County of San Joaquin

2012-2013

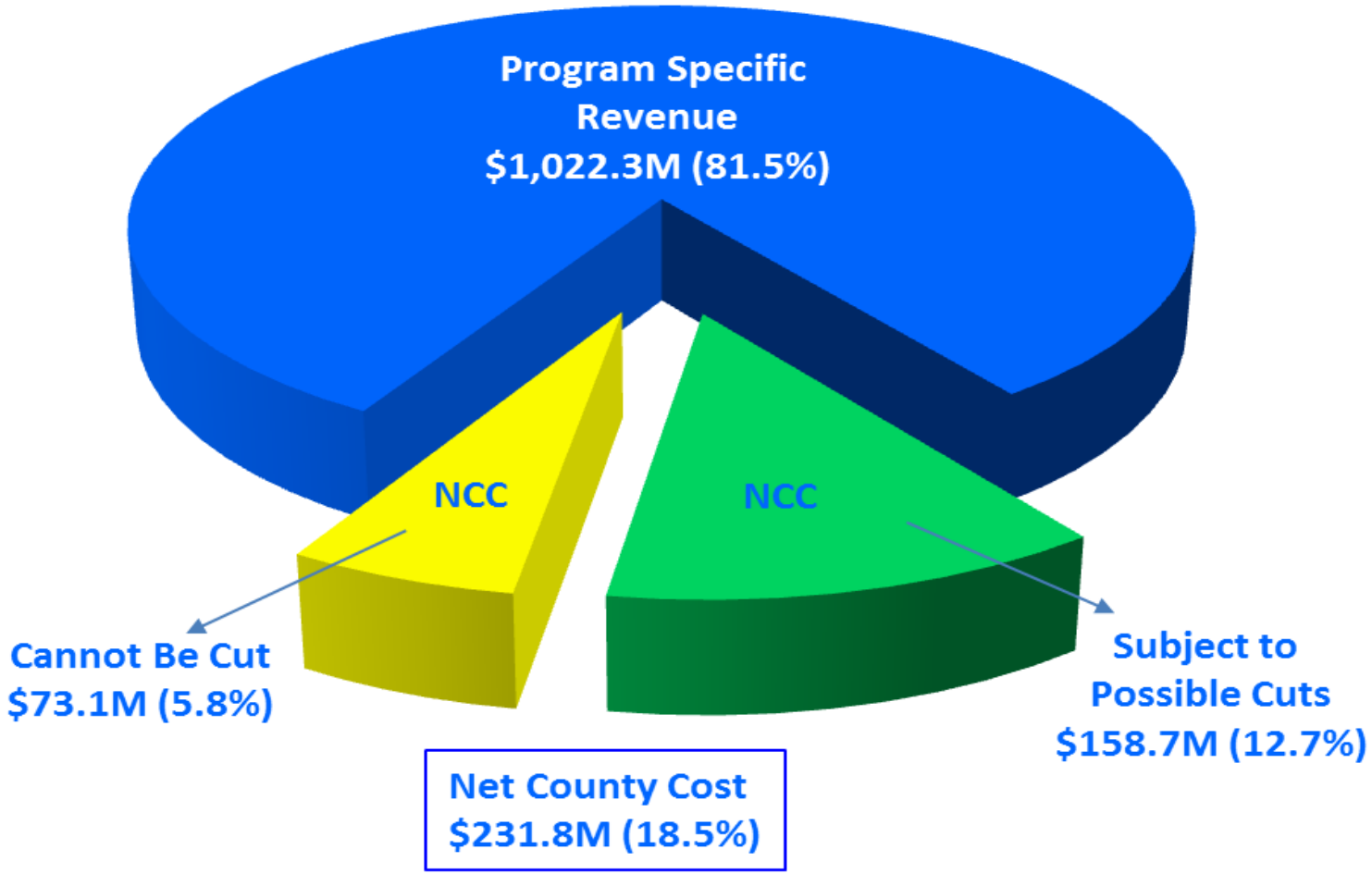
Proposed Budget

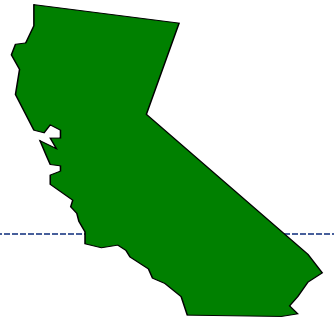
June 12, 2012

Development of 2012-13 Budget

- Balance community services with lmited resources – unknown State budget impacts
- Board established fiscal/budget/reserve policies
- Great Recession ➔ Local revenue base erosion
  - Austere budget
  - Concessions from 80% of workforce
  - One-time/time-limited solutions to maintain services

2011-12 Adopted Budget: *$1.25 Billion*





Governor's May Revision

- Deficit at $15.7B
