CONTRA COSTA COUNTY LIBRARY COMMISSION
AGENDA ATTACHMENT 4

MEETING DATE: Thursday, March 23, 2017
AGENDA ITEM #: 12.C
ITEM: FISCAL YEAR 2017-18 LIBRARY BUDGET

RECOMMENDED ACTION:
No action recommended.
<table>
<thead>
<tr>
<th>Major Activity</th>
<th>Due Date</th>
<th>Distribute</th>
<th>Board Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Order – Set Budget Schedule</td>
<td></td>
<td></td>
<td>1/17</td>
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<tr>
<td>Mid-Year Budget and FY 2016/17 Baseline Report</td>
<td></td>
<td>1/26</td>
<td>1/31</td>
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<tr>
<td>Board Order/Presentation</td>
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<tr>
<td><strong>Budget Submissions</strong></td>
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<tr>
<td>Baseline Budgets</td>
<td>2/10</td>
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<tr>
<td>Venture Capital Project Request (optional)</td>
<td>2/23</td>
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<tr>
<td>Program/Recommended Budget Narrative</td>
<td>2/23</td>
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<tr>
<td>Administrative and Program Goals</td>
<td>2/23</td>
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<tr>
<td>Recommended Budget Document</td>
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<td>3/31</td>
<td>4/07</td>
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<tr>
<td>Budget Hearing <em>(Budget Act requires 10 day between publication and hearing)</em></td>
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<tr>
<td>Budget Adoption</td>
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<td>4/28</td>
<td>5/04</td>
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<td>Board Order/Presentation</td>
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The Economic Outlook
Focus on Contra Costa County
January 2017

Christopher Thornberg
Founding Partner, Beacon Economics
Director, UC Riverside Center for Forecasting and Development

Trumped!
What does it mean for the National and California economy?

http://www.cccounty.us/DocumentCenter/View/44305
Contra Costa County
Familiar Budget Drivers and Challenges
for 2017 and Beyond

- Economic Forecast
- State & Federal Budgets
- Labor Negotiations
- Build Reserves
- Fund Infrastructure Needs (Repair & Maintenance)
- Adequately Fund Public Safety Departments
- Public Safety Realignment; AB 109 & Prop 47
- Reduce hospital dependency on General Fund
### Bay Area Unemployment Rate
December, 2016 (unadjusted)

- San Mateo 2.7%
- Marin 2.9%
- San Francisco 3.0%
- Santa Clara 3.3%
- Sonoma 3.7%
- Alameda 3.8%
- **Contra Costa** 4.0%
- Napa 4.4%
- Solano 5.1%

- 9 County Average 3.7%
Unemployment Rate
2007 - 2016

January  December

2007  4.6%  4.9%
2008  5.4%
2009  7.5%
2010  11.3%
2011  10.5%
2012  11.1%
2013  9.3%
2014  8.0%
2015  8.6%
2016  6.5%

2016 data is January & September
2016 Achievements

- New Department Heads and key staff
  - Two new Chief Deputies – Allison Picard and Eric Angstadt
  - County Probation Officer, Todd Billeci
  - County Librarian, Melinda Cervantes
  - Director of Human Resources, Dianne Dinsmore
  - Director of Child Support Services, Melinda Self
  - Labor Relations Manager, Jeff Bailey

- Settled labor contracts with all Bargaining Units providing for significant wage increases and paying 100% of increased Health Insurance Costs for 2016

- Budget structurally balanced for 6th year in a row, built on assumption of 6% increase in Assessed valuations, actual AV was 6.01%
2016 Achievements

- Settled Retiree Support Group (RSG) law suit resolving significant
  issues with 4,200 retirees without significant increase to Other Post-
  Employment Benefits Liability
- Reduced Other Post-Employment Benefits Unfunded Liability to
  $764.3 Million as of January 01, 2016 valuation (was $2.6 Billion in
  2006) and current Other Post-Employment Benefits Trust Assets
  exceed $214 Million.
- Maintained our AAA Bond Rating from Standard & Poor’s, and
  received upgrade on Lease Bonds from Moody’s (from A1 to Aa3) with
  both agencies commenting on fact that Contra Costa County was
  “fundamentally sound, and had a stable outlook for the future.”
- Reissued $52 M in existing Bonds, realizing net present value savings
  of $4.5 M (8.17%)
2016 Achievements

- Created Sustainability Coordinator Position to coordinate the development and integration of the County’s sustainability activities and to obtain new funding to support the County’s sustainability efforts.

