



County of Solano

3rd Quarter Projection

FY2009/10

May 4, 2010



***“The cold, harsh reality is that we
have to balance the budget.”***

Michael Bloomberg, NYC Mayor

Since adopting \$849 million County budget

Ongoing efforts to reduce the \$18.9 million General Fund structural deficit

3

- ❑ **June 2009:** Opened labor concession talks
- ❑ **July 2009:** Reduced Management Incentive Program (MIP) by 33%
- ❑ **August 2009:** Implemented Early Retirement Incentive (ERI) program; Unrepresented employees forego 3% COLA
- ❑ **September 2009:** Eliminated 24 vacant positions
- ❑ **October 2009:** Adopted \$9 million expenditure reduction strategy; Deputy Sheriffs temporarily pick up 3% of Employer Paid Member Contribution
- ❑ **December 2009:** Retired 69 employees under ERI program
- ❑ **January 2010:** Reduced workforce by an additional 175 positions as part of reduction strategy; Mid-managers and Attorneys temporarily pick up 3% of EPMC
- ❑ **March 2010:** Unrepresented employees permanently pick up 3% of EPMC; eliminated the MIP

FY2009/10 Mitigation Measures

Departments looked outside silos to find solutions

4

- ❑ Reduced work force
- ❑ Instituted hiring freeze, voluntary time off program
- ❑ Discouraged backfilling of State and Federal programs with County discretionary dollars
- ❑ Prioritized tasks and eliminated low-priority activities
- ❑ Explored automation projects, streamlined procedures and targeted training to provide for more organizational efficiencies
- ❑ Actively sought new grant funding
- ❑ Reduced services, supplies and contracts
- ❑ Selectively deferred equipment purchases
- ❑ Consolidated programs for efficiencies and cost savings

Narrowing the Gap

Closing the gap on the FY2009/10 General Fund Structural Deficit

5

	FY2009/10 Revised Sept. 1, 2009	FY2009/10 Midyear	FY2009/10 3 rd Quarter	% Change from Revised Sept. 1, 2009
Means of Financing	181.966	176.973	177.503	(2.5%)
Expenditures	200.852	185.353	182.990	(8.9%)
Structural Deficit for FY2009/10	(18.886)	(8.380)	(5.487)	(70.9%)

In Millions

3rd Quarter: H&SS Fund

Net change from Final between expenditures & revenues: (\$600,000)

6

□ Revenue Decrease: (14.2 million)

- Intergovernmental Revenue: (12.4 million)
 - State Realignment: (4.2 million)
 - Federal Aid: (3.5 million)
 - CalWORKs: (3.3 million)
 - Federal Food Stamps: (1.4 million)
- Reduced County Contribution: (1 million)

□ Expense Decrease: (14.8 million)

- Salaries & Benefits: (7 million)
- Services & Supplies: (4.7 million)
 - Contracts (1 million)
 - CDP charges (2.4 million)
- Other Charges: (2.5 million)
 - Child Care: (1.9 million)
 - Contract Direct Services: (1.7 million)
 - Increase in IHSS: 844,000
- Reduction in POB charges: (500,000)

3rd Quarter: Public Safety

Reduced Public Safety Fund deficit

7

□ Revenue Decrease: (11.7 million)

- Reduction in General Fund contributions: (4.1 million)
- Prop 172 loss: (4 million)
- Drug Court revenue loss: (1.1 million)
- Other program revenue loss: (2.5 million)

□ Expense Decrease: (11.7 million)

- Salaries & Benefits: (7.7 million)
- IT & Software License Charges, Contract Services, Travel, Training, County Garage: (2.3 million)
- Institutional Medical Care: (290,000)
- Services & Supplies: (600,000)
- All Other Charges: (881,000)

3rd Quarter: General Fund

Net General Fund Savings: (\$10.8 Million)

8

□ Revenue Neutral: (\$8,816)

- Property Tax Loss: (1.8 million)
- Other Taxes Gain: 2 million
- Sales & Use Tax Gain: 1.7 million
- Redevelopment Pass Thru Loss: (1.6 million)
- Other Program Revenue Loss: (300,000)

