

COUNTY OF SOLANO

CALIFORNIA



Proposed Budget FY2009/10

To provide a safe
and healthy place to
**LIVE, LEARN,
WORK and PLAY**



FY2009/10

Budget Hearing Presentation

June 29, 2009



Proposed Budget Overview

- Proposed Budget is balanced and includes:
 - Known expenditures and revenues
 - Costs of 3% COLAs and related benefits
 - Anticipated layoffs of 87 filled positions
 - Modified hiring freeze
 - Funding for capital projects
 - Prepayment of \$5 million in POB bonds to realize savings





Proposed Budget Overview

- Assumes (10%) reduction in Secured Property Taxes
- Assumes \$39 million, a (10%) reduction from actual receipt in FY2008/09, in Property Tax – in lieu of VLF revenues
- Includes \$639,000 in Williamson Act revenue
- Uses \$10 million from Tax Loss Reserve
- Uses \$6 million from General Fund Reserve
- Applies \$28.3 million in projected Fund Balance
- Uses \$4 million from Maintenance Reserve for capital projects
- Uses \$500,000 from employee accrued leave payoff reserve



Proposed Budget Overview

- Sets General Fund Contingency at \$13.3 million
- Provides for State Budget Uncertainty at \$10 million
- Maintains General Fund Reserves of \$46 million
- Does not include impact from May Revise





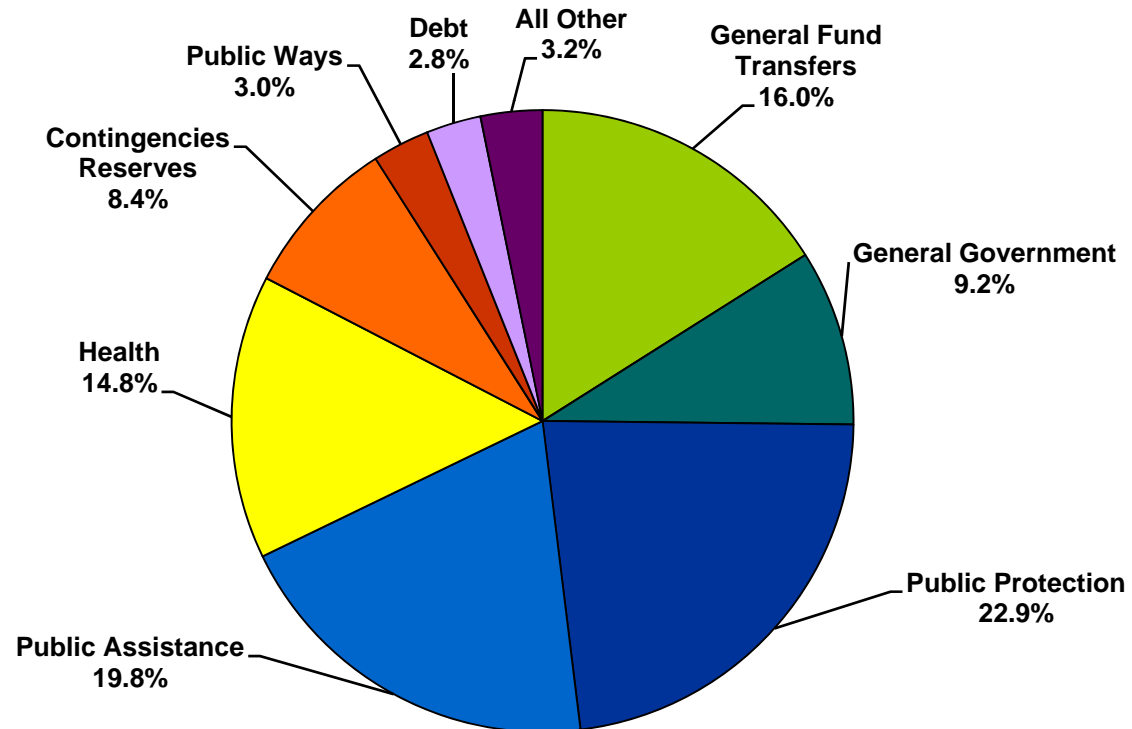
Narrowing the FY2009/10 Gap

• FY2009/10 Requested Budget Gap	48.0
(in millions)	
• Loss of additional property tax	<u>5.5</u>
Total Gap	53.5
• Use 3 rd Qtr Fund Balance projections	(28.3)
• Additional Tax Loss Reserve	(2.5)
• Reduce Contingencies	(1.9)
• Reduce Programs by (\$146 million), General Fund Share	(20.8)
• Balanced Proposed Budget	836.0



Spending Plan by Function

\$836,083,208





Economic Realities

- **Quadruple blow affecting County coffers**
 - **Housing Meltdown:** high foreclosure rates and lower assessed values
 - **Credit Crisis:** reduced income from investments
 - **Recession:** sluggish retail affecting sales taxes
 - **State Budget:** reduce funding to local governments





Assessed Values

- **FY2009/10 Projected Prop 8 Reductions**
 - Trend shows market values continue to decline
 - Assessed values of previously reduced 29,000 parcels will have to be reduced further
 - Additional 31,000 parcels will have their assessed values reduced
 - FY2009/10 reductions estimated at (\$6 billion) (60,000 parcels)
 - Two-year cumulative loss of (\$8.94 billion) in assessed values (FY2008/09 and FY2009/10)





