

Recommended Budget Hearings Fiscal Year 2012-13

**Presented by Bradley J. Hudson,
County Executive
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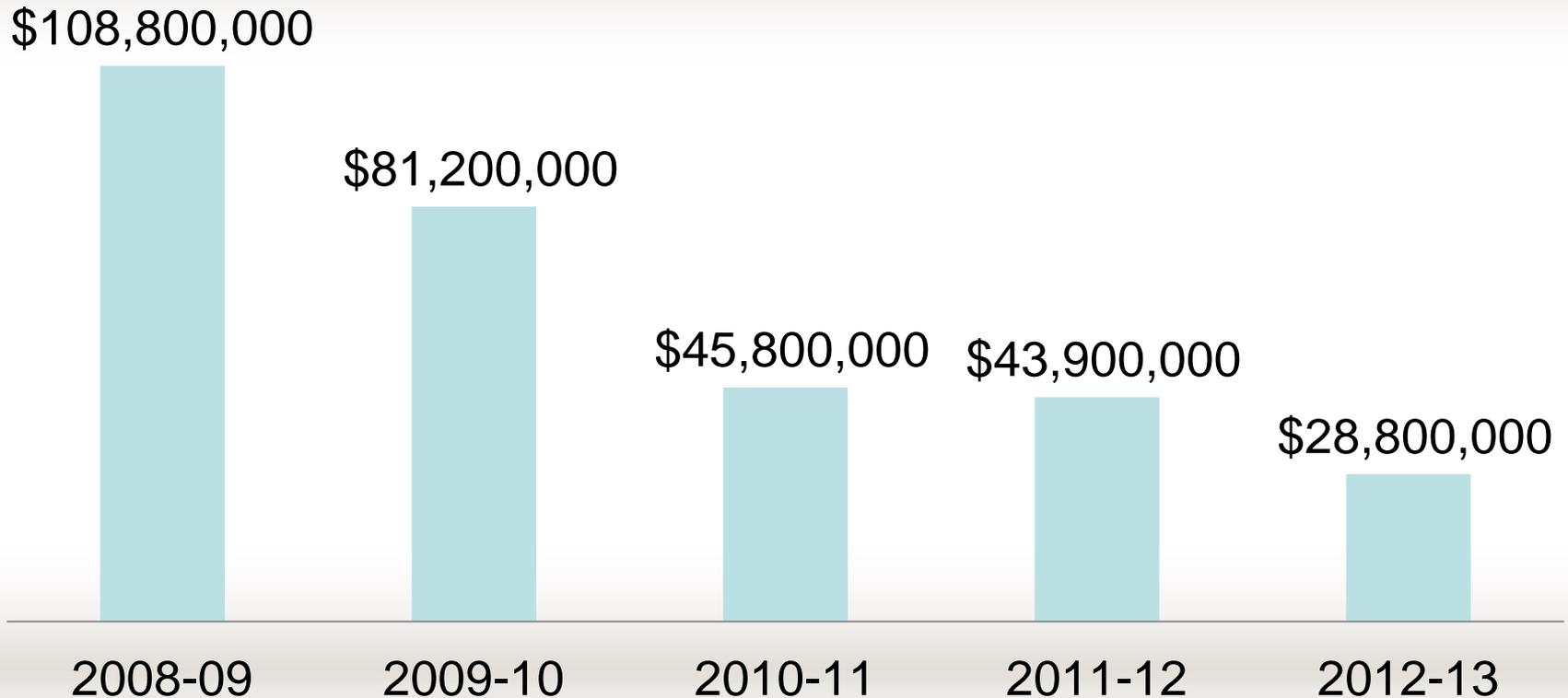


Fiscal Year 2012-13 Budgetary Challenges

- County will continue to face significant budget challenges throughout Fiscal Year 2012-13 and beyond
- Of particular significance is County's decreasing reliance on one-time budgetary solutions to address on-going operational requirements

