



Budget Workshop No. 3

Oct. 26, 2010



Synopsis of Budget Workshops

Summary of the information shared at workshops in August, September

2

COUNTY OF SOLANO

OCTOBER 26, 2010

□ **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)

□ **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

Synopsis of Budget Workshops

Summary of the information shared at workshops in August, September

3

COUNTY OF SOLANO

OCTOBER 26, 2010

- **Target GF reduction is \$6 million in FY2010/11**
 - ▣ Addresses only one-third of \$18 million structural deficit
 - ▣ Balance in FY2011/12 and FY2012/13 ... assuming revenues don't fall beyond expected losses
 - ▣ Includes 6% target reduction in labor costs
- **Clarified organizational impacts of reductions**
 - ▣ Changes in level of service, program reductions equals layoffs
 - ▣ Reductions in per employee costs equals employee concessions
- **NEW: Moody's to revalidate County's bond rating**

Economic Factors Impacting County Budget

Quadruple blow creates 'worst-case' scenario for local government

4

COUNTY OF SOLANO

OCTOBER 26, 2010

□ Housing market not yet stabilized

- ▣ Impact of invisible foreclosure inventory still pending
- ▣ Median home price down \$262,500 or 56% since 2006
- ▣ Interest rates at unprecedented lows

□ Demand for County services climbing

- ▣ 75,689 or 17.7% of residents receiving financial aid

□ Business community impact

- ▣ Industrial, commercial vacancy rates up from last year
- ▣ Local retail sales activity lagging statewide gains

□ State balanced budget on uncertain revenue growth

- ▣ Cuts funding for Stage 3 CalWORKs child care services
- ▣ Cuts AB3632 reimbursements for Mental Health services for students

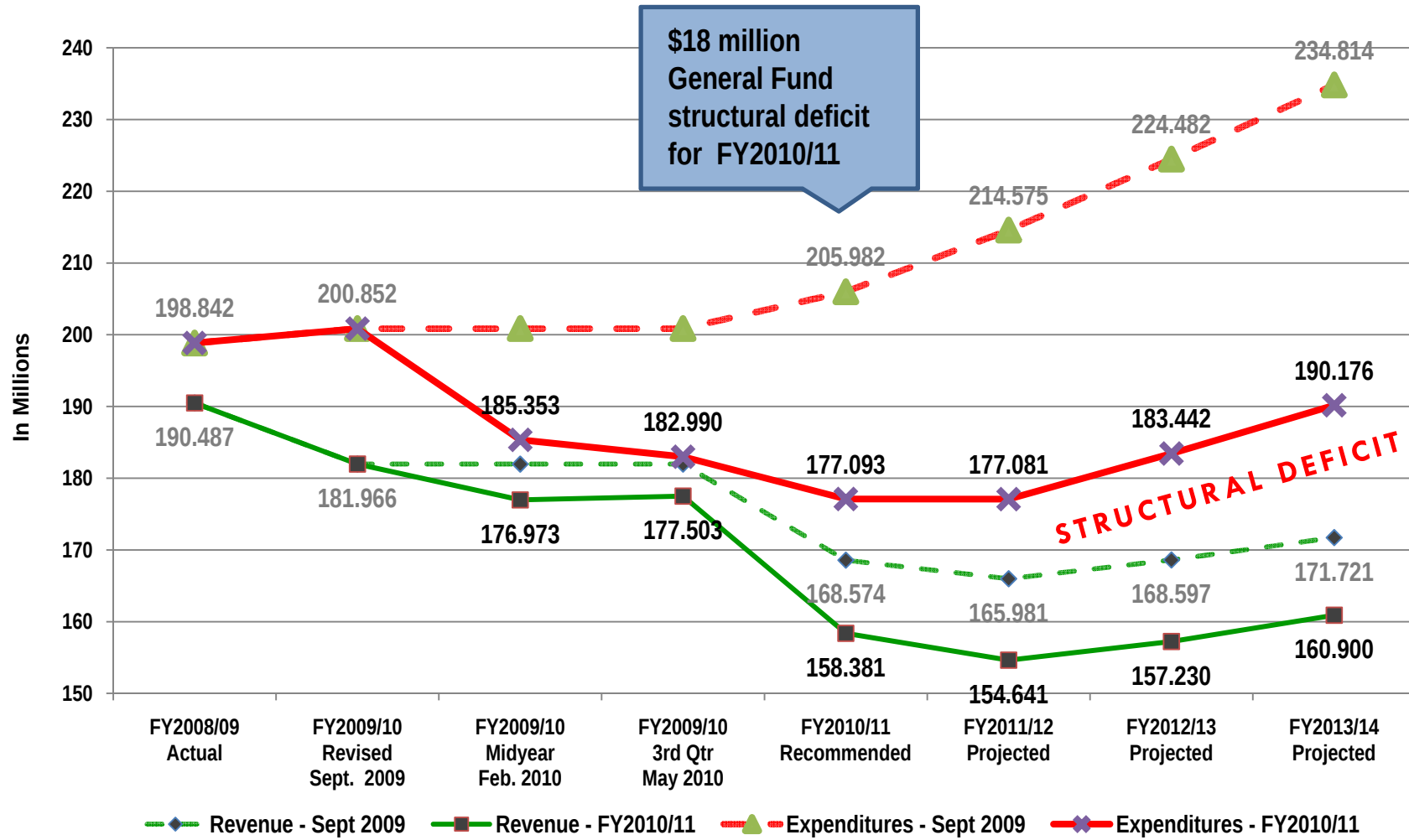
Revised General Fund Projection after Reductions