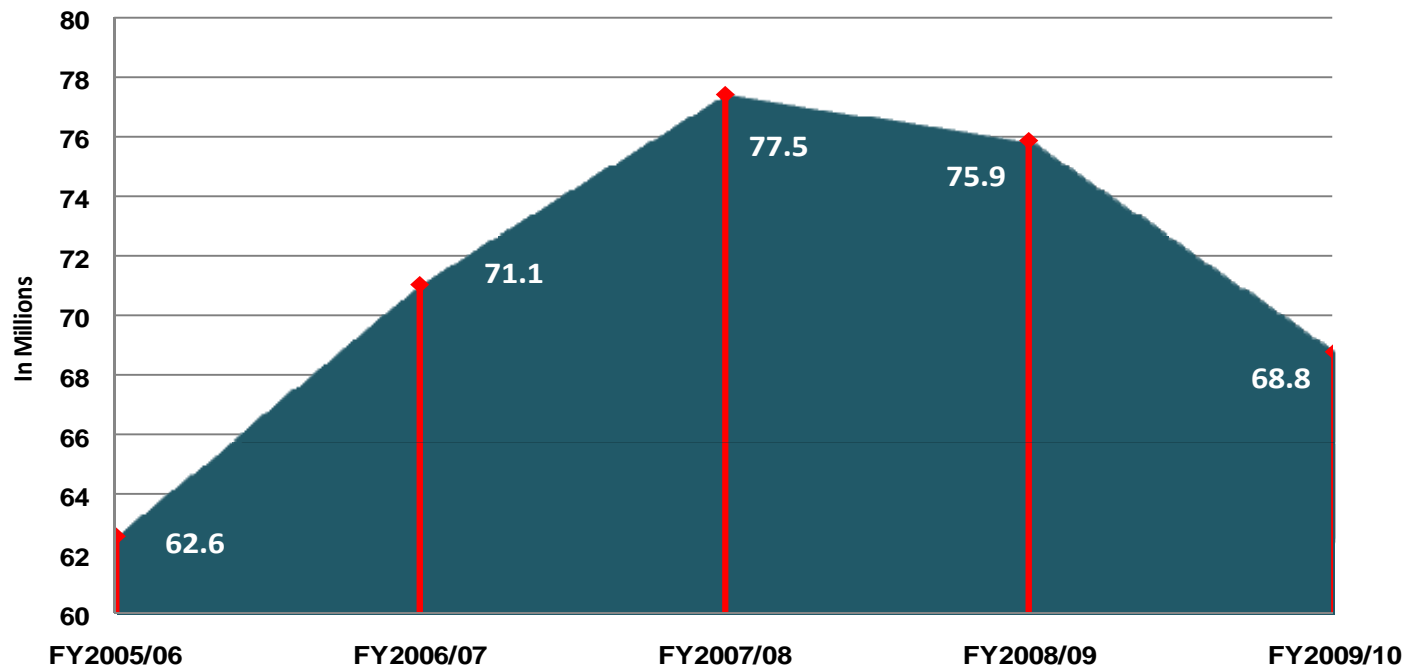
Tax Delinquency

- Delinquency Rates
 - 10-year delinquency rate average is 3.2%
 - FY2008/09 delinquency rate is 6.3%
 - 11,239 parcels were delinquent at May 4, 2009
 - 6.3% delinquency rate equals \$33.9 million
 - Use Tax Loss Reserve to mitigate cash flow impact
- Trend indicates historically high delinquency rate to continue next year

