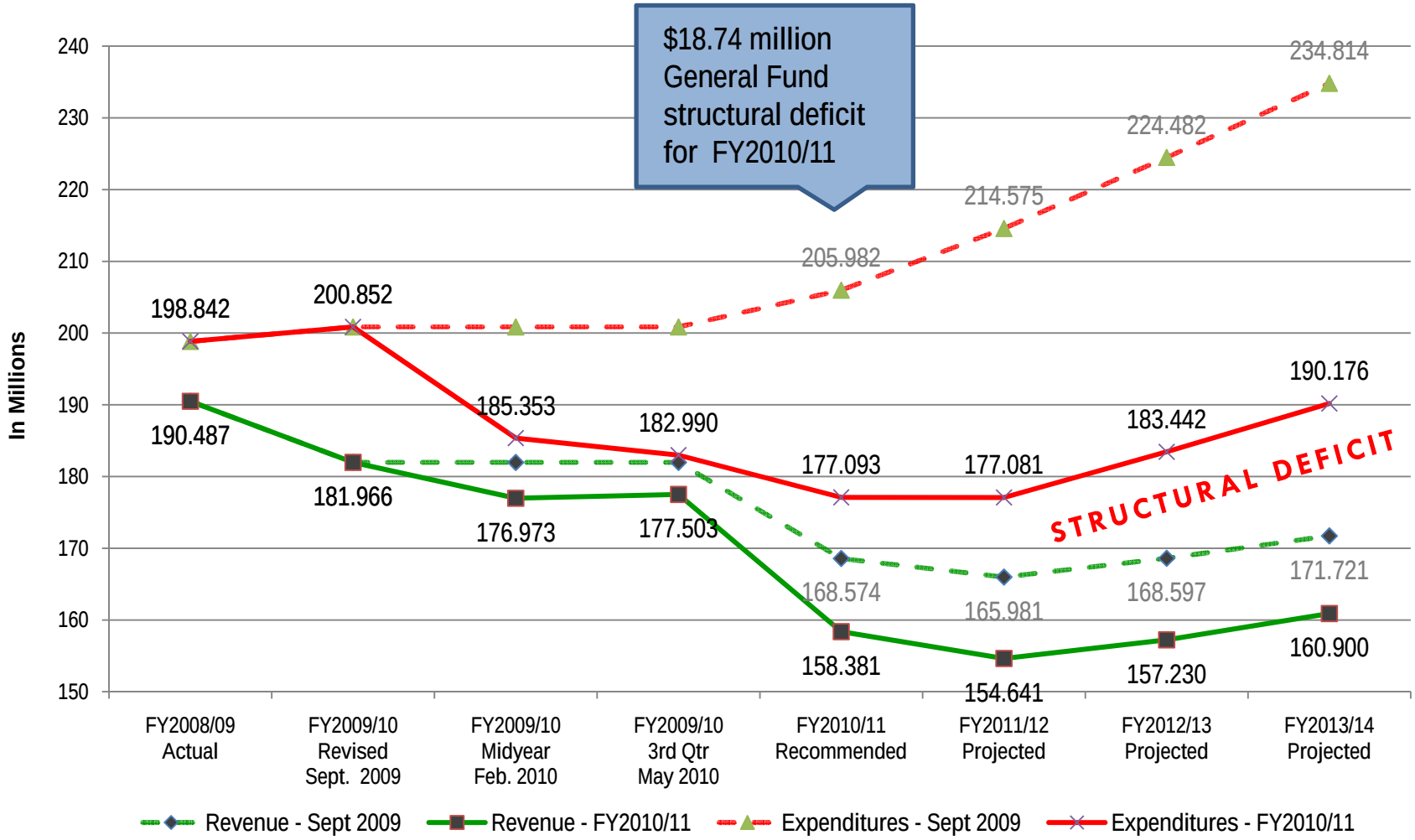
Budget Workshop

Sept. 21, 2010

Revised General Fund Projection after Reductions

Cut $28.9 million in expenses, but lost additional $10.2 millions in revenues



County Taking Proactive Course of Action

Realigning programs and services to reflect reality of ongoing revenues

- **Current level of expenditures is not sustainable**
  - Long-term revenues are down (property & sales taxes, state & federal revenues, interest income, etc.)
  - Long-term cost of labor increasing (wages & benefits)
- **Cuts so far only offset additional revenue losses**
  - $18.9 million General Fund structural deficit as of Sept 09
    - $28.9 million reduction in projected FY10/11 GF expenditures
    - $10.2 million loss in FY10/11 revenue over projected decreases
  - $18.7 million GF structural deficit in FY10/11 Final budget