- State/Local Realignment (AB 109) – $5.9B
  - Public Safety/Mental Health/Social Services
- November 2012 Ballot
  - ¼ cent sales tax – 5 years
  - Income tax $250K+ – 7 years
  - Constitutional guarantee for AB 109
  - $6.1B trigger cuts if taxes failed

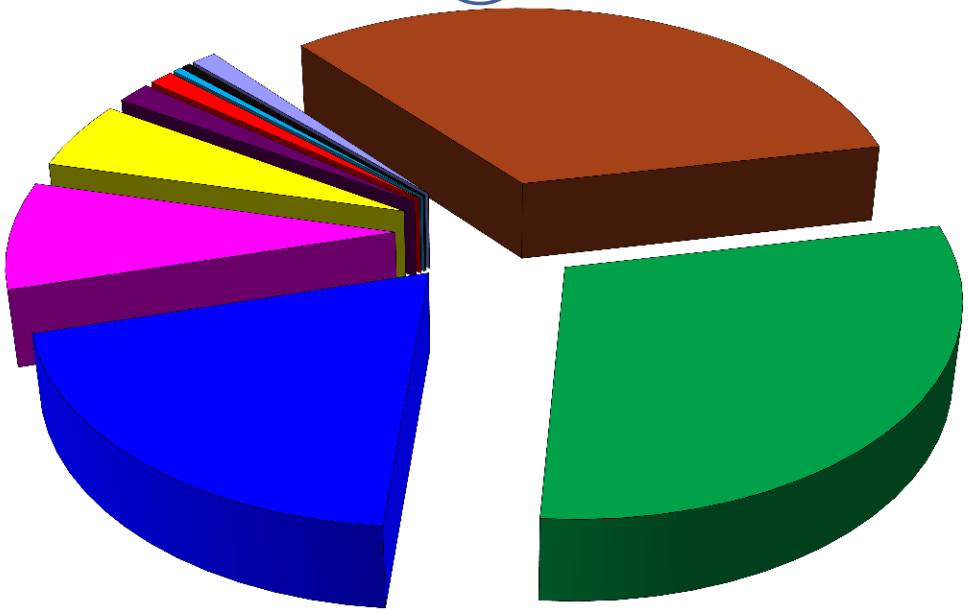
Governor's May Revision
Potential Impacts

- Public Safety Realignment
- Mental Health Realignment
- Juvenile Justice Realignment
- Child Support Services
- CalWORKs Redesign
- In-Home Supportive Services
- Medi-Cal Program
- Unexpended Federal Waiver Funds