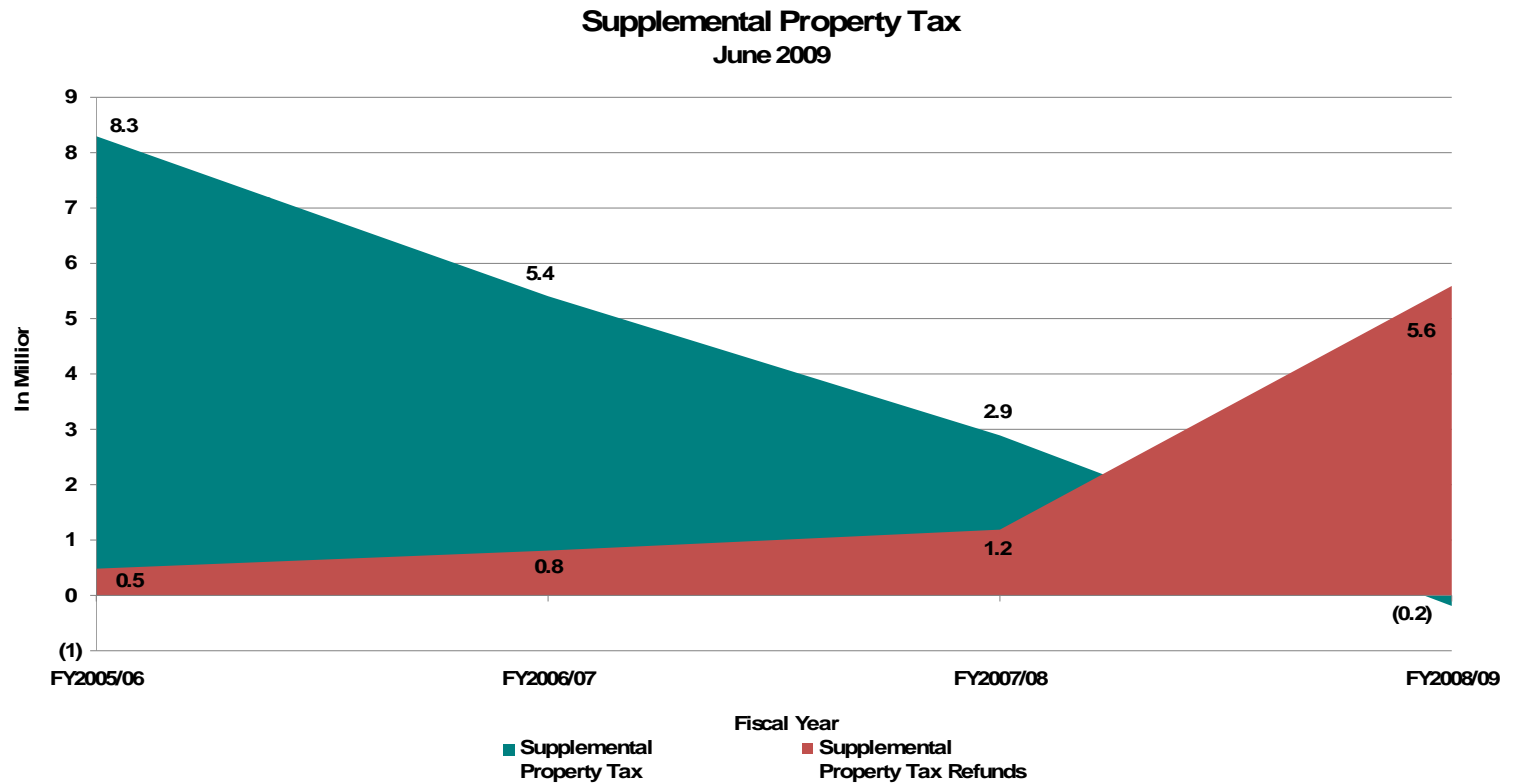


Secured Property Tax

Secured Property Tax Revenues
General Fund & Other County Funds
June 2009

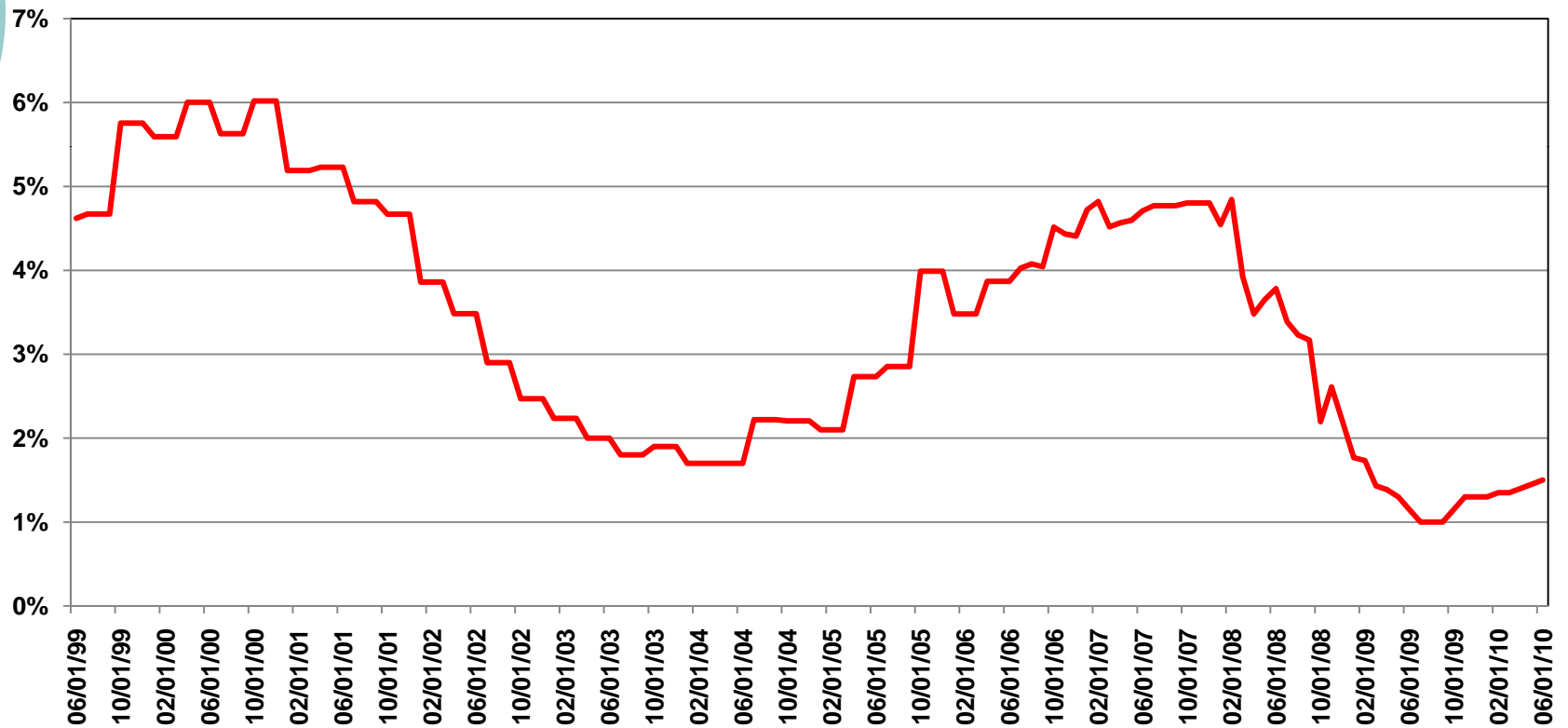


Supplemental Property Tax General Fund & Other Funds



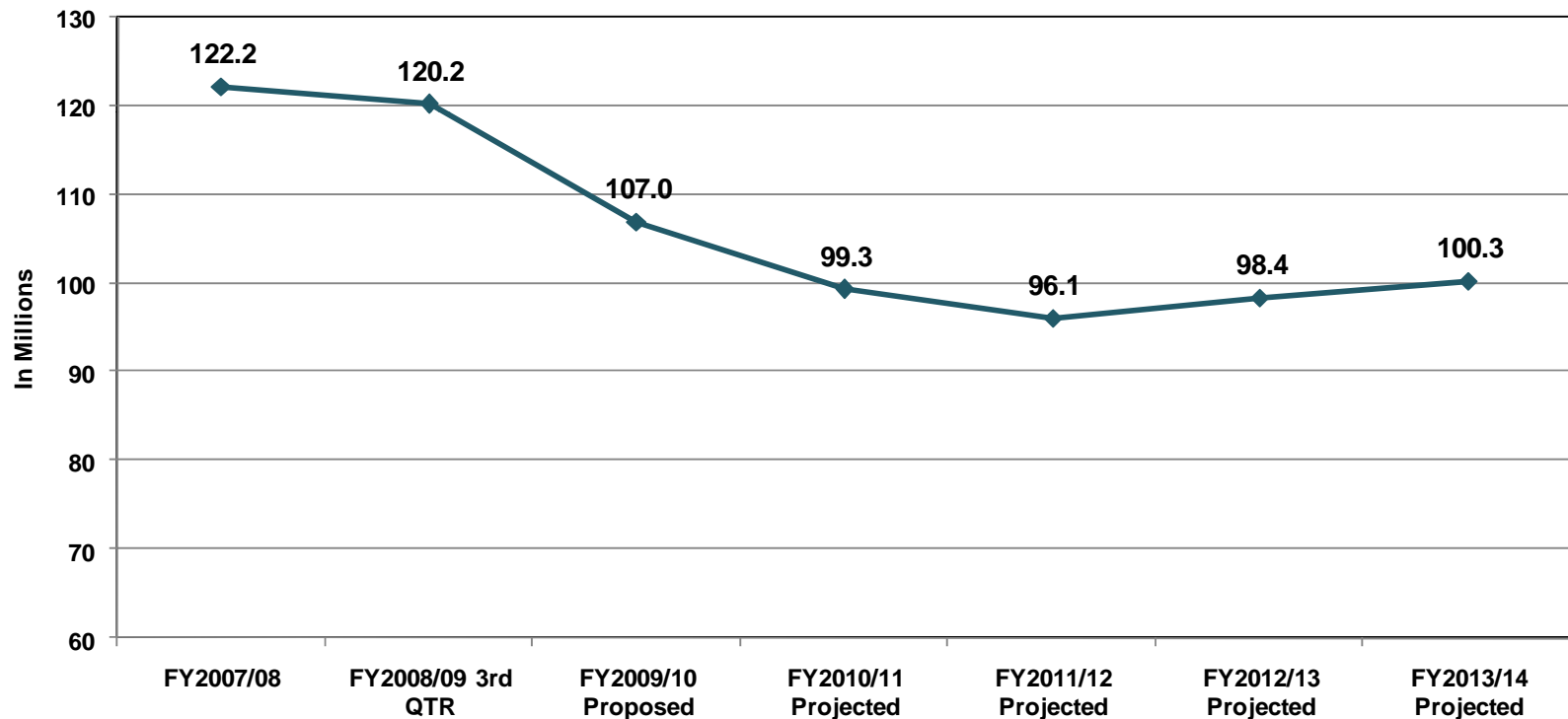
Treasury Fund Yield

Fund Yield
Actual (06/99 - 04/09) and Projected (05/09 - 06/10)



General Fund Property Tax

General Fund Property Tax Revenue
Five Year Projections



Position Allocations

Position Allocations	
FY2008/09 Final Budget	3,116
Total Personnel Reductions	212
FY2009/10 Proposed Budget	2,904
Reductions Breakdown:	
Attrition: since July 2008	41
Vacant Positions: currently vacant	84
Filled Positions	87
Total	212





Smaller Labor Force

- Proposed personnel reductions
 - Public Protection 95
 - Health Services 43
 - Public Assistance (Social Services) 42
 - General Government 17
 - All Other 15

Total Personnel Reductions 212





Layoff Procedures

- Minimize the overall impact of layoffs
 - Employees informed of layoff plans in May
 - Process subject to Civil Service Commission rules and procedures
 - Met with employees to keep them well informed on the process, benefits
 - Attempt to match employees to funded positions
- Board makes final budget decision