Structural deficit remained virtually unchanged as revenues continued to fall

5

COUNTY OF SOLANO

OCTOBER 26, 2010



Local Recovery Lagging Nation

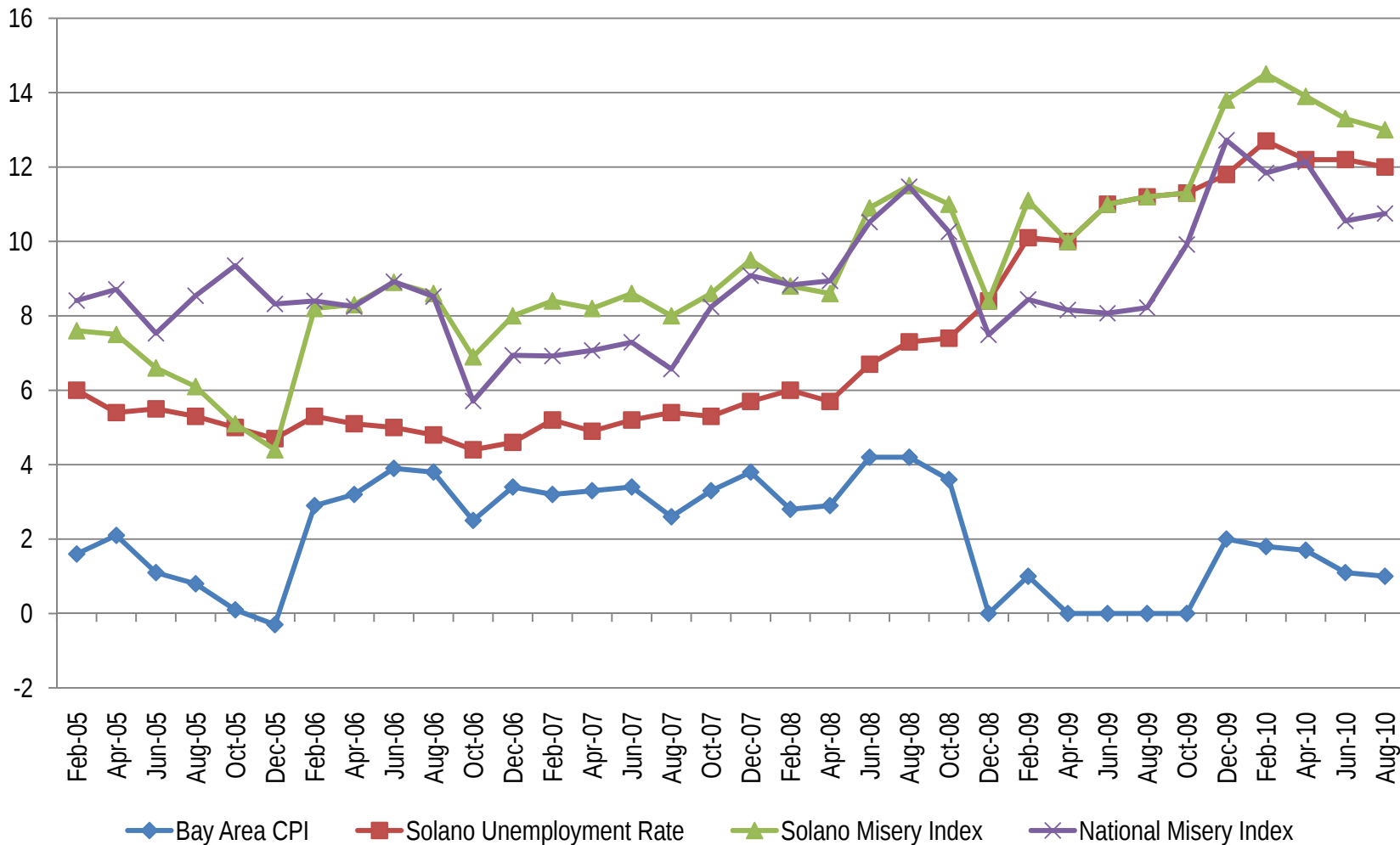
Misery Index at 13 for Solano County, 10.75 for United States