- Created Office of Reentry & Justice (ORJ) as a pilot project of the CAO, beginning in January 2017, to build on, align and formalize a cohesive structure for the work currently being provided by the CAO and the contracted Reentry Coordinator in advancement of public safety realignment and justice initiatives.
County Property Tax

- Property taxes declined by over 11% between 2009 and 2012. There were significant increases between 2014 and 2016. Now appears to be returning to a more normal increase of between 5% and 6% going into the next few years.

- Actual Contra Costa County experience:
  - 2009/10 (7.19% decline)
  - 2010/11 (3.38 decline)
  - 2011/12 (0.49% decline)
  - 2012/13 0.86% increase
  - 2013/14 3.45% increase
  - 2014/15 9.09% increase
  - 2015/16 7.53% increase
  - 2016/17 6.01% increase
  - 2017/18 5.00% increase projected
ConFire Property Tax

- For Fire, property taxes declined by over 13% between 2009 and 2013. These taxes then significantly increased between 2014 and 2016. Likely to continue to increase by 6% or better for next few years as Redevelopment Zones continue to unwind.

- Actual CCCFPD experience:
  - 2009-10: 7.8%
  - 2010-11: 2.4%
  - 2011-12: 1.9%
  - 2012-13: 1.2%
  - 2013-14: 5.9%
  - 2014-15: 9.3%
  - 2015-16: 6.9%
  - 2016-17: 6.32%
  - 2017-18: 6.00% increase projected
Total FY 16-17 Revenue $1.470 Billion

- General Purpose, $409,229,000, 28%
- State, $330,212,193, 22%
- Federal, $280,873,763, 19%
- Other Local, $449,943,405, 31%
Total FY 16-17 Expenditures $1.468 Billion

- Fixed Assets, $27,432,705, 1.9%
- Expenditure Transfers, ($101,162,595), (6.9%)
- Salaries and Benefits, $819,718,868, 55.8%
- Other Charges, $234,148,580, 16.0%
- Provisions for Contingencies, $10,750,000, 0.7%
- Services and Supplies, $476,870,802, 32.5%
FY 16-17 Distribution of Expenditures

Health & Human Services, $797,522,712, 54%

Law & Justice, $400,428,241, 27%

General Government, $269,807,408, 19%
## FY 2016/17 Mid-Year Preliminary Stats
### Budget Performing as Expected