2012-13 Appropriation *($ in Millions)*

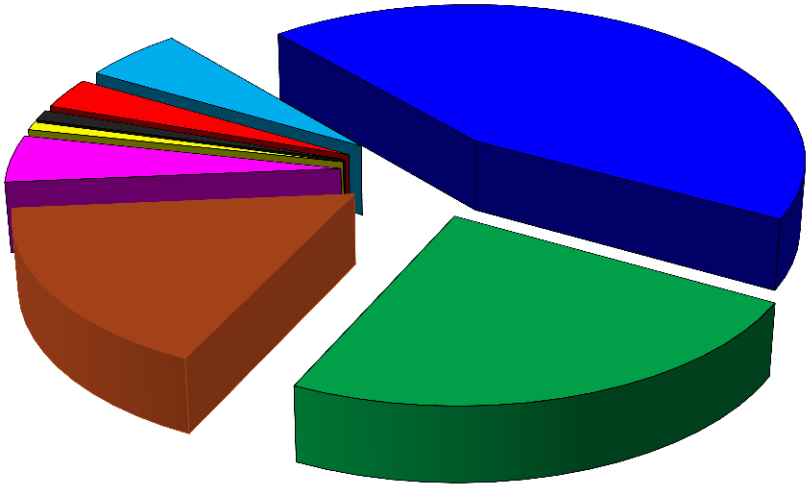
	2011-12	2012-13	Increase/(Decrease) Amount	Increase/(Decrease) Percent	% of Total
General Government	$60.3	$65.5	$5.2	8.6%	5.2%
Capital Maintenance	25.8	20.7	(5.1)	-19.8%	1.6%
Environ Protection	16.5	14.9	(1.6)	-9.7%	1.2%
Law & Justice	235.0	245.7	10.7	4.6%	19.5%
Roads & Facilities	99.9	102.5	2.6	2.6%	8.1%
Health Services	412.8	417.2	4.4	1.1%	33.0%
Human Services	378.7	370.8	(7.9)	-2.1%	29.4%
Education	5.6	5.4	(0.2)	-3.6%	0.4%
Parks & Recreation	5.8	5.3	(0.5)	-8.6%	0.4%
Contingencies	13.8	15.2	1.4	10.1%	1.2%
Total Approp	$1,254.2	$1,263.2	$9.0	0.7%	100.0%

2012-13 Appropriation: *$1.26 Billion*



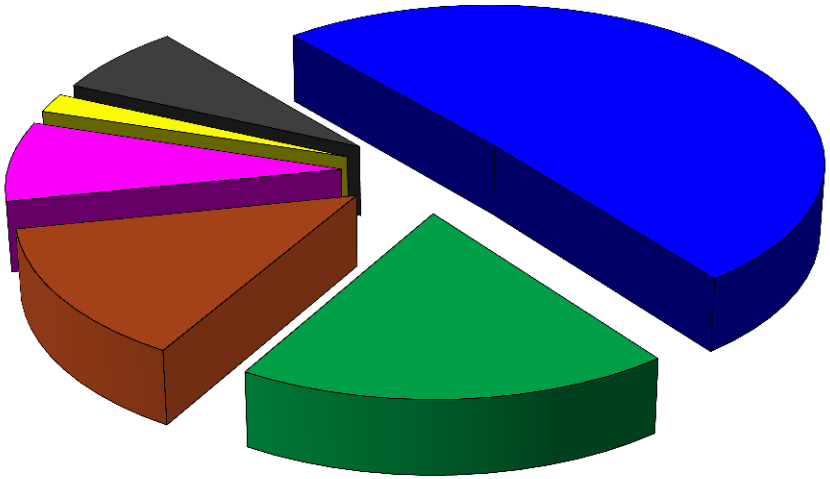
- Health Services ($417.2M, 33%)
- Human Services ($370.8M, 29%)
- Law & Justice ($245.7M, 20%)
- Road & Facilities ($102.5M, 8%)
- General Government ($65.5M, 5%)
- Capital Improvements ($20.7M, 2%)
- Environmental Protection ($14.9M, 1%)
- Education ($5.4M, 0.5%)
- Parks & Recreation ($5.3M, 0.5%)
- Contingencies ($15.2M, 1%)

Use of Funds $1.26B



- Staffing ($627.3M, 50%)
- Services & Supplies ($339.3M, 27%)
- Other Charges ($235.9M, 19%)
- Structures & Improvements ($67.3M, 5%)
- Equipment ($11.6M, 1%)
- Contingencies ($15.2M, 1%)
- Operating Transfers ($44.3M, 3%)
- Expense Reimbursements (-$77.8M, -6%)