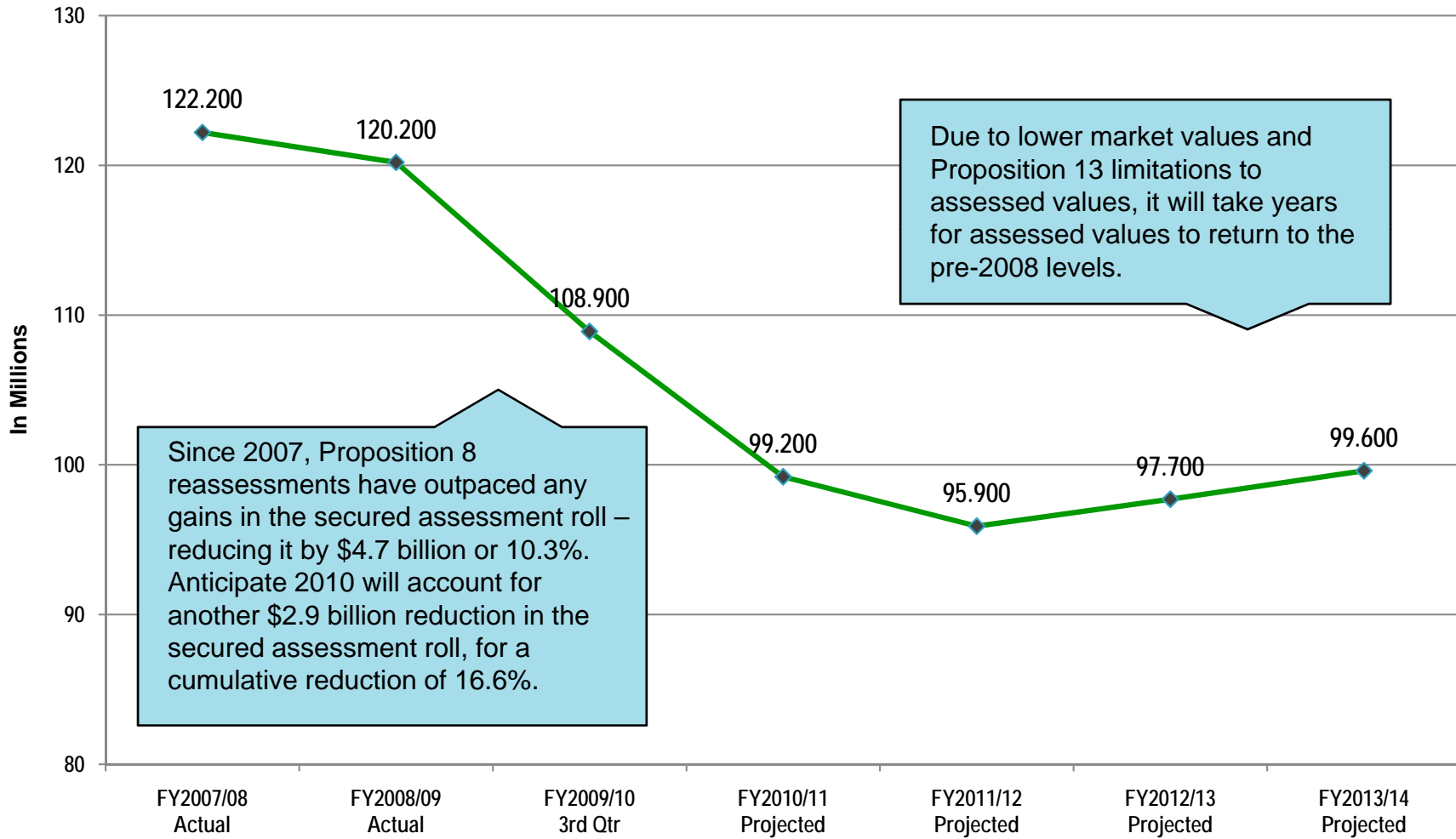
□ Expenditure Reductions: (10.86 million)

- General Fund Contributions
 - Public Safety: (4.1 million)
 - Health & Social Services: (1 million)
- CDP, Contract Services, Election Costs: (3.4 million)
- Salaries & Benefits: (2.3 million)