6

COUNTY OF SOLANO



OCTOBER 26, 2010



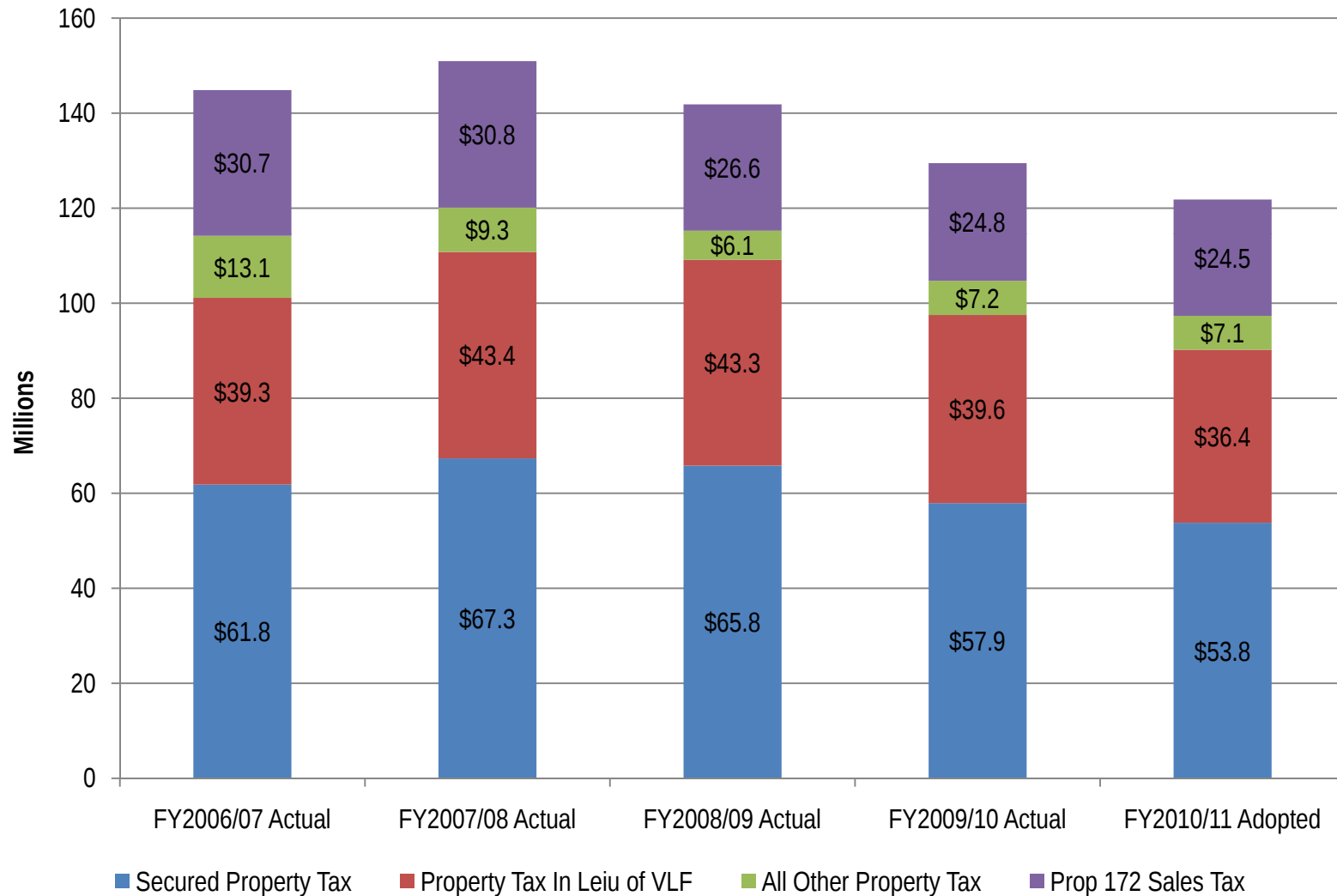
Revenue Impacts Since Market Peak

General Fund revenues trending down four years in a row

7

COUNTY OF SOLANO

OCTOBER 26, 2010



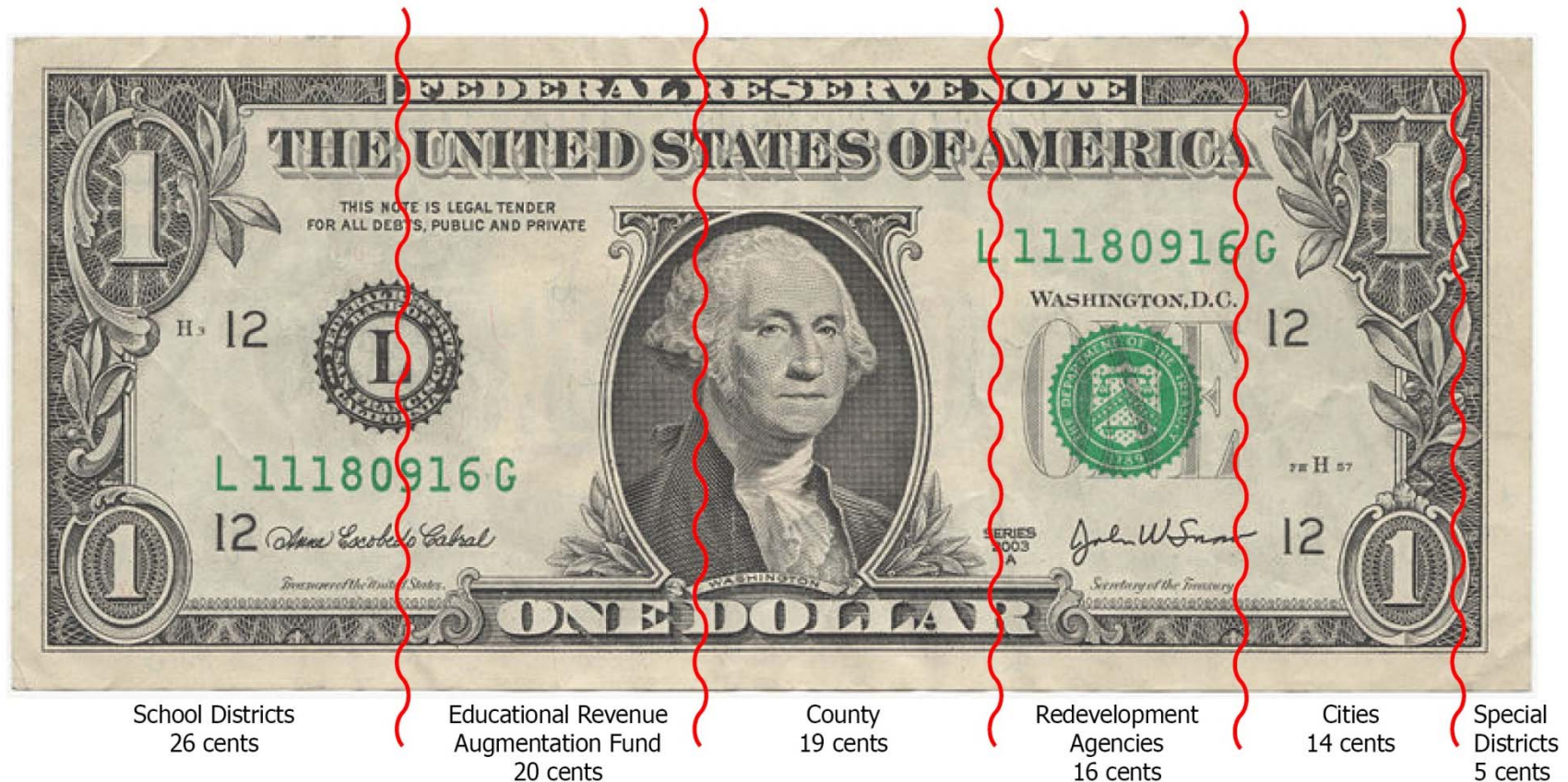
Distribution of Property Tax Dollars

County share of each property tax dollar collected is 19 cents

8

COUNTY OF SOLANO

OCTOBER 26, 2010



Revenue Assumptions

Economic impacts have drastically reduced General Fund revenues

9

COUNTY OF SOLANO

OCTOBER 26, 2010

□ Reassessing revenue assumptions

- Update revenue projections at Midyear

	FY2010/11	FY2011/12	FY2012/13
Secured Property Taxes	10% ⬇	4% ⬇	2% ⬆
Sales & Use Tax in Lieu of VLF	10% ⬇	4% ⬇	2% ⬆
Redevelopment Pass Thru	2% ⬇	2% ⬇	2% ⬆
Prop 172 Sales Tax	0%	4% ⬆	2% ⬆
Assessment/Tax Collection Fees	3% ⬆	3% ⬆	3% ⬆