 - Layoffs take effect on July 26, 2009





State Budget Impacts

- Possible losses
 - Prop 1A Suspension – property tax revenue: \$11.1 million (County only)
 - Williamson Act – land use subvention: \$639,000
 - Special Election – Congressional District 10: \$327,000
 - Gas Tax (Road Fund): \$5.3 million
 - Prop 42 (Road Fund): \$1.6 million
 - Many unknown
- Mandated programs
 - Outstanding mandate reimbursement: \$12.2 million
 - Proposed suspension of 32 mandated programs





H&SS

State Budget Impacts

- Elimination or deep cuts to:
 - CalWORKs
 - Services to children and families
 - Public health preventative services
 - Early Periodic Screening Diagnosis and Treatment
- Substance Abuse Crime Prevention Act (Prop 36)
- Other program impacts on safety net services still unknown
- Potential for significant shifts of State-reimbursed costs to the County





General Fund Reserve Policy

- **Goals**

- Reserve: 10% of the County's total budget, excluding inter-fund transfers
- Contingency: 10% of the General Fund total budget

- **Use of Reserves**

- Strategically minimize impact of State Budget cuts, focusing on maintaining Board priorities
- As last resort to balance the County budget
- Spend down not to exceed \$6 million per year
- Minimum 5% of the total budget