General Fund Property Tax Projections

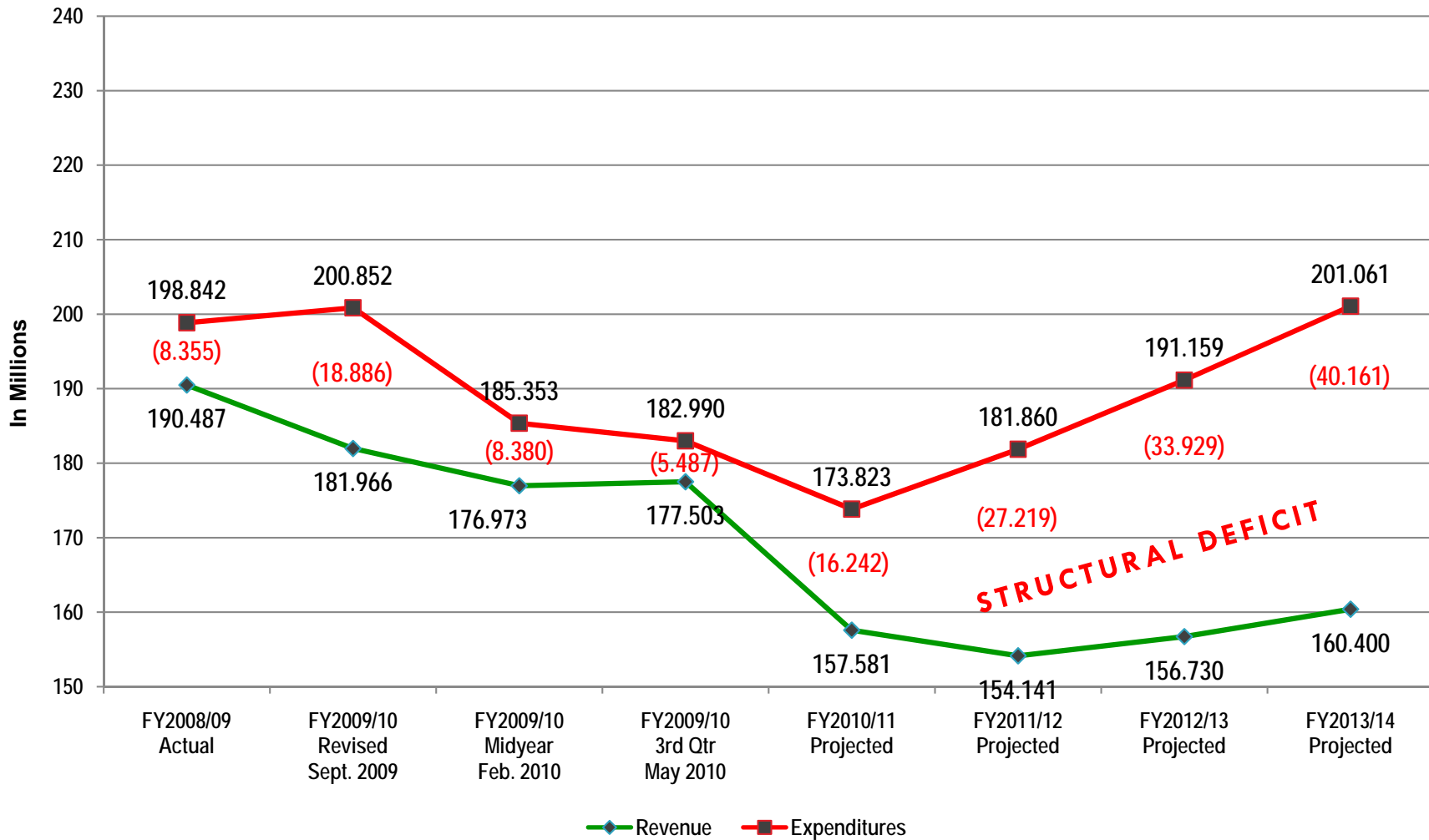
Property tax revenues continue to spiral downward