External Forces Created Financial Woes

Financial reasons explaining need to make further proactive budget reductions

- **Total Budget rolled back 5 budget years**
  - $226 million decrease, 22%, since market peak in FY07/08
  - $56.6 million decrease, 6.7%, from FY2009/10 budget
- **General Fund revenues down $15 million, 6.8%, from FY2009/10**
- **$8.1 billion reduction in secured assessment roll from market peak in 2007 to 2010**
  - Another 4% decline projected for 2011
- **Prop 172 down $6.3 million, 20%, since 2007**

Cumulative Reductions on Workforce

For last three years, the County has been trimming the overall workforce

- **Size of County workforce rolled back to 1997 levels**
  - 414 positions cut in FY2009/10 Adopted Budget, FY2009/10 strategic reduction efforts and FY2010/11 Adopted Budget
  - $19.9 million in ongoing General Fund salary savings for FY2010/11
- **80 participate in Early Retirement Incentive program**
  - $5.3 million in ongoing General Fund savings for FY2010/11
- **6 employee groups give salary/benefit concessions**
  - $969,341 General Fund savings for FY2010/11 budget
    - $453,097 in ongoing GF savings from management/unrepresented (included)
    - $132,654 in one-time GF savings from DSA/Attorneys/Mid-Managers (included)
    - $383,590 in ongoing GF savings from Correctional Supervisors/Officers (new)

Menu of Options to Reduce Ongoing Costs

Looking to employee unions to help reduce ongoing per employee costs

6% Net Reduction in General Fund Personnel Costs	
Forego 3% COLA & related benefit costs *(SEIU, DSA and Physicians COLAs in FY2010/11)*	1,105,473
Rescind Employer Paid Member Contribution (EPMC) by 6% for all employees *(reduced $255,220 to reflect permanent 3% EPMC pickup by management and unrepresented employees)*	3,749,710
Reduce 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
Establish lower retirement tier (two-tier system as adopted on 6/29/10)	TBD
Total	**12,310,303**

Employee Wage Concessions To Date

Fiscal realities require the County to reduce costs where 70%-plus of costs are

Employee Bargaining Unit	Forego FY09/10 COLA	Forego FY10/11 COLA	3% EPMC Pickup Implemented	2nd EPMC Pickup	$100 per month Reduction in Cafeteria Cash Back	2nd Tier Retirement for New Employees (conditionally implemented)	Eliminated MIP
Executive Management & Legislative	X	X	X	3% Pending		X	X
All Other Unrepresented (including senior mgmt.)	Delayed	X	X	3% Pending		X	
Correctional Supervisors		X	X	Offsets COLA		X	
Correctional Officers		X	X	Offsets COLA	X	X	
Deputy Sheriffs			3% Temp.				
Attorneys			3% Temp.				
Mid-Managers			3% Temp.				
SEIU, UAPD, Physicians, PEU – Unit 06, Skilled Crafts Unit 10							

Recap of Aug. 31 Budget Workshop

Answering the question 'Where do we have discretion to reduce costs?'

- **Overview of SB 90 reimbursements for mandates**
- **Not just General Fund projecting structural deficits**
  - Library, Parks, Roads, Internal Service Funds (Reprographics, Animal Control), and Enterprise Funds (Airport)
  - Board, departments face tough choices in prioritizing services and determining what services are sustainable
- **Looked at new ways to depict County expenditures and revenues**
  - Viewed department operations by functions/programs
  - Used a new set of data to examine programs, program costs, and NCC or General Fund contribution
  - Categorized programs based on level of local discretion

Recap of Aug. 31 Budget Workshop

First step toward $6 million in ongoing budget reduction actions in October

- **Board heard from these departments:**

Treasurer-Tax Collector-County Clerk	Veteran Services
Cooperative Extension	Agriculture Commissioner
Sheriff	Probation
District Attorney	Public Defender
Child Support Services	Library

- **Examined discretionary programs and consequences of reductions/changes**
  - Identified areas where Board has discretion on level of service or whether to provide the service
  - Explored potential reduction/elimination of programs
  - Discussed potential impacts of changes in service levels