Source of Funds $1.26B



- Gov'tal Aid ($641.5M, 51%)
- Charges for Services ($236.6M, 19%)
- Property Taxes ($169.3M, 13%)
- Other Revenues ($101.4M, 8%)
- Other Taxes ($24.3M, 2%)
- Fund Balances ($90.1M, 7%)

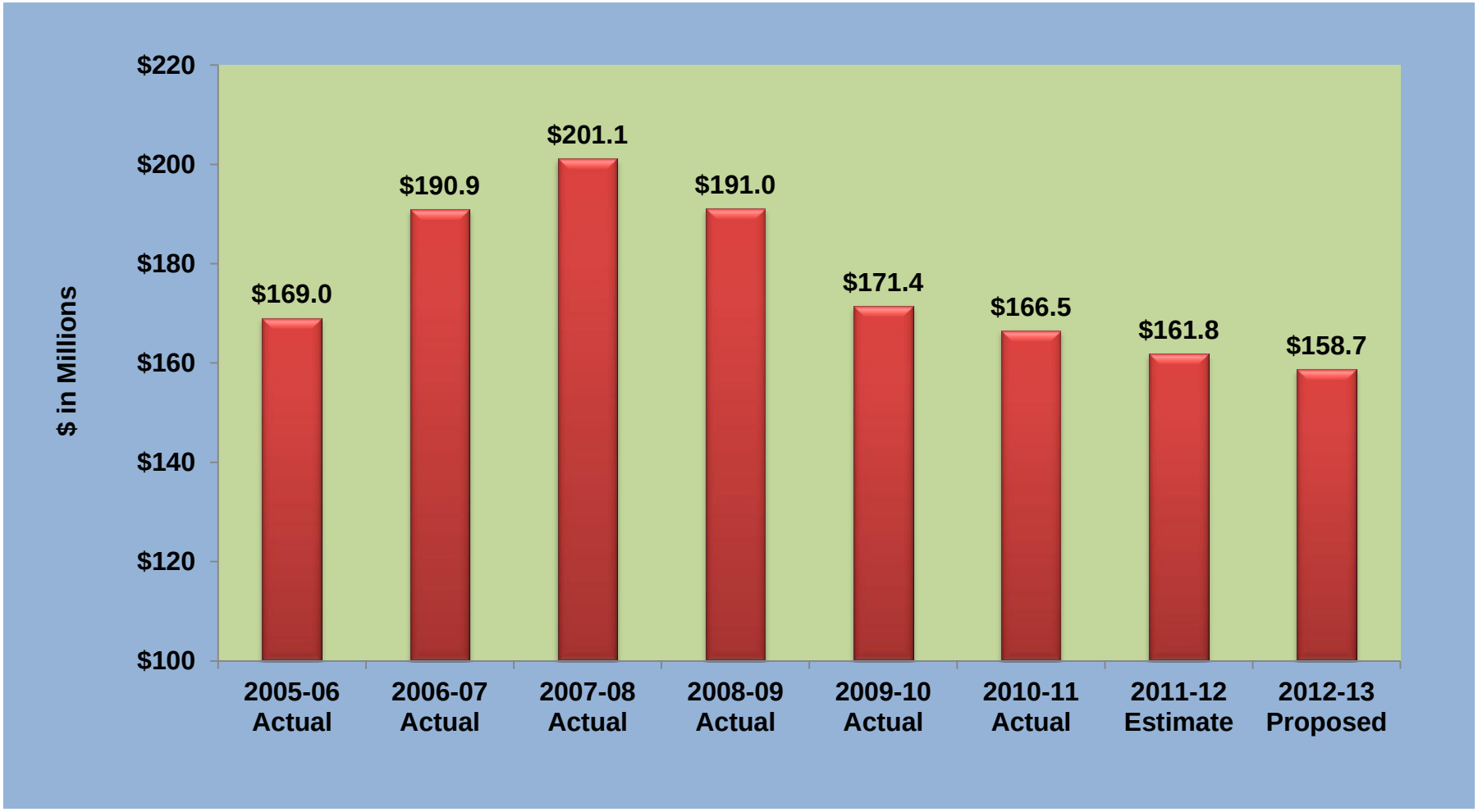
2012-13 Net County Cost *($ in Millions)*