All other General Fund revenues	0%	0%	0%

FY2010/11 Ongoing Expenditure Reductions

Target reduction of \$6 million annualized General Fund savings

10

COUNTY OF SOLANO

OCTOBER 26, 2010

	General Fund Savings in FY2010/11
MOU with Correctional Supervisors on Aug. 24, 2010	53,797
Imposed MOU with Correctional Officers on Aug. 24, 2010	341,248
Early Retirement Incentive on Sept. 14, 2010 (11 positions)	339,336
Reduce County's share of cafeteria plan from 80% to 75% of Kaiser family rate for 154 unrepresented employees, excluding clerical on Oct. 5, 2010 (potential savings countywide of \$858,659 annually)	38,731
Proposed reductions in discretionary service levels proposed to Board of Supervisors on Oct. 26, 2010	2,234,314
TOTAL	3,007,426

Employee Wage Concessions To Date

72% of employees have made no salary & benefit concessions

11

COUNTY OF SOLANO

OCTOBER 26, 2010

Employee Bargaining Unit	Forego FY09/10 3% COLA	Forego FY10/11 3% COLA	3% EPMC Pickup Implemented	2 nd EPMC Pickup	Reduction in Cafeteria Plan and/or Cash Back	2 nd Tier Retirement for New Employees (conditionally implemented)	Eliminated MIP
Executive Management & Legislative (57)	X	X	X	3% Pending	X	X	X
Senior Management and all Other Unrepresented (148)	Delayed 7 months	X	X	3% Pending	Excludes confidential	X	X
Correctional Supervisors (26)	X	0 – 3 % Jan 11	X	Offsets COLA		X	
Correctional Officers (195)	X	0 – 3 % Jan 11	X	Offsets COLA	X	X	
Deputy Sheriffs (119)			3% Temp.				
Attorneys (94)			3% Temp.				
Mid-Managers (88)			3% Temp.				
SEIU (1,727) UAPD - Physicians (19) PEU - Unit 06 (74) Skilled Crafts - Unit 10 (94)							