Expectations for Sept. 21 Budget Workshop

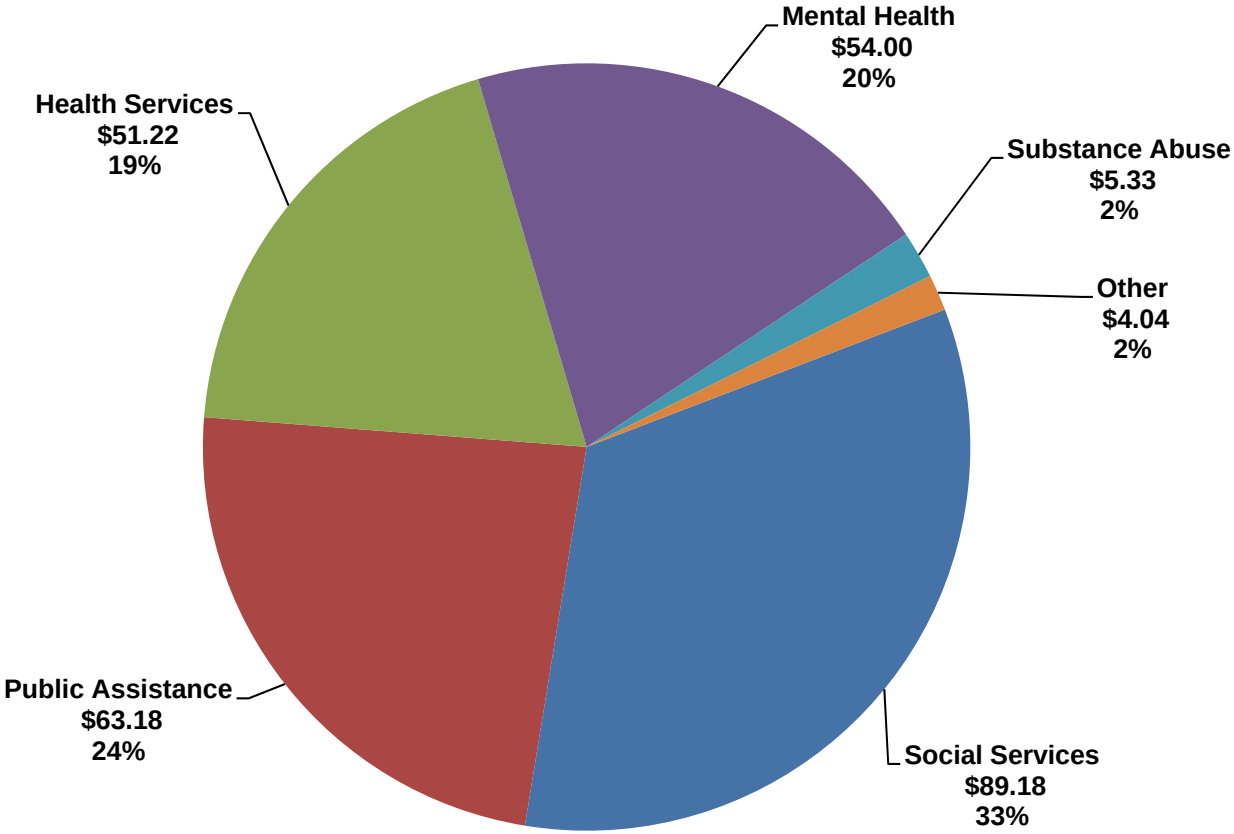
Second step toward $6 million in ongoing budget reduction actions in October

- **Overview of A-87 Program**
- **Departments presenting today:**

General Services	Auditor-Controller
Assessor-Recorder	Human Resources
Dept. of Information Technology	County Counsel
County Administrator	Resource Management
First 5 Solano	Health and Social Services

- **Continue review options to reduce structural deficit**
  - Focus on programs and services with local discretion in service delivery and levels of service
  - Examine potential impacts of possible actions