<table>
<thead>
<tr>
<th>ALL FUNDS</th>
<th>Budget</th>
<th>Actual</th>
<th>Mid-Year 16-17</th>
<th>Mid-Year 15-16</th>
<th>Mid-Year 14-15</th>
<th>Mid-Year 13-14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Percent</td>
<td>Percent</td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>Expenditures</td>
<td>3,234,153,761</td>
<td>1,406,467,968</td>
<td>43.5%</td>
<td>40.8%</td>
<td>43.5%</td>
<td>43.6%</td>
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<tr>
<td>Revenues</td>
<td>5,392,248,278</td>
<td>1,454,970,376</td>
<td>42.9%</td>
<td>44.1%</td>
<td>44.0%</td>
<td>38.1%</td>
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<tr>
<td><strong>GENERAL FUND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Expenditures</td>
<td>1,557,245,599</td>
<td>661,433,864</td>
<td>42.5%</td>
<td>41.6%</td>
<td>43.7%</td>
<td>43.0%</td>
</tr>
<tr>
<td>Revenues</td>
<td>1,463,298,882</td>
<td>565,197,072</td>
<td>38.6%</td>
<td>38.2%</td>
<td>37.1%</td>
<td>34.4%</td>
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<tr>
<td>Wages &amp; Benefits</td>
<td>816,162,179</td>
<td>373,703,086</td>
<td>45.8%</td>
<td>46.0%</td>
<td>45.9%</td>
<td>44.8%</td>
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<tr>
<td>Services &amp; Supplies</td>
<td>521,983,114</td>
<td>210,190,080</td>
<td>40.3%</td>
<td>38.5%</td>
<td>41.3%</td>
<td>40.9%</td>
</tr>
<tr>
<td>Other Charges</td>
<td>230,924,427</td>
<td>107,855,910</td>
<td>46.7%</td>
<td>46.4%</td>
<td>51.0%</td>
<td>49.1%</td>
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<tr>
<td>Fixed Assets</td>
<td>79,514,132</td>
<td>11,218,888</td>
<td>14.1%</td>
<td>8.5%</td>
<td>15.1%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Inter-departmental Charges</td>
<td>(100,703,588)</td>
<td>(41,534,101)</td>
<td>41.2%</td>
<td>48.1%</td>
<td>53.2%</td>
<td>50.1%</td>
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<tr>
<td>Contingencies</td>
<td>9,365,335</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>1,557,245,599</strong></td>
<td><strong>661,433,864</strong></td>
<td><strong>42.5%</strong></td>
<td><strong>41.6%</strong></td>
<td><strong>43.7%</strong></td>
<td><strong>43.0%</strong></td>
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<tr>
<td>Taxes</td>
<td>364,474,000</td>
<td>231,084,214</td>
<td>63.4%</td>
<td>63.7%</td>
<td>65.5%</td>
<td>63.4%</td>
</tr>
<tr>
<td>Licenses, Permits, Franchises</td>
<td>10,828,498</td>
<td>2,298,758</td>
<td>21.2%</td>
<td>28.0%</td>
<td>27.0%</td>
<td>22.9%</td>
</tr>
<tr>
<td>Fines, Forfeitures, Penalties</td>
<td>26,212,754</td>
<td>2,230,847</td>
<td>8.5%</td>
<td>7.8%</td>
<td>7.0%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Use of Money &amp; Property</td>
<td>3,259,444</td>
<td>2,023,892</td>
<td>62.1%</td>
<td>10.3%</td>
<td>59.9%</td>
<td>54.0%</td>
</tr>
<tr>
<td>Federal/State Assistance</td>
<td>544,849,272</td>
<td>173,534,913</td>
<td>31.9%</td>
<td>28.3%</td>
<td>29.3%</td>
<td>22.7%</td>
</tr>
<tr>
<td>Charges for Current Services</td>
<td>229,560,096</td>
<td>96,056,192</td>
<td>41.8%</td>
<td>40.9%</td>
<td>31.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>284,114,818</td>
<td>57,968,256</td>
<td>20.4%</td>
<td>28.4%</td>
<td>26.7%</td>
<td>30.8%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>1,463,298,882</strong></td>
<td><strong>565,197,072</strong></td>
<td><strong>38.6%</strong></td>
<td><strong>38.2%</strong></td>
<td><strong>37.1%</strong></td>
<td><strong>34.4%</strong></td>
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## Contract Status

<table>
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<tr>
<th>Settled</th>
<th>Total Number of Permanent Employees</th>
<th>Contract Expiration Date</th>
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<tbody>
<tr>
<td>AFSCME Local 2700, United Clerical, Technical and Specialized Employees</td>
<td>1,534</td>
<td>6/30/2019</td>
</tr>
<tr>
<td>AFSCME Local 512, Professional and Technical Employees</td>
<td>269</td>
<td>6/30/2019</td>
</tr>
<tr>
<td>California Nurses Association</td>
<td>991</td>
<td>12/31/2017</td>
</tr>
<tr>
<td>CCC Defenders Association</td>
<td>69</td>
<td>6/30/2018</td>
</tr>
<tr>
<td>CCC Deputy District Attorneys' Association</td>
<td>93</td>
<td>6/30/2018</td>
</tr>
<tr>
<td>Deputy Sheriff's Association, Mgmt Unit and Rank and File Unit</td>
<td>810</td>
<td>6/30/2019</td>
</tr>
<tr>
<td>District Attorney Investigator's Association</td>
<td>16</td>
<td>6/30/2019</td>
</tr>
<tr>
<td>IAFF Local 1230</td>
<td>280</td>
<td>6/30/2017</td>
</tr>
<tr>
<td>IHSS SEIU - 2015</td>
<td>0</td>
<td>6/30/2018</td>
</tr>
<tr>
<td>Physicians and Dentists of Contra Costa</td>
<td>269</td>
<td>2/28/2017</td>
</tr>
<tr>
<td>Probation Peace Officers Association</td>
<td>243</td>
<td>6/30/2018</td>
</tr>
<tr>
<td>Professional &amp; Technical Engineers - Local 21, AFL-CIO</td>
<td>990</td>
<td>6/30/2019</td>
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<tr>
<td>Public Employees Union, Local One &amp; FACS Site Supervisor Unit</td>
<td>531</td>
<td>6/30/2019</td>
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<tr>
<td>SEIU Local 1021, Rank and File and Service Line Supervisors Units</td>
<td>967</td>
<td>6/30/2019</td>
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<tr>
<td>Teamsters, Local 856 (New Contract)</td>
<td>1,572</td>
<td>6/30/2019</td>
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<td>United Chief Officers' Association</td>
<td>11</td>
<td>6/30/2017</td>
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<tr>
<td>Western Council of Engineers</td>
<td>23</td>
<td>6/30/2019</td>
</tr>
<tr>
<td>Management Classified &amp; Exempt &amp; Management Project</td>
<td>320</td>
<td>n/a</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>8,988</strong></td>
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Infrastructure