9



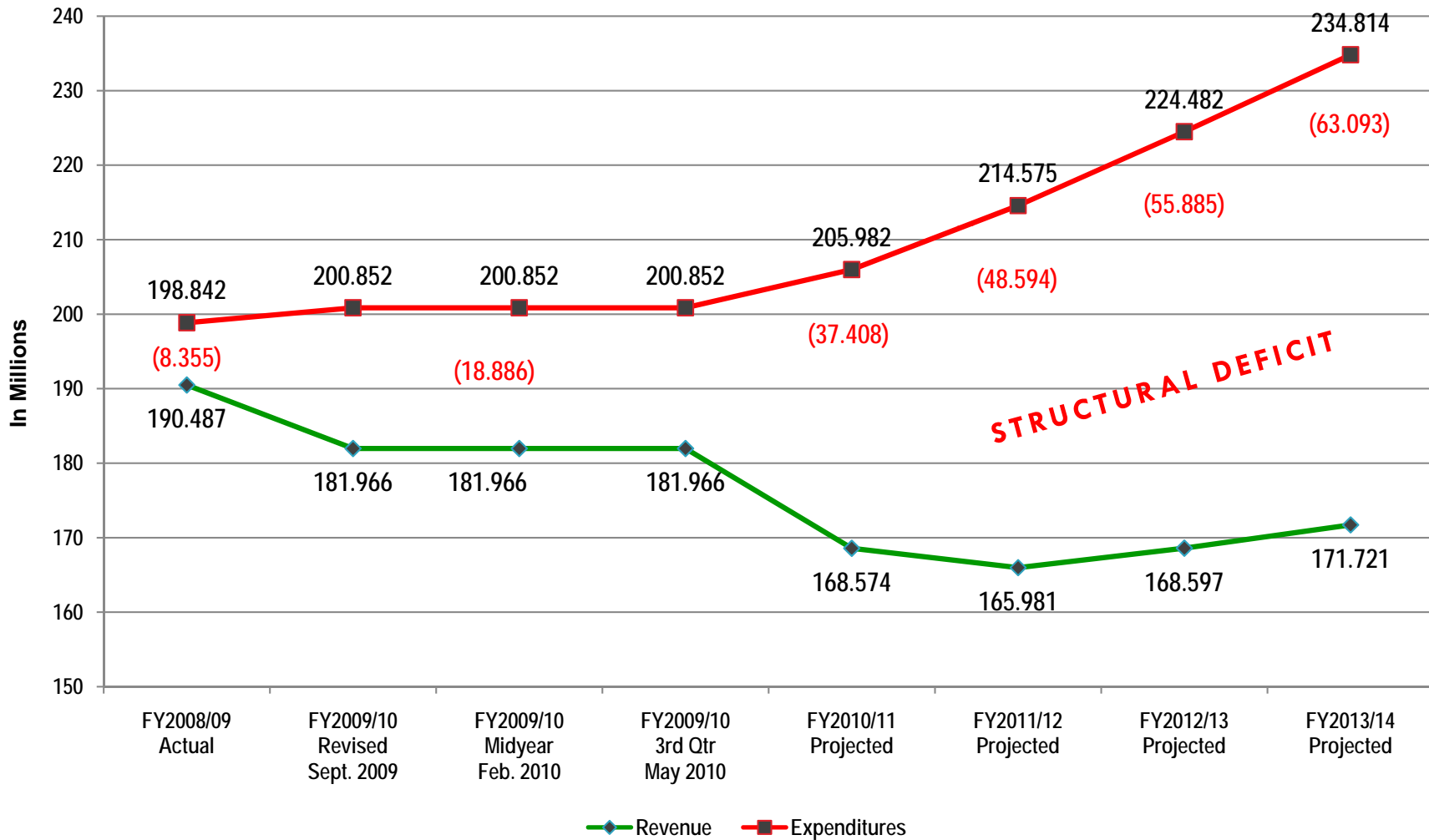
General Fund Expenditure/Revenue Projection