Shrinking the Workforce

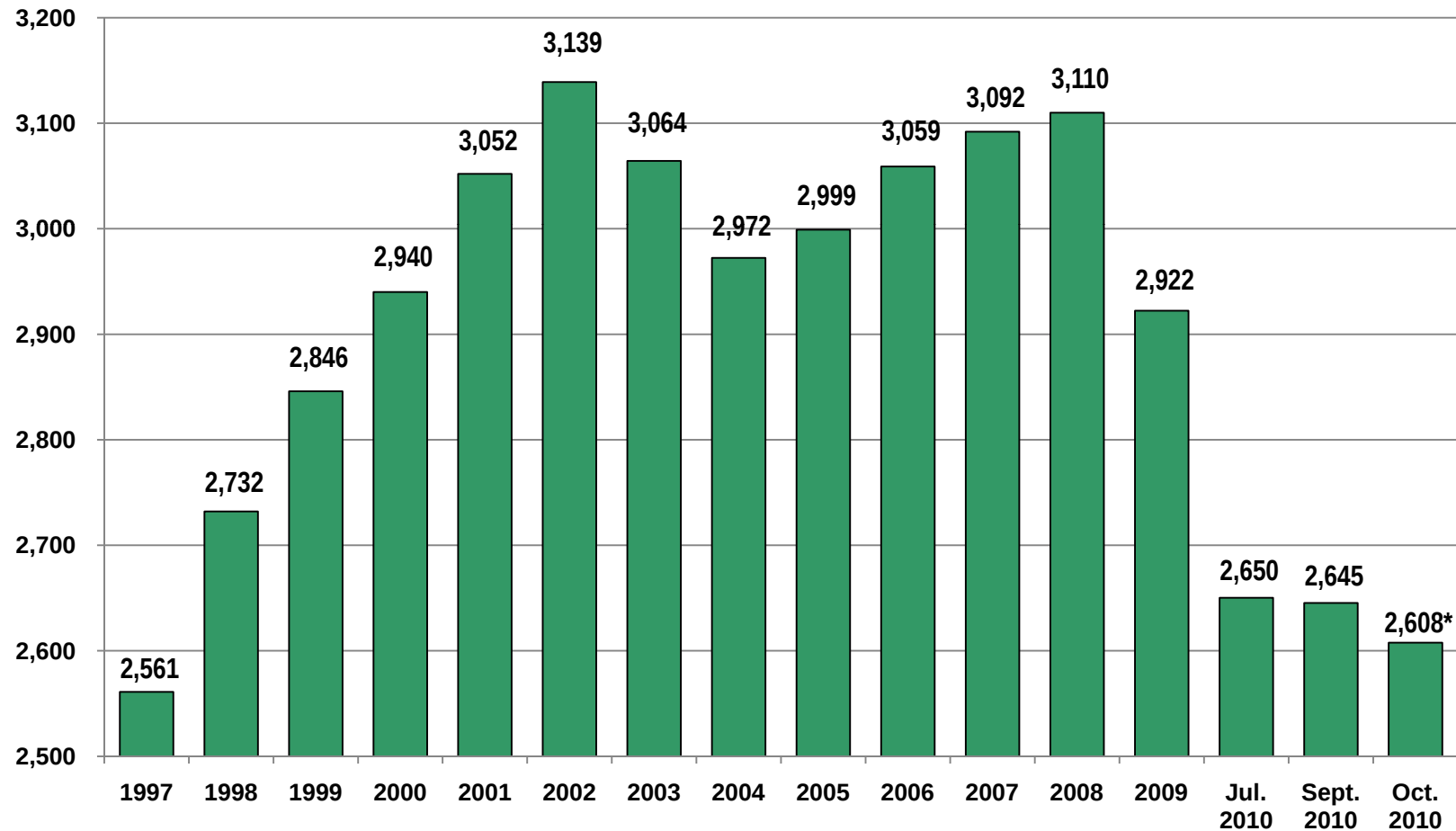
Size of County workforce rolled back to almost 1997 levels