- On March 31, 2015 the Board of Supervisors received an updated Comprehensive building condition assessment which identified a total of $272.2 million in deferred facilities maintenance needs and capital renewal requirements
- $5 Million was Budgeted in FY 2012/13
- $10 Million in FY 2013/14, FY 2014/15, and FY 2015/16
- $10 Million in current fiscal year 2016/17
- Recommending $10 million for FY 2017/18
- Continue to fund facility lifecycle on a by-building cost-per-square foot basis – increase target from 1% to 3% total of $2.55 million set by Finance Committee
- Continue to explore ‘cloud’ IT opportunities-
  - PeopleSoft; Finance; Tax Systems all need upgrading
- County Administration Building
- Emergency Operations Center
Cost Avoidance

- Contribution to Hospital/CCHP Enterprise Funds:
  - 2008/09 $61,349,686
  - 2013/14 $30,408,776 (50% decrease)
  - 2014/15 & 2015/16 no further reduction – Affordable Care Act (ACA) Implementation
  - 2016/17 reduce by additional $3.2 Million to $27,163,075
  - 2017/18 no further reduction, awaiting impact of changes to ACA
  - 2018/19 reduce by additional $10 Million
  - 2019/20 and beyond – Expected Annual Contribution = $10 Million

- New Federal Administration plans to eliminate Affordable Care Act (ACA) and replace it with ????????. Assumption is that we are likely to see Uncompensated Care burden increase over next 2-3 years as Affordable Care Act (ACA) unwinds
Pension Cost Management

- Following carefully
- Monitoring changes by State and CCCERA Board
  - New PEPRATiers as of 1/1/2013
  - No extension of amortization
  - No change in 5-year smoothing
  - No change in pooling
  - Change in assumed rate of return from 7.25% to 7.00% on 4/27/16

- Updates:
  - Negotiated 2% PEPRACOLAs with all bargaining groups
  - FY 2016-17 Recommended Budget - $306 M
  - Chart now includes the final year of debt service for the County and Fire pension obligation bonds, both of which pay off in FY 2021-22

![Actual and Projected* Retirement Expense](chart)

The chart includes four years of actual data, straight-line projection of current year (based upon six months of actual data), and projection of future years based upon current year wages and actuarial data provided by CCCERA's actuary (letter dated January 3, 2017) assuming that CCCERA achieves its assumed rate of return each of these years. This data will be updated in March for the FY 2017/18 budget based upon 12/31/2016 CCCERA market impacts.
### Positive Changes in General Fund Balance

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<tbody>
<tr>
<td>Nonspendable</td>
<td>16,474,000</td>
<td>6,103,000</td>
<td>7,946,000</td>
<td>10,764,000</td>
<td>9,807,000</td>
<td>-8.9%</td>
<td>9,807,000</td>
<td>0.0%</td>
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<tr>
<td>Restricted</td>
<td>6,388,000</td>
<td>6,798,000</td>
<td>7,254,000</td>
<td>9,013,000</td>
<td>9,869,000</td>
<td>9.5%</td>
<td>9,869,000</td>
<td>0.0%</td>
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<tr>
<td>Committed</td>
<td>711,000</td>
<td>1,335,000</td>
<td>1,575,000</td>
<td>1,508,000</td>
<td>1,440,000</td>
<td>-4.5%</td>
<td>1,440,000</td>
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<tr>
<td>Assigned</td>
<td>47,246,000</td>
<td>57,754,000</td>
<td>78,136,000</td>
<td>94,169,000</td>
<td>116,089,000</td>
<td>23.3%</td>
<td>116,089,000</td>
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<tr>
<td>Unassigned</td>
<td>81,541,000</td>
<td>115,518,000</td>
<td>142,293,000</td>
<td>179,863,000</td>
<td>232,953,000</td>
<td>29.5%</td>
<td>235,453,000</td>
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<tr>
<td>Total</td>
<td>152,360,000</td>
<td>187,508,000</td>
<td>237,204,000</td>
<td>295,337,000</td>
<td>370,158,000</td>
<td>25.3%</td>
<td>372,658,000</td>
<td>0.7%</td>
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</tbody>
</table>
Retirements