- **Use of Contingency**

- Mitigate potential risks to the General Fund and other funds

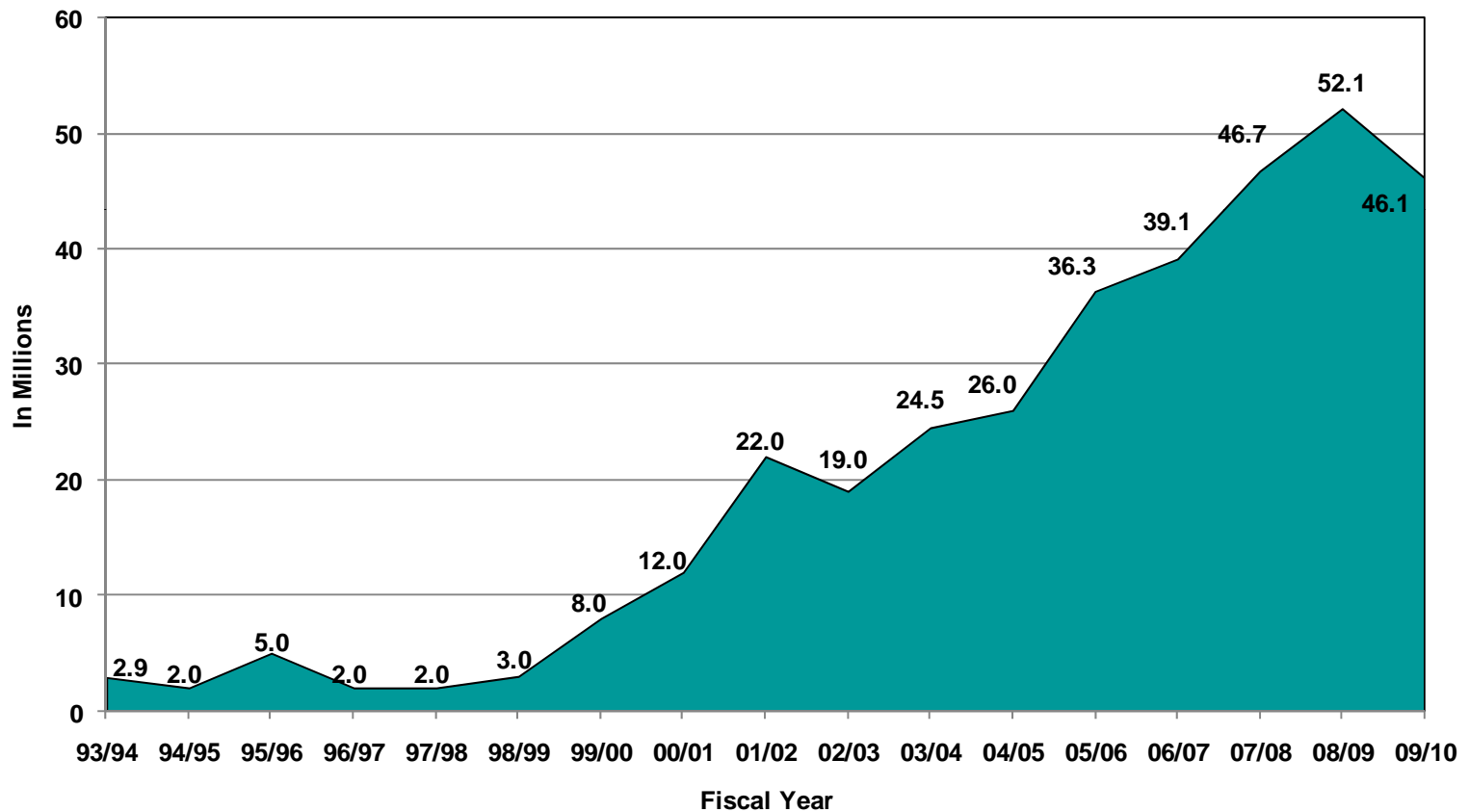


General Fund Reserves & Contingencies

Description	Policy Target	In relation to Proposed Budget	FY2009/10 Budget	Percent of Target
General Fund Reserve	10% of Total Budget, excluding transfers	67.6 million	46.1 million	68%
General Fund Contingencies	10% of General Fund total	23.5 million	13.5 million	57%
State Budget Uncertainty	10 million	-	10 million	100%



General Fund Reserves History



Cash Flow Analysis



Simona Padilla-Scholten, Auditor-Controller



Cash Flow Analysis

Assumptions

- July 1 – November 30, 2009
- The “worst-case” scenario
- Cash disbursements: salaries and benefits, services and supplies, intra-fund transfers and loan commitments
- Cash receipts: intergovernmental revenues, charges for services, County contributions, etc.
- Do not include the impact of potential State budget decisions
 - Prop 1A suspension – property tax borrowing
 - H&SS program revenue deferral
 - IOUs issued by State Controller





Cash Flow Analysis

General Fund (in millions)

Projected Cash Balance July 1, 2009	82.8
Includes loans to other Funds of \$30.1 million	
Projected Cash Receipts	27.8
Projected Cash Disbursements	(100.5)
Loans Committed	<u>(7.5)</u>
Projected Cash Balance Nov. 30, 2009	2.6



Cash Flow Analysis

General Fund Loans to Other Funds

As of June 26, 2009
(in millions)

	Loan Committed	Cash Borrowed	Loan Balance
Fairgrounds Development	2.00	0.80	1.20
Nut Tree Airport – Land Purchase	3.68	3.68	
POB Debt Service Fund	24.56	24.56	
Regional Transportation Fund	3.00	0.12	2.88
DoIT – 311 Call Center, Property Tax System	3.57	0.94	2.63
Mission Solano	0.75		0.75
Total	37.56	30.10	7.46