	2011-12	2012-13	Increase/(Decrease) Amount	Increase/(Decrease) Percent	% of Total
General Government	$23.8	$25.8	$2.0	8.4%	11.4%
Capital Maintenance	10.1	11.5	1.4	13.9%	5.1%
Environ Protection	3.9	3.6	(0.3)	-7.7%	1.6%
Law & Justice	127.7	124.7	(3.0)	-2.3%	55.0%
Roads & Facilities	1.2	1.4	0.2	16.7%	0.6%
Health Services	25.8	25.0	(0.8)	-3.1%	11.0%
Human Services	22.7	16.8	(5.9)	-26.0%	7.4%
Education	0.4	0.4	0.0	0.0%	0.2%
Parks & Recreation	2.4	2.3	(0.1)	-4.2%	1.0%
Contingencies	13.8	15.2	1.4	10.1%	6.7%
Total NCC	$231.8	$226.7	($5.1)	-2.2%	100.0%

2012-13 General Purpose Revenue *($ in Millions)*

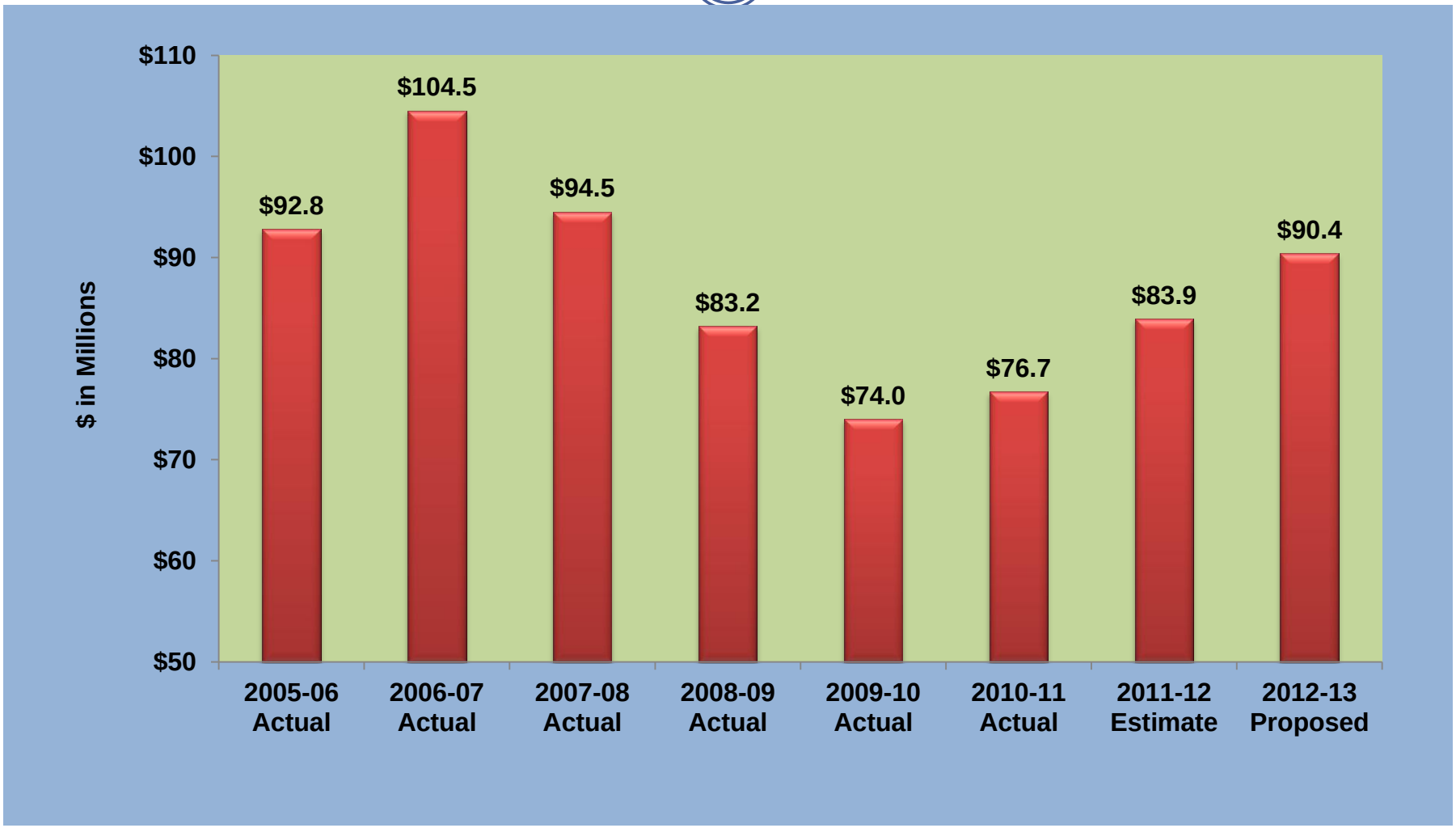
	2011-12	2012-13	Increase/(Decrease) Amount	Increase/(Decrease) Percent	% of Total
Current Prop Taxes	$162.3	$158.7	($3.6)	-2.2%	70.0%
Sales Taxes	12.2	15.0	2.8	23.0%	6.6%
State Shared Revenues	4.4	4.7	0.3	6.8%	2.1%
Tobacco Settlement	5.6	7.2	1.6	28.6%	3.2%
Interest Income	0.5	0.1	(0.4)	-80.0%	0.0%
Other Taxes	2.7	2.6	(0.1)	-3.7%	1.1%
Other Revenues	6.3	5.3	(1.0)	-15.9%	2.3%
Transfer from Capital	10.9	2.3	(8.6)	-78.9%	1.0%
Fund Balance	26.9	30.8	3.9	14.5%	13.6%
Total GPR	$231.8	$226.7	($5.1)	-2.2%	100.0%