If we do nothing, the structural deficit continues to widen



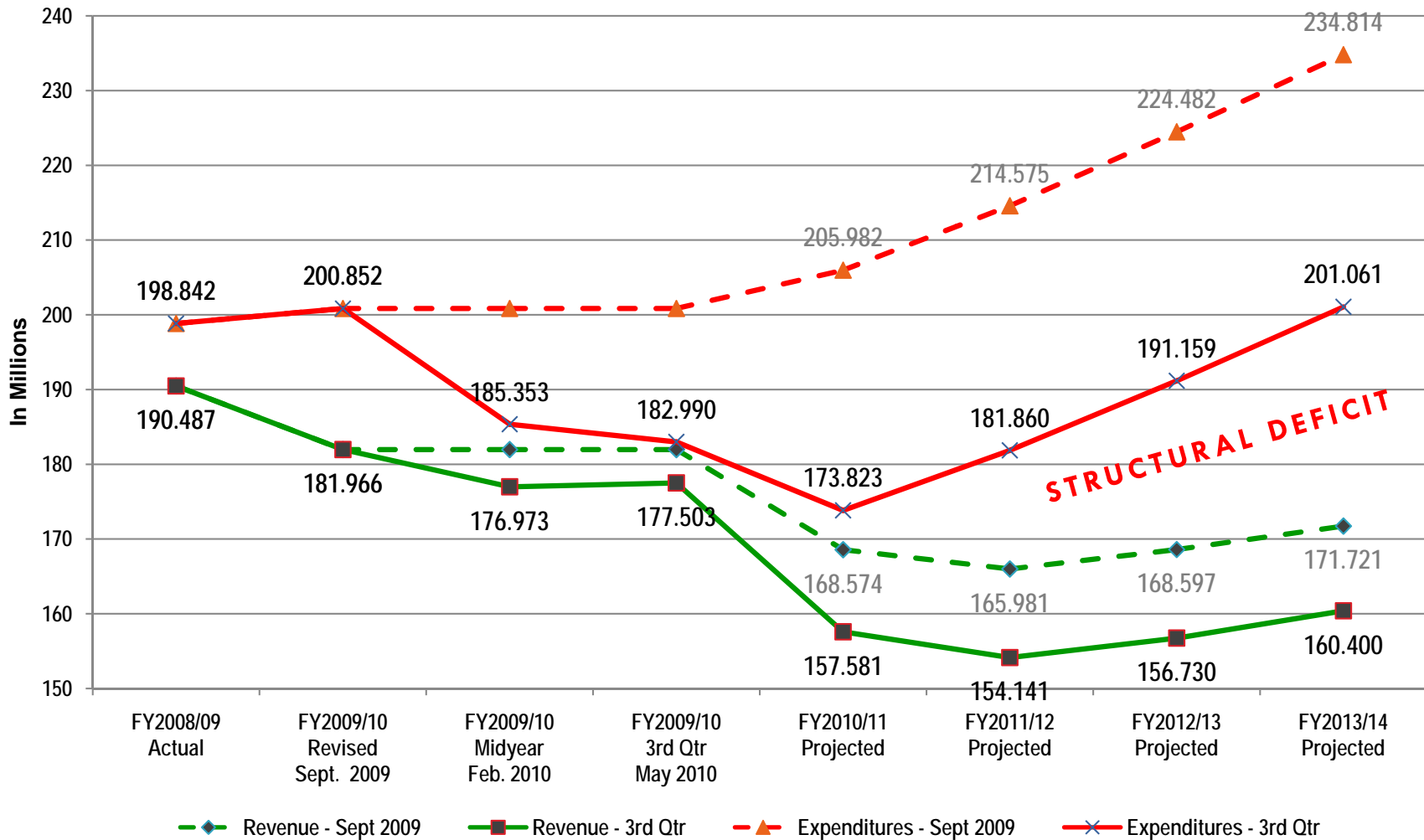
General Fund Expenditure/Revenue Projection