Cash Flow Analysis

Health and Social Services

(in millions)

Projected Cash Balance July 1, 2009	8.7
Projected Cash Receipts	110.2
Projected Cash Disbursements	<u>(112.4)</u>
Projected Cash Balance Nov 30, 2009	6.5
Anticipated State deferral	<u>(35.0)</u>
• Deferral of \$7 million per month for five months	

Projected Cash Deficit Nov. 30, 2009 (28.5)





Cash Flow Analysis

Public Safety Fund (in millions)

Projected Cash Balance July 1, 2009	0.1
Projected Cash Receipts	72.9
Projected Cash Disbursements	<u>(66.0)</u>
Projected Cash Balance Nov. 30, 2009	7.0
Anticipated State deferral	<u>(10.0)</u>
Projected Cash Deficit Nov. 30, 2009	(3.0)





Cash Flow Analysis

Temporary Transfer of Funds

- Board has authority to temporarily transfer funds
- Cannot affect any budgeted expenditures or other obligations
- Requires a repayment schedule
- Must repay within a specified period to allow donor fund to meet its obligations in a timely manner
- Requires a resolution adopted by the Board



Cash Flow Analysis

Cash Available for Transfer (in millions)	
General Fund	2.6
County Library	6.0
Public Facilities Fees	20.0
Recorder Special Revenue Fund	5.0
Criminal Justice Temporary Construction	2.0
County Low/Mod Housing Fund	2.0
DA Special Revenue Fund	1.0
Sheriff Special Revenue Fund	1.0
Homeacres Loan Program	1.0
Supplemental Law Enforcement	1.0
All Other Funds	1.8
Risk Management	16.0
Fleet	1.0
LESS: Tax Loss Reserves	<u>(25.0)</u>
Total Projected Available Cash	35.4





Cash Flow Analysis

Cash Available for other requirements

(in millions)

Cash available to meet temporary transfers	35.4
Cash requirements to meet temporary cash deficits	
H&SS	(28.5)
Public Safety	<u>(3.0)</u>
Projected Cash Balance Available	3.9
Prop 1A Suspension – State ‘borrows’	
County property tax receipts	<u>(11.1)</u>
Projected Cash Deficit	(7.2)





Cash Flow Analysis

Projected Cash Deficit (in millions) **(7.2)**

- Options
 - Eliminate discretionary programs
 - Freeze spending
 - Freeze loans to other agencies
 - Cancel contracts
 - Issue Tax Revenue Anticipation Notes (TRANS)
 - Issue IOUs/Registered Warrants



Public Safety

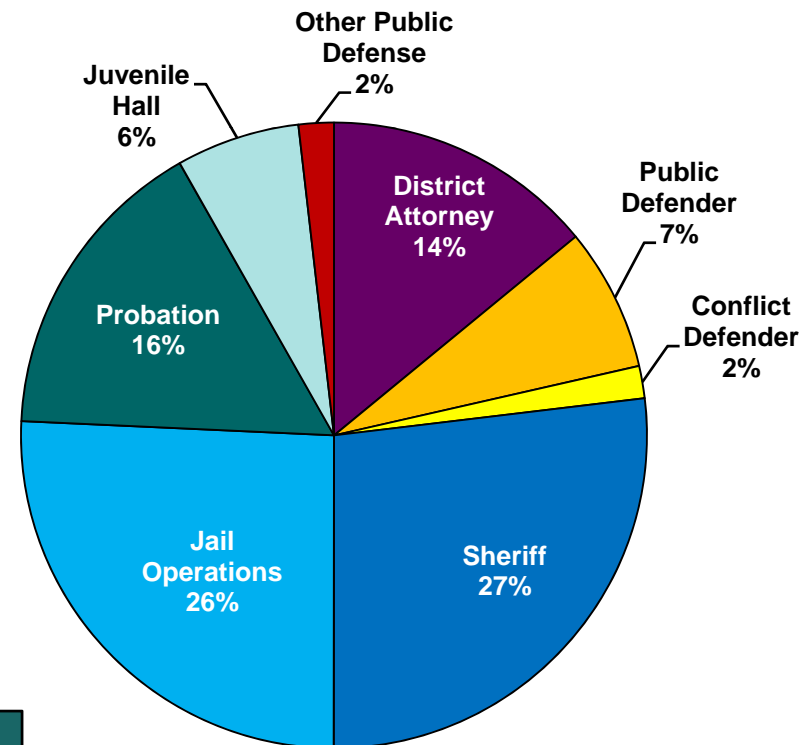


Gary Stanton, Sheriff
Isabelle Voit, Chief Probation Officer

Public Safety

\$154 million, or 18% of County Budget

Public Safety Departments (in millions)	
District Attorney	21.6
Public Defender	11.4
Conflict Defender	2.6
Sheriff (Includes 39.6 million for Jail)	81.0
Probation (Includes 9.8 million for Juvenile Hall)	34.6
Other Public Defense	2.8



(\$2.7 million) reduction of County Contribution





Key Changes Community Impact

- Program eliminations and reductions
 - District Attorney's Office
 - Rainbow Children's Center in Vallejo will close; reduced service at the Vacaville Center
 - Community Prosecution Program in Vallejo will end
 - Public Defender's Office
 - Eliminate assisting offenders with expungements
 - Reduced staffing to cover representation of adults in Dependency Court





Key Changes Community Impact

- Program eliminations and reductions
 - Sheriff's Department
 - Family Violence Detective
 - Community Policing
 - Gang Enforcement
 - Cold Case Investigation
 - Jail Programs Officer
 - Field Tactical Response
 - Alternative Sentencing
 - Resident Deputy Program





Key Changes Community Impact

- Program eliminations and reductions
 - Probation Department
 - Elimination of 16 positions at the Juvenile Detention Facility – change in food service program; reduced staffing on all shifts
 - Reduction in substance abuse services for adult offenders – elimination of Clinical Services Associate and a Placement Officer





What continues?