Abnormally high number of vacant positions due to unprecedented numbers of retirements during calendar year 2011 and 2012. Historically March retirements are the highest. Normal year would see approximately 260 Retirements.
Increase to Full-Time-Equivalent Positions

- After several years of no growth – steady increase has begun
- Increase of 1500 FTE in last five years

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</thead>
<tbody>
<tr>
<td>General Government</td>
<td>728</td>
<td>707</td>
<td>712</td>
<td>728</td>
<td>739</td>
<td>748</td>
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<tr>
<td>Public Protection</td>
<td>2,565</td>
<td>2,565</td>
<td>2,566</td>
<td>2,624</td>
<td>2,637</td>
<td>2,668</td>
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<tr>
<td>Health and Sanitation</td>
<td>2,876</td>
<td>2,866</td>
<td>3,014</td>
<td>3,259</td>
<td>3,693</td>
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<tr>
<td>Public Assistance</td>
<td>1,722</td>
<td>1,815</td>
<td>2,106</td>
<td>2,203</td>
<td>2,245</td>
<td>2,246</td>
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<tr>
<td>Education</td>
<td>175</td>
<td>175</td>
<td>175</td>
<td>178</td>
<td>180</td>
<td>180</td>
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<tr>
<td>Public Ways and Facilities</td>
<td>263</td>
<td>263</td>
<td>279</td>
<td>281</td>
<td>284</td>
<td>287</td>
</tr>
<tr>
<td>Total</td>
<td>8,329</td>
<td>8,391</td>
<td>8,852</td>
<td>9,273</td>
<td>9,778</td>
<td>9,822</td>
</tr>
</tbody>
</table>
Recruitments

• 2016 New Department Heads and key staff
  • Two new Chief Deputies – Allison Picard and Eric Angstadt
  • County Probation Officer, Todd Billeci
  • County Librarian, Melinda Cervantes
  • Director of Human Resources, Dianne Dinsmore
  • Labor Relations Manager, Jeff Bailey
  • Child Support Services Director, Melinda Self

• 2017 Recruitments:
  • Agriculture Commissioner/Weights & Measures
  • Health Services Director
Contra Costa County
Fire Protection District

- CCC Fire Protection District budget stable; FY 16/17 - AV Growth 6.32%
- EMS ambulance contract implemented
  - Billing policies and procedures adopted
  - Insurance reimbursements began March 2016
  - First Quarterly Financial Report to the Board May 2016
- Capital project planning underway
  - Lafayette (Station 16) rebuild
  - San Pablo station rebuild in collaboration with the City of San Pablo
- Continuing financial concerns with East Contra Costa Fire Protection District (ECCFPD)
East Contra Costa Fire Protection District

- Brentwood and Oakley Cities Utility Tax failed
- Voters For Equal Protection – ECCFPD Funding Workshop on February 23, 2017 – 1 – 5 PM
- Chief Carman proposal to contract with CCCFPD to provide one Administrative “Chief”
- Unincorporated Area – Byron Bethany Irrigation District transfer of funds to Fire = $730,000 per year
Fourth Station in Knightsen opened with One time funding:

<table>
<thead>
<tr>
<th></th>
<th>1st Year</th>
<th>2nd Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECCFPD</td>
<td>399,352</td>
<td>$474,626</td>
<td>$873,978</td>
</tr>
<tr>
<td>Brentwood</td>
<td>$190,485</td>
<td>$475,515</td>
<td>$666,000</td>
</tr>
<tr>
<td>Oakley</td>
<td>$109,315</td>
<td>$272,887</td>
<td>$382,202</td>
</tr>
<tr>
<td>County</td>
<td>$ 89,127</td>
<td>$222,490</td>
<td>$311,617</td>
</tr>
<tr>
<td>Totals</td>
<td>$788,279</td>
<td>$1,445,518</td>
<td>$2,233,797</td>
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</tbody>
</table>
Contra Costa County
Rodeo/Hercules Fire District

