Advocacy

## ■ Sponsored Bills

- Subdivision Map Act Amendment for Pedestrian, Bicycle, Transit and Traffic Calming Facilities
  - Senator DeSaulnier to try again
  - Expands use of developer fees to transit oriented facilities
- CEQA Exemption for Affordable Housing Lending
  - Potentially pursued thru SB 375 clean-up
- CEQA Exemption for Infill Development in Unincorporated Areas
  - Cities have exemption; matter of equity
- All Mail Ballots for Special Elections
  - Could reduce costs and increase voter participation

## ■ Priorities for Advocacy

- State budget
- Health care reform
- Delta and levees
- Transportation funding protection
- RDA shift to ERAF

# Indian Gaming

- Guidiville –Intergovernmental Agreement signed; Awaiting decision by Dept. of Interior on Indian Lands Determination.
- Scotts Valley-- Decision imminent from Dept. of Interior
- Will the Lytton Band (in San Pablo) push for Class III slots again?
- Regulatory reform still needed
  - Sequenced process
  - Local government involvement
  - Enforceable mitigation of impacts

# Boards and Commissions

- Triennial review completed
- Annual Training completed (Dec. 7)
- Implementation of Board recommendations in process
- Maddy Book update needed
- Expanding resources for advisory bodies/MACs on webpage
- Updating Advisory Body Handbook

QUESTIONS?

# Despair or Hope?

“The world will never conform to our wishes... We will never be able to successfully change it to fit our views... like others who see the world as it is but choose the slow work of trying to make things better than they were before, the fight is worth it.”

- John Meacham, Newsweek, December 21, 2009