12

COUNTY OF SOLANO



OCTOBER 26, 2010



*If the Board adopts the CAO recommendation presented on Oct. 26, 2010

Cumulative Reductions

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

13

COUNTY OF SOLANO

OCTOBER 26, 2010

	June 30, 2009	Reductions as of Sept. 14*	Proposed Net Reductions	Proposed Smaller Workforce	% Change
Public Protection	1,199.5	(204.5)	(7)	988.0	(17.6%)
Health Services	504.4	(41.4)	(11.85)	451.2	(10.6%)
Public Assistance	698.5	(60.5)	(7.2)	630.8	(9.7%)
General Government	313.8	(64.8)	(8.3)	240.7	(23.3%)
All Others	347.7	(47.7)	(3)	297.0	(14.6%)
Net Total	3,063.9	(418.9)	(37.35)	2,607.7	(14.9%)

* Reflects reductions in FY2009/10 Adopted Budget, FY2009/10 strategic reduction efforts, FY2010/11 Recommended Budget and FY2010/11 ERI reductions

Vacancy Report

Selective Hiring Freeze: Limited to mission-critical, revenue-offset positions

14

COUNTY OF SOLANO

OCTOBER 26, 2010

Total Vacancies (as of Oct. 6)	145.9
---------------------------------------	--------------

Vacant positions recommended deletion	(27.7)
--	---------------

Add new down-graded positions	4.0
--------------------------------------	------------

Positions holding for further consideration	54.1
--	-------------

Positions recommend continue hire process	64.1
--	-------------

Proposed Position Reductions

Position deletions linked to proposed changes in level of service

15

COUNTY OF SOLANO



OCTOBER 26, 2010

Department	Add	Vacant	Filled
Ag Commissioner/ Weights & Measures			(2.50)
Assessor / Recorder	1.00		(2.00)
Auditor / Controller			(1.00)
Child Support Services		(1.00)	
County Administrator's Office		(1.00)	
General Services		(1.30)	(3.00)
Health & Social Services	3.00	(17.90)	(4.15)
Library		(3.00)	
Probation		(1.50)	
Resource Management		(1.00)	
Sheriff / Coroner		(1.00)	
Treasurer / Tax Collector / County Clerk			(1.00)
TOTAL Net Change of (37.35)	4.00	(27.70)	(13.65)

Adopted General Fund Budget NCC

How \$228 million in General Fund dollars are being spent by type of programs

16

COUNTY OF SOLANO

OCTOBER 26, 2010

Discretionary/Discretionary Programs	\$17,079,578
Discretionary/Mandatory Programs	\$3,673,812
Mandatory/Discretionary Programs	\$53,773,681
Mandatory/Mandatory Programs	\$79,742,213
General Fund Contingency	\$21,811,915
Countywide Cost Allocation (A87 Adjustment)	(\$3,377,759)
To Reserves from FY2009/10	\$6,211,414
General Fund Net County Cost	\$178,915,854
Operating Budget Expenses Offset by Other Revenue	\$49,411,123

Discretionary/Mandatory Program Totals

Summary of the distribution of potential reductions

17

COUNTY OF SOLANO

OCTOBER 26, 2010

Program Category*	FY 2010/11 Adopted County Budget	General Fund Cost NCC / GF Contribution	Current Number of County FTE	Potential General Fund Savings for FY 2010/11	CAO Recommendation Annualized General Fund Savings FY 2011/12	Change in County FTEs
D/D	\$41,563,192	\$17,079,578	193.76	\$123,800	\$2,847,830	(8.55)
D/M	\$70,417,566	\$3,673,812	271.08	\$122,766	\$299,907	(3.80)
M/D	\$245,736,708	\$53,773,681	1,005.76	\$1,620,167	\$2,489,115	(16.80)
M/M	\$281,668,993	\$79,742,213	1,180.89	\$367,582	\$834,892	(8.20)

* D/D= Discretionary/Discretionary; D/M = Discretionary/Mandatory;
M/D = Mandatory/Discretionary; and M/M= Mandatory/Mandatory

Next Steps

How do we proceed in the next phase of the drawdown process?

- ☐ **Adopt resolution to eliminate vacant positions**
- ☐ **Authorize HR Director to initiate procedures to formalize layoffs to take effect in February 2011**
- ☐ **Provide further direction on the development of the FY2011/12 budget**
- ☐ **At Midyear review additional details on progress of the current budget and set parameters for building the FY2011/12 budget**

Questions & Answers

19

COUNTY OF SOLANO



BUDGET WORKSHOP



AUGUST 31, 2010