Projections in September 2009 before budget reduction efforts



General Fund Expenditure/Revenue Projection

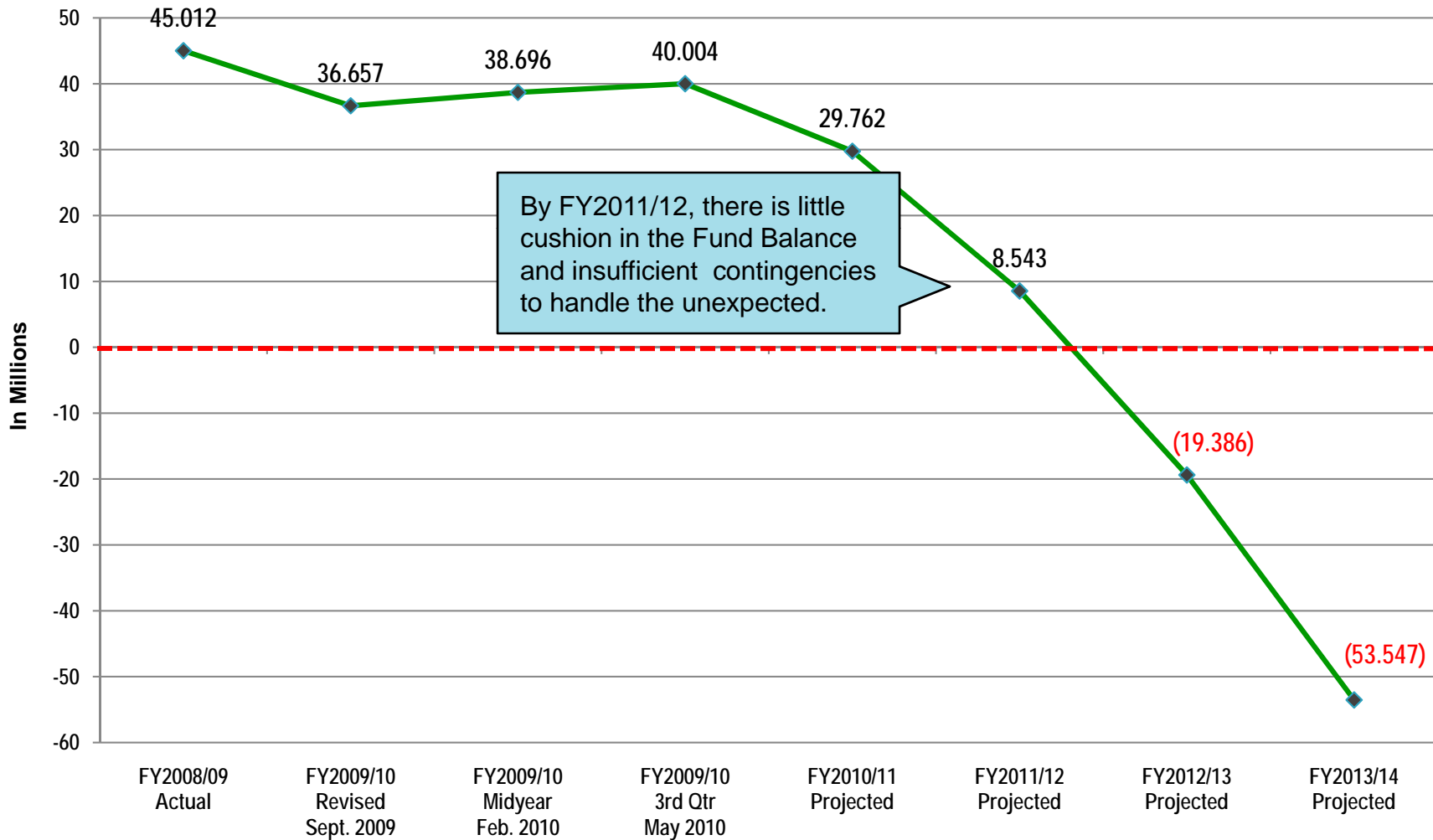
Impact of budget reduction efforts since September 2009



Fund Balance Projection

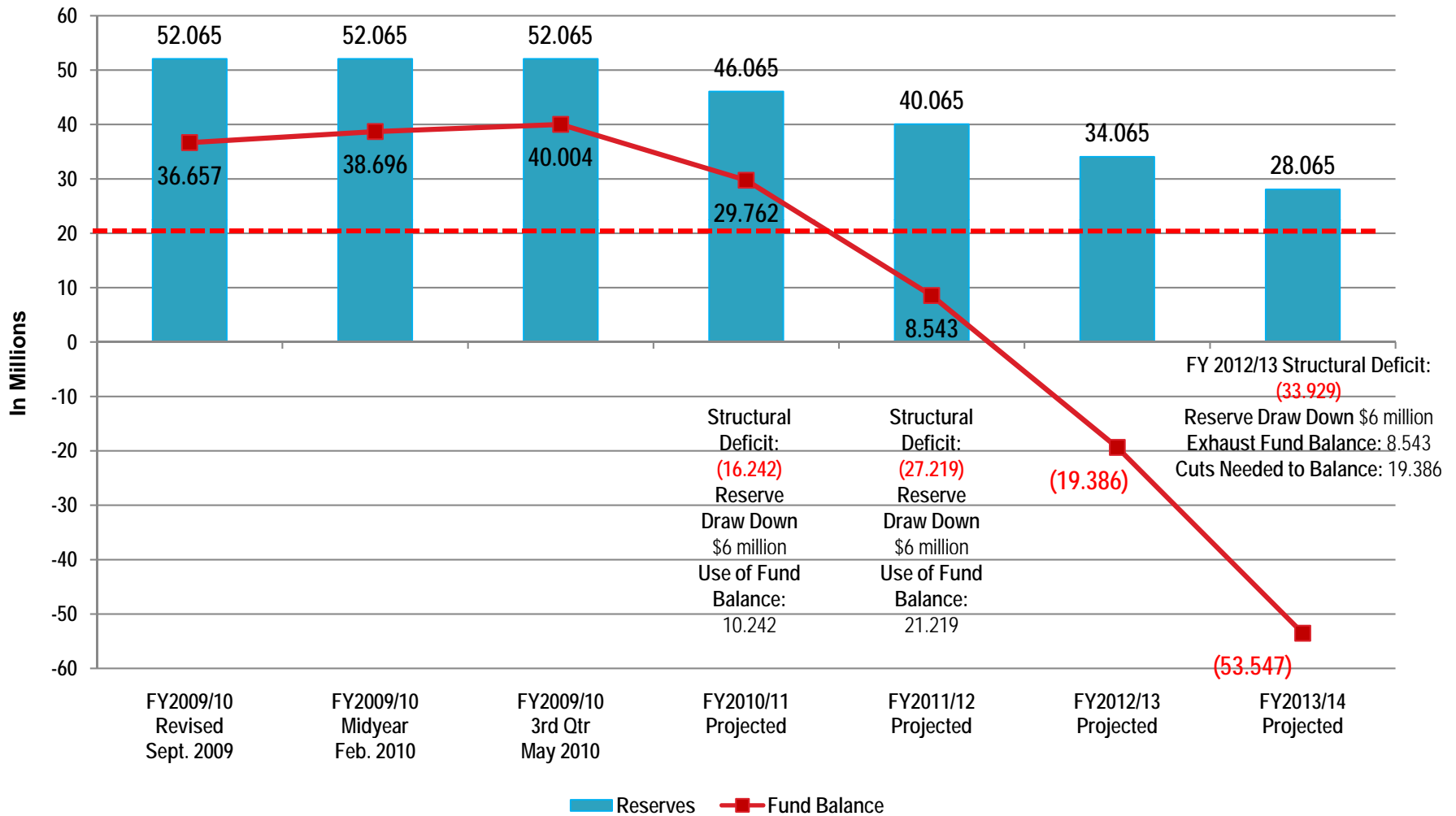
If we do nothing, we will run out of Fund Balance by FY2012/13