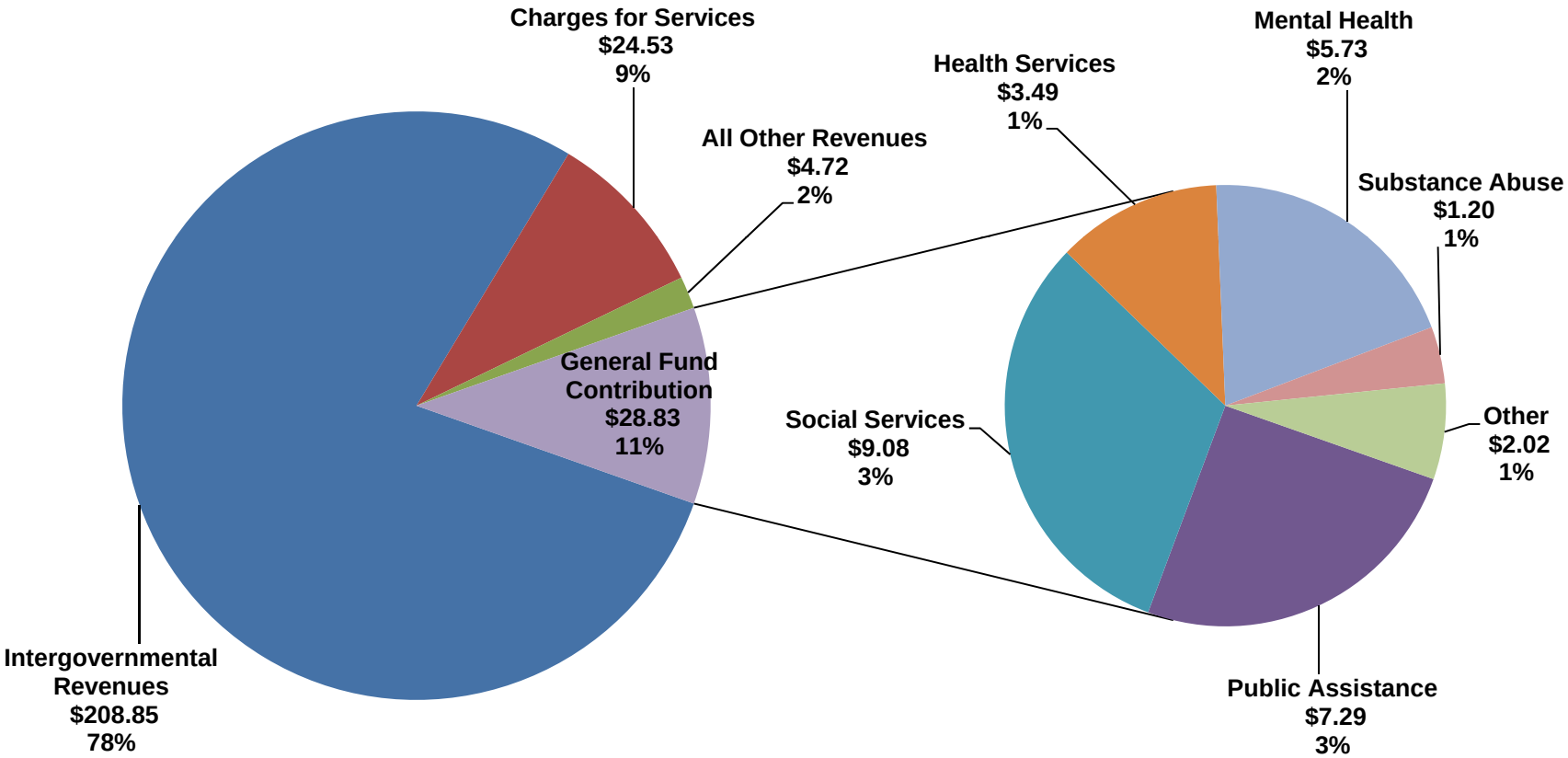
H&SS Fund – Expenditure Plan



In Millions

$266,932,088

H&SS Fund – Means of Financing



In Millions

$266,932,088

Budget Workshop Wrap Up

Summary of the information shared today and at August workshop

- **Heard from all County departments**
  - Items Board could consider for reductions in levels of service, how services are provided, or elimination of programs
  - Initial anticipated consequences of changes from status quo
  - Other funds, not just General Fund, face structural deficits
- **Clarified organizational impacts of reductions**
  - Changes in level of service, program reductions equals layoffs
    - To reach $6 million target up to 180 additional positions would need to be eliminated
  - Reductions in per employee costs equals employee concessions
    - Menu of Options in front of employees could close the gap

Budget Workshop Wrap Up

Setting the expectations of what will happen in the coming month

- **What's next?**
  - Summary of information learned, including potential reduction opportunities identified by departments
  - Recommendations on program changes and other actions to achieve targeted $6 million General Fund structural deficit reduction
  - Recommendations on position eliminations resulting from changes in levels of service or other program changes
  - Board must take action in October to affect personnel changes in February 2011

Questions & Answers