Fiscal Year 2012-13 Budgetary Challenges

Use of One-time Resources



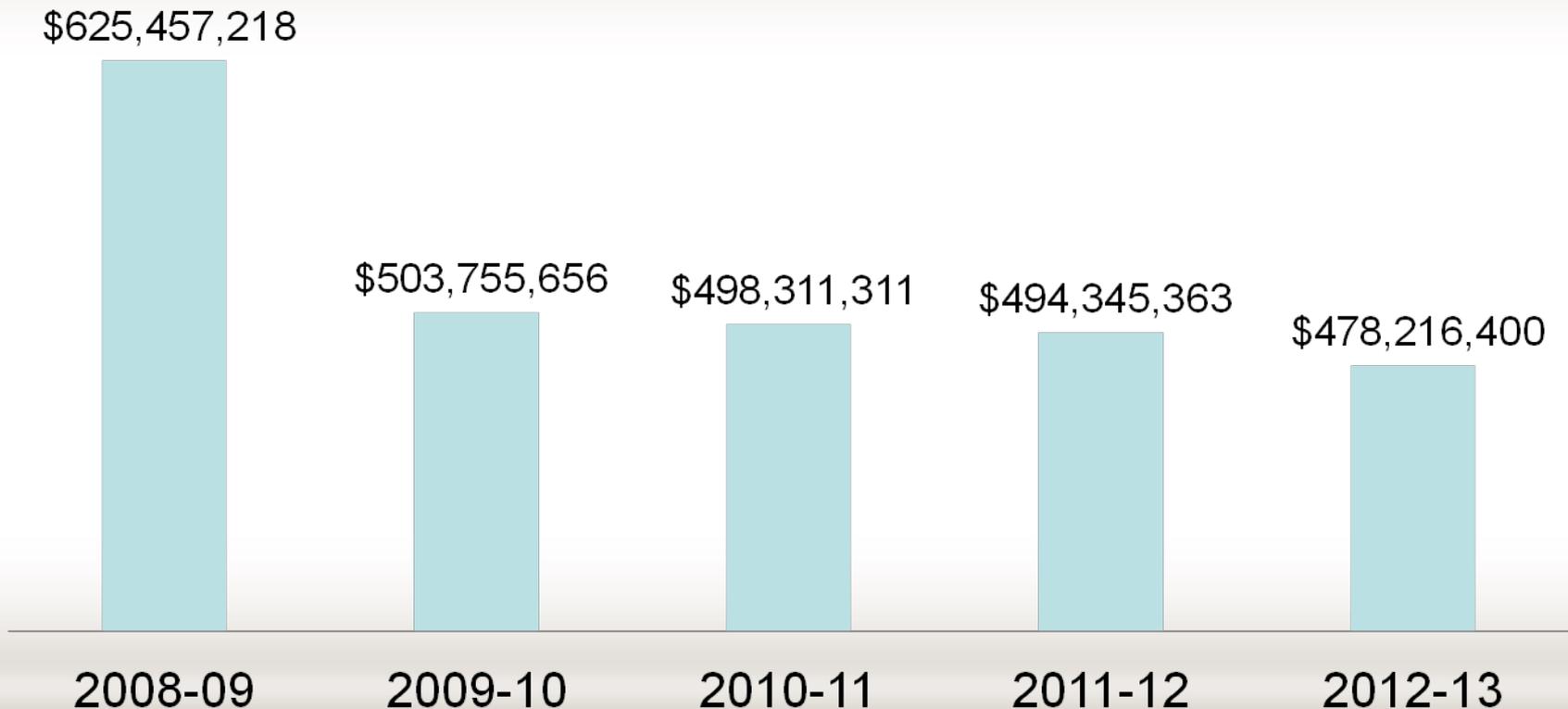
Fiscal Year 2012-13 Budgetary Challenges

Major Reductions: \$59.6 million

- \$15.1 million decrease from reduced reliance on one-time budget solutions
- \$15 million in increased costs from negotiated labor contracts effective July 1, 2012
- \$13.4 million in increased pension costs
- \$16.1 million reduction expected in general purpose revenues

Fiscal Year 2012-13 Budgetary Challenges

Discretionary Revenue



Budget Strategy and Development

County Executive directed departments to:

- Absorb their use of one-time funding and unavoidable cost increases
- End current fiscal year with a neutral or positive carryover
- Closely monitor departmental revenues and use non-General Fund resources
- Seek full cost recovery for state and federal funded programs, including state Realignment programs

Ongoing Budget Management

1. Internal Service Cost Reductions

Priority given to departments and functions that provide direct services to the public

- Asked internal service departments to:
 - reduce rates where possible
 - minimize retained earnings
 - provide rebates to departments to mitigate impact of other budget reductions
- Internal service departments have reduced their costs by over 25% during last 4 years

Ongoing Budget Management

2. Strategic Cost Controls

Focus resources on service delivery priorities

- Restrict travel and non-mission critical activities
- Reduce contracts and other support expenses
- Adjust operating hours to meet public demand
- Reduce vehicle and equipment replacement
- Target technology investments toward productivity
- Prioritize maintenance

Ongoing Budget Management

3. Position Cost Controls

Significant effort to manage overall personnel costs

- 10,672 employees currently on-board
- Reduce temporary staffing levels; transfer employees to non-General Fund activities and departments
- Carefully managing vacant staff positions
 - 544.7 current funded vacancies in the General Fund
 - 189.9 funded vacancies in internal service and enterprise funded departments
- 100.3 funded positions eliminated

Fiscal Year 2012-13

Recommended Budget - All Funds

Fund	Appropriations	Financing	Net Cost ¹	Positions
General Fund	1,975,726,852	1,519,570,499	456,156,353	8,349.0
Economic Development	28,789,838	28,789,838	0	16.0
Environmental Management	20,202,660	20,202,660	0	127.8
Golf Fund	7,252,081	7,252,081	0	6.0
Transient Occupancy Tax	6,582,579	6,582,579	0	0.0
Transportation	223,313,153	223,313,153	0	263.6
Water Resources	165,275,709	143,346,160	21,929,549	246.2
Airport System	255,712,531	195,481,488	60,231,043	409.0
Waste Management and Recycling	73,874,606	73,874,606	0	250.6
Capital Projects Funds	41,369,670	41,369,670	0	0.0
Debt Service Funds	55,344,745	55,344,745	0	0.0
Other Special Revenue Funds	38,463,298	38,463,298	0	15.0
Other Enterprise Funds	2,816,263	2,816,263	0	7.0
Other Internal Service Funds	376,395,445	334,288,371	42,107,074	984.4
Other Special Districts and Agencies ²	213,252,484	213,252,484	0	787.0
Total	3,484,371,914	2,903,947,895	580,424,019	11,461.6