13



Reserve & Fund Balance Projection

If we do nothing, use of Fund Balance will consume all of Reserves



FY2010/11: Fiscal Impacts

Bad economy increases County expenses, reduces its revenues

15

□ Revenue

- Projecting \$14.6 million reduction in general revenues
- 8% reduction in property taxes
 - More Prop 8 downward adjustments for residents, commercial & industrial parcels
 - Prop 13 inflation factor is negative number, not 2% increase as in years past
- 8% reduction in vehicle license fees
- Strong likelihood the State will continue to have budget issues
- Loss in interest earnings as County depletes its cash reserves

□ Expenses

- COLA increases for existing contract obligations
- Projected Impact of H&SS Caseload Increases

Governor's Proposed 2010-11 Budget

Risks to County budget certain; the degree is still unknown

16

- **State budget deficit projected at \$19 billion**
 - January's Special Session addressed little of State's deficit
 - Governor's May Revise expected around May 14
- **Potential risks to counties real, but unclear**
 - Redirects Prop 63 to existing programs; needs voter approval
 - HUTA, Prop 42 payment deferrals create local cash flow problems
 - No funding for Williamson Act; potential deal in works
 - Shifts State prisoners to County jails
 - New definition of 'juvenile' to reduce State juvenile population
 - New county share of cost for children's programs
 - Absent uncertain federal funding IHSS, CalWORKs and Healthy Families programs will be eliminated

Cost Reductions Going Forward

Projected General Fund Structural Deficit of \$16 million in FY2010/11

17

- Exploring opportunities for consolidation
- Looking at automation to create efficiencies
- Examining another round of early retirement incentive
- Exploring retirement restructuring options (two-tier system)
- Presented menu of potential concessions to unions
- Most options are dependent on re-negotiating current employee union contracts

Proposed Menu of Personnel Cost Reductions

Salaries and benefits represent 70% or more of most operating budgets

18

Program	General Fund Share
Forego 3% COLA & related benefit costs <i>(SEIU, DSA and Physicians COLAs in FY2010/11)</i>	1,105,473
Rescind Employer Paid Member Contribution (EPMC) by 6% for all employees	4,004,931
Reduce employee work week to 37.5 hours	3,115,016
Furlough 12 days	3,048,435
Rescind 2 floating holidays	509,226
Reduce cafeteria plan by \$100 per month	782,443

“In order to succeed, your desire for success should be greater than your fear of failure.”

Bill Cosby, comedian

Questions & Answers