- Mandated and core services

Collaborations

- Solano Narcotics Enforcement Team (Sol-NET)
- Boating safety
- Sexual Assault Felony Enforcement Task Force (SAFE)
- DA Cold Case Unit
- DA real estate fraud investigations
- DA participation in the Northern California Computer Crimes Task Force





What continues?

- Community Prosecution Program in Fairfield (at least through December), gang injunction, other enforcement efforts
- Expanding Misdemeanor Diversion program
- Drug Courts (Adult, Juvenile, Dependency)
- Young Adult Intensive Intervention
- Juvenile Felony Diversion
- Juvenile Police-Probation Teams





Program Highlight

Adult Felony Drug Court

- Collaboration of Court, DA, PD, Probation, County Substance Abuse, Community Treatment Providers, Sheriff
- No additional County funds used
- Leveraged State funds for Prop 36 treatment:
 - \$263,915 FY2007/08
 - \$205,035 FY2008/09
- 27 participants:
 - 15 continuing in treatment
 - 4 graduates
 - 7 warrants/failures
 - 1 opt out



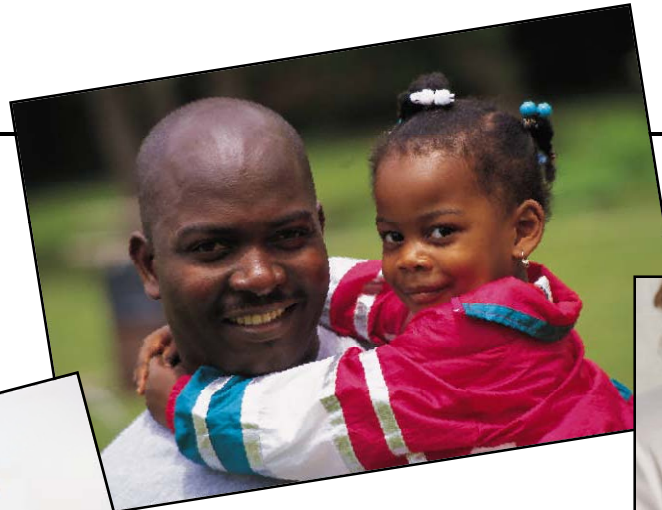


Looking to the future . . .

- DA Forensics Lab to open in November
- Implementing a Criminal Justice Re-entry System to reduce recidivism and reduce jail population:
 - Pre-trial Assessment and Release (funded in FY2009/10 budget)
 - Case Management
 - Graduated Sanctions
 - Day Reporting and Service Center



Health and Public Assistance

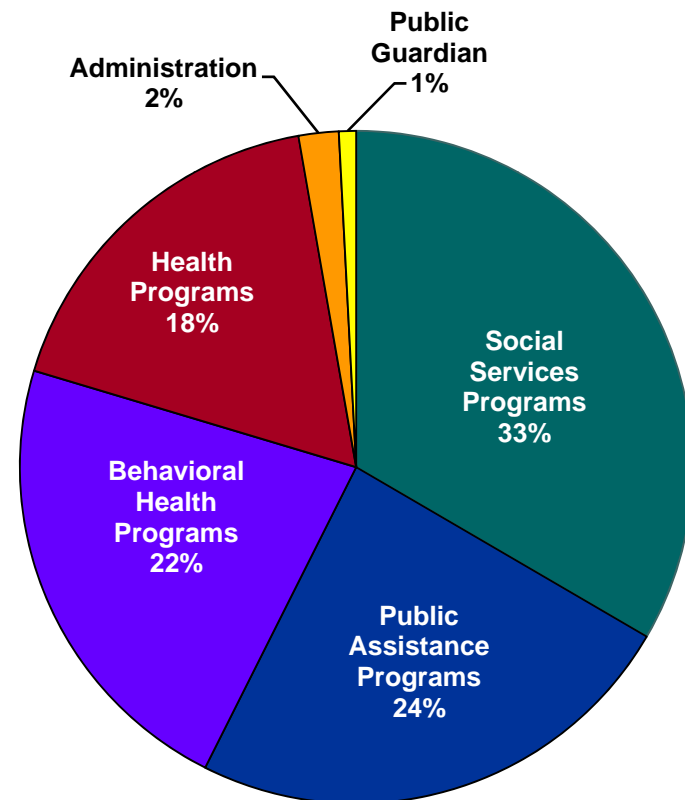


Patrick Duterte, Director
Christiana Smith, Deputy Director
Ron Chapman, MD, MPH, Health Officer

Health and Social Services

\$267 million, or 32% of County Budget

Key Programs (in millions)	
Administration	5.1
Public Guardian	2.2
Behavioral Health - Mental Health, Substance Abuse and MH Managed Care	59.2
Health Services - Public Health, Family Health Services and Medical Assistance	46.9
Social Services - Employment & Eligibility, Child Welfare, Older Disabled Adult and Welfare Admin.	89.0
Public Assistance - CalWORKs, IHSS Provider Wages, General Assistance, Foster Care, Aid to Adoption, Seriously Emotionally Disturbed Children	64.0





Key Changes Community Impacts

- Increased demand for services due to the current recession
- Erosion of funding for Safety Net Services
- State's failure to provide adequate funds to meet demand
- Core Mental Health Services realigned with Mental Health Services Act Programs
- In-Home Supportive Services wages decreased to \$10.50/hr. to reflect lower level of State participation
- Overall County Contribution to programs reduced (\$4.3 million), or (12%)