Property Taxes
2005-06 to 2012-13



Sales Taxes (GPR, Prop 172 & Realignment)

2005-06 to 2012-13

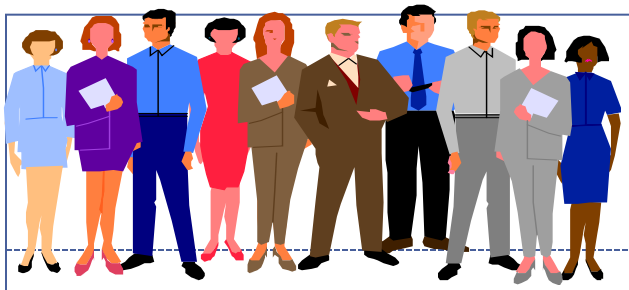


One-Time Solutions *($ in Millions)*

	2009-10	2010-11	2011-12	2012-13
Reduce Reserve for Contingencies	$17.1	$6.1	$6.2	$0.0
Defund capital projects	21.3	8.4	10.9	2.3
General Fund year-end balances	0.0	3.9	7.3	16.0
Redirect Tobacco Settlement Fund	6.6	5.1	0.0	0.0
Reduce 2008-09 spending	8.5	0.0	0.0	0.0
Eliminate deferred maintenance	1.1	0.0	0.0	0.0
Use one-time ARRA funds	10.2	16.0	2.0	0.0
Use Criminal Facilities Trust	3.1	3.1	3.1	2.5
Use Airport reserve	0.0	0.6	0.2	0.3
Use Parks trust funds	0.6	1.9	1.9	1.2
Total One-Time Solutions	$68.5	$45.1	$31.6	$22.3