- Currently has 2 Stations
- One funded by SAFER Grant due to expire June of 2017 ($1.3 M)
- Special Tax passed with 77.2% and will raise $2.5 M starting in July 2017
- Chief Carman will contract with Pinole & Rodeo/Hercules to provide one Administrative “Chief” for both Districts
Beacon Economics – Dr. Thornberg
The Trump Factor

**Positives**
- *Something* will get done in Washington DC
- Institutions should be able to control worst impulses
- Infrastructure investment: stimulative if done right
- Tax cuts: stimulative if done right
- Financial deregulation good for housing, banks
- Americans hate Obamacare, but they tend to like the Affordable Care Act

**Negatives**
- Federal deficit likely to explode
- Potential for major trade war / strain on global relations
- Increase in wealth inequality
- Federal Reserve to cede control to Congress
- Corruption factor, personal baggage
- Backwards steps in immigration policies / skilled labor issues
- Backwards steps in environmental policies
- Revenge of the Left
State of California FY 17/18
Governor Brown’s Budget Proposals

Positives

- Rainy Day Fund higher
- Projects that Cities and Counties will receive $1.4 B from the Dissolution of Redevelopment Agencies

Negatives

- Projects Budget Revenues to be lower by $1.5 B
- Coordinated Care Initiative (CCI) eliminated and costs returned to Counties
- Cap & Trade Revenues over estimated
- Projects Sales Tax Revenues to be flat for FY 17/18
Continued Reasons for Optimism

**Positive Economic Outlook**
- California Economic Outlook Stable for next 2 – 3 Years
- AV revenue up 6% for FY 2016/17 and Projected to grow 5% in 2017/18

**Positive County Results**
- Budget structurally balanced for sixth year in a row
- 3 year contracts with most bargaining units
- Employee Wages increased by 10% or more over next three years
- 1,500 new employee positions added in past 4 years
- Most Departments fully staffed
- OPEB managed
- Have begun pre-funding Infrastructure needs
- Fund Balance Increased
- Maintained our AAA Bond Rating from Standard & Poor’s, and received upgrade on Lease Bonds from Moody’s (from A1 to Aa3) with both agencies commenting on fact that Contra Costa County was “fundamentally sound, and had a stable outlook for the future.”
- Pension Obligation Bond Matures 6/1/2022 ($47,382,000)
Reasons for Concern

- “WINTER IS COMING” – Most economists are predicting the next Recession to occur in late 2019 or early 2020
- Prop 172 Sales Tax Revenues dropping for 2016/17 – currently predicted to be $1 M less
- Revenues are not projected to keep up with expenditures for 2016/17 nor are they projected to do so for 2017/18 and beyond
- East County Fire District struggling
- Aging Technology – PeopleSoft; Finance; & Tax Systems
- Labor Negotiations
- Pension Unfunded Liability = $1.5 B
- Increased costs of benefits – Pension Assumed Rate of Return reduced from 7.25% to 7.00% - Actual Returns for 2015 = 2.4% & 2016 may not reach 7%
- Recreational and Medical Marijuana Regulation
- Unreasonable expectations given funding available
Focus On

- Focus on Current Needs but look for Long term solutions
- Increasing Wages to remain competitive as revenues increase
- Continuing to harness our organizational discipline and innovation
- Providing public services that improve the quality of life of our residents and the economic viability of our businesses
- Remember “there be dragons out there”
FY 2017-18 Budget Hearing Format

• Draft Agenda for Discussion Purposes
  • Introduction/Summary by County Administrator
  • Departmental Presentations last year:
    • Sheriff-Coronor
    • District Attorney
    • Chief Probation Officer
    • Health Services Director
    • Employment and Human Services Director
• Specify changes for this year
• Deliberation
• Recommend holding all hearing on April 18th
• Budget Adoption on May 9th
“The Challenge is to solve today’s problems without making those of tomorrow even worse.”

— Governor Jerry Brown, 2016 State of the State Address