¹ Net Cost for the General Fund is financed with General Purpose Financing Revenues. Net Cost for other funds is financed with Retained Earnings

² Includes Dependent Park Districts

General Fund

- Recommended at \$1,975,726,852; represents a \$40.7 million increase from Fiscal Year 2011-12 due to increase in state and federal funding
- Discretionary component recommended at \$478,489,058; represents a \$16.1 million decrease from Fiscal Year 2011-12

Critical Budget Issues

District Attorney and Sheriff's Department

Significant progress made in addressing unfunded elements in both Departments' Budgets

- District Attorney: Funding recommended at \$70,114,462 compared to \$71,268,630 in Fiscal Year 2011-12
- Sheriff's Department: Funding recommended at \$376,122,893 compared to \$368,466,473 in Fiscal Year 2011-12
- Departments' operational and financial expectations will be detailed during today's hearing

Critical Budget Issues

In-Home Support Services (IHSS)

- Funding recommended at \$8,452,923, a \$754,162 increase from Fiscal Year 2011-12
- Funding will support IHSS activity if the Governor's reduction proposals are approved, local declining caseload trends continue, proposed federal funding materializes, and ongoing labor discussions are resolved favorably
- Staff will monitor caseload trends and costs carefully and report back to the Board as appropriate

Critical Budget Issues

Conflict Criminal Defenders (CCD)

- Funding recommended at \$8,022,555, a \$985,989 increase over Fiscal Year 2011-12 budgeted amount
- Budget augmented in current fiscal year by \$4.55 million to cover costs from new overload homicide cases, overload cases already in system and not yet closed, and reductions made during the Fiscal Year 2011-12 budget process
- Cost reductions anticipated as existing overload cases continue to close and through reduction of overload cases from the Public Defender

Critical Budget Issues

Agricultural Commissioner

- Projected State Food and Agriculture funding reductions of \$233,486 in Fiscal Year 2012-13, in addition to reductions of \$186,763 in Fiscal Year 2011-12
- Department is recommending deletion of 3 funded and filled positions to address these state reductions
- Department anticipates a variety of service impacts particularly in the pest exclusion/detection areas

Critical Budget Issues

Low Income Health Program (LIHP)

- Serves as a bridge to Health Care Reform
- LIHP population is a subset of the County Medically Indigent Services Program (CMISP) population
- Program allows County to claim federal reimbursement for 50% of the costs of the health care services to LIHP enrollees as long as maintenance of effort is expended
- County share of cost is \$26.4 million dollars
- Total cost of the program is \$58.5 million

Critical Budget Issues

Regional Parks and Animal Care

- Regional Parks: Funding recommended at \$7,842,707 compared to \$8,131,043 in Fiscal Year 2011-12
- Animal Care: Funding recommended at \$4,313,207 compared to \$3,796,935 in Fiscal Year 2011-12

Critical Budget Issues

Transit Occupancy Tax

- TOT revenues are estimated at \$3.4 million in Fiscal Year 2012-13, a decrease of approximately \$0.3 million from Fiscal Year 2011-12
- These funds are being recommended for General Fund allocation in the amount of \$2.2 million and grants to community organizations of \$1 million
- Recommendations similar to Fiscal Year 2011-12

Critical Budget Issues

AB 109

- Funding allocations from State on May 14
- County allocation is \$28 million

Critical Budget Issues

AB 109 Allocation per County Executive

Sheriff	\$17,870,779
Probation	\$8,409,778
District Attorney	\$521,625
CEO / Community Services	\$1,807,631
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	\$28,609,813

The estimated allocations to County departments have not been actually made by the Community Correction Partnership Committee and is subject to their recommendation and subsequent Board approval at a later date, and could require changes to the funding.

Critical Budget Issues

Solid Waste Authority Franchise Fee

Regional Parks	\$398,643
County Counsel	\$300,000
Code Enforcement	\$290,000
Planning	\$110,000
General Fund	\$178,776
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	\$1,277,419

Critical Budget Issues

Retiree Health

- Fiscal Year 2012-13 Budget \$1.5 million
- Net General Fund cost \$416,000
- Covers PERB ruling for full fiscal year
- Covers non-PERB retiree until 12/31/12
 - County wide savings \$300,000
 - Net General Fund savings \$83,000

Critical Budget Issues

Safety Net Services Funded

- Veterans Services
- Senior Nutrition
- South County Services
- Winter Shelter
- Expanded Services at Health Clinic

Conclusion

- Addresses Board's service priorities
- All funds balanced
- Contingency of \$1.8 million
- Next steps:
 - Adopt Recommended Budget
 - July/August: Evaluate State Budget and Fund Balance
 - September: Final Budget Hearings