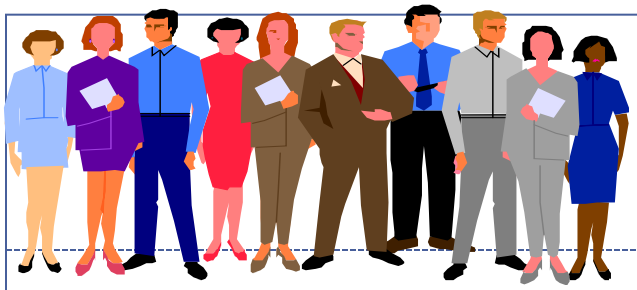
2012-13 Staffing

	2011-12	2012-13	Increase/(Decrease) Amount	Increase/(Decrease) Percent	% of Total
General Government	438.6	448.8	10.2	2.3%	7.4%
Capital Maintenance	48.3	48.3	0.0	0.0%	0.8%
Environ Protection	138.5	136.2	(2.3)	-1.7%	2.3%
Law & Justice	1,573.0	1,582.5	9.5	0.6%	26.2%
Roads & Facilities	219.0	220.3	1.3	0.6%	3.7%
Health Services	2,306.2	2,356.0	49.8	2.2%	39.1%
Human Services	1,144.3	1,182.4	38.1	3.3%	19.6%
Education	3.0	3.0	0.0	0.0%	0.0%
Parks & Recreation	58.4	54.6	(3.8)	-6.5%	0.9%
Total Staffing	5,929.3	6,032.1	102.8	1.7%	100.0%



2012-13 Staffing

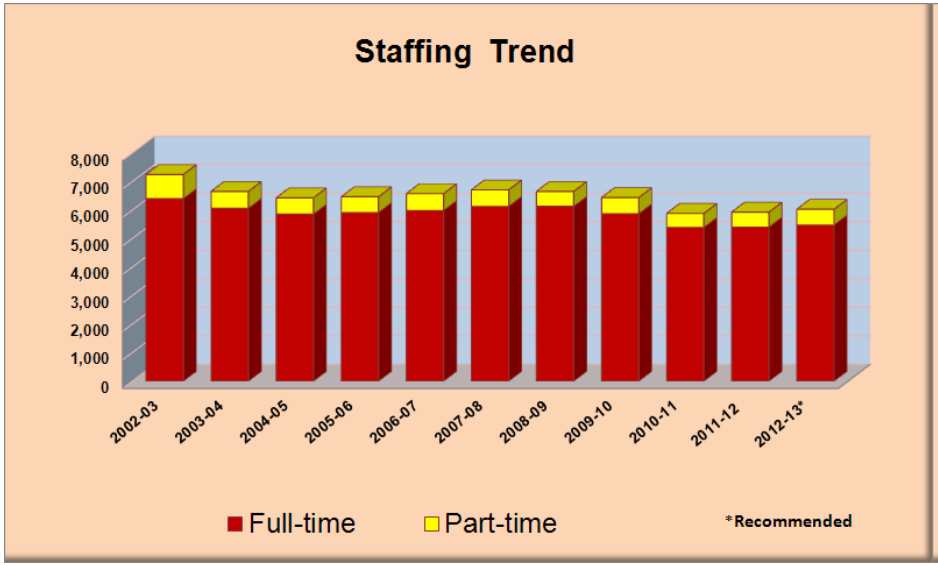
- Net staffing increase = 102.8 FTE positions
  - Delete 37 full-time positions – 8 filled
    - 14 in HSA & Child Support
    - 7 in public safety
    - 7 in Public Works
    - 2 in Ag Commissioner
    - 3 in Assessor-Recorder-County Clerk
    - 4 in General Services
  - Add 110 new positions primarily in HSA, SJGH & MHS
  - Add 29.8 part-time/temporary positions