Climate of Social Services Programs

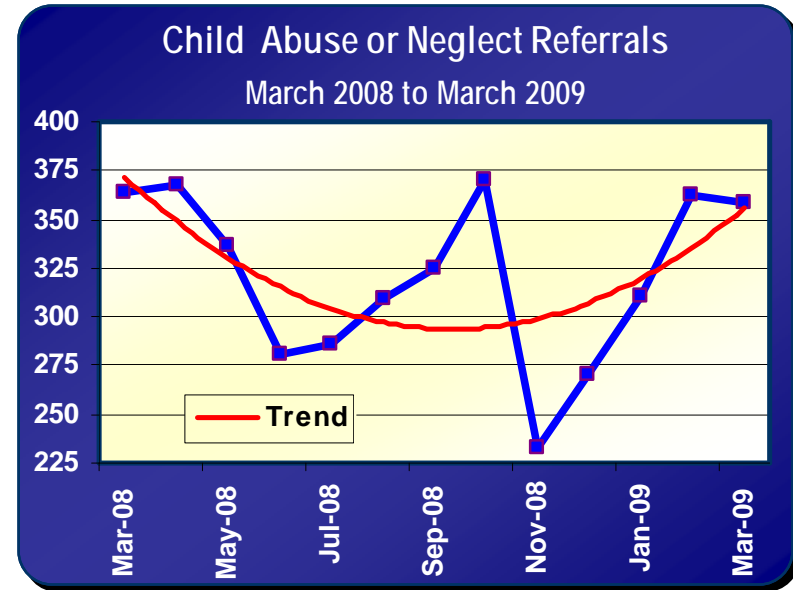
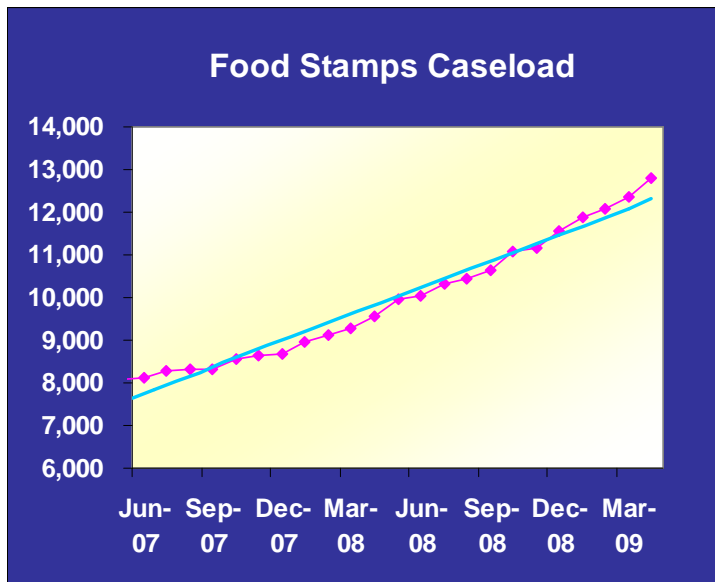
- \$5 million in increased caseload-driven costs for Seriously Emotionally Disturbed Children, CalWORKs assistance and General Assistance
- CalWORKs payments reduced by (4%) with additional reductions proposed in May Revise
- Less funds available for clients, IHSS providers and local organizations to spend in the community
- Inability to maintain service delivery improvements
 - Team Decision Making Meetings to divert children from foster care



Climate of Social Services Programs

Impact of Unemployment

Solano unemployment rate 10.7% in May





Community Impact

- Longer wait times for County services
- Reduced level of services for children and families, transportation, support services, housing, adult dental services and more
- Fewer resources for clients, community partners and the County





Impacts on Safety Net Health Services

- Loss of health insurance coverage due to unemployment, increase homelessness
- Uninsured receive delayed or no health care
 - Increased use of hospital emergency rooms
- Loss of income and resources for basic needs
 - Increasing stress levels
 - Impacting physical and mental health





Impacts on Safety Net Health Services

- Longer wait times for health, mental health and substance abuse treatment services
- Lost or reduced support for preventative health and dental services
- Core Mental Health Services are reduced to safety net only level for outpatient medications, crisis management and inpatient
 - Most outpatient, case management, employment services, and education significantly reduced





H&SS

Continues to Serve the Community

- Health clinics will continue to provide over 40,000 visits per year
- People with diabetes, hypertension, and obesity will continue to receive clinical nutrition services
- School-based and children's mental health services prevention and early intervention will focus on birth to five years old
- BabyFirst will screen 700 pregnant women for substance abuse and refer for treatment as needed
- Women, Infants and Children will continue to serve over 10,300 visits per month





Strategies for the Future

- Build on strengths of a strong community collaborative to preserve core services
- Streamline services
 - Re-evaluate non-mandated services
 - Reductions in services for customers
- County and community based organizations increase coordination to maximize services to the community
- Maximize technology including offering more self service options





Realities Going Forward

- State budget will force additional cuts
 - Where and how deep are unknown
- Reserves & contingencies
 - Allows for planning vs. reacting
 - Reaffirm existing reserve policy for long-term stability
- Changing community expectations
 - Core mission? Mandates? Level of service?
 - Discretionary programs?
 - Hard choices will need to be made
 - Not enough resources for County to be all for all





Proposed Budget

\$836,083,208

Plus \$7,978,335 in Supplemental Adjustments

Revised Total = \$844,061,543



Begin Budget Hearing

- Question and Answers
- Board Selection of Budget Units for Discussion
- Public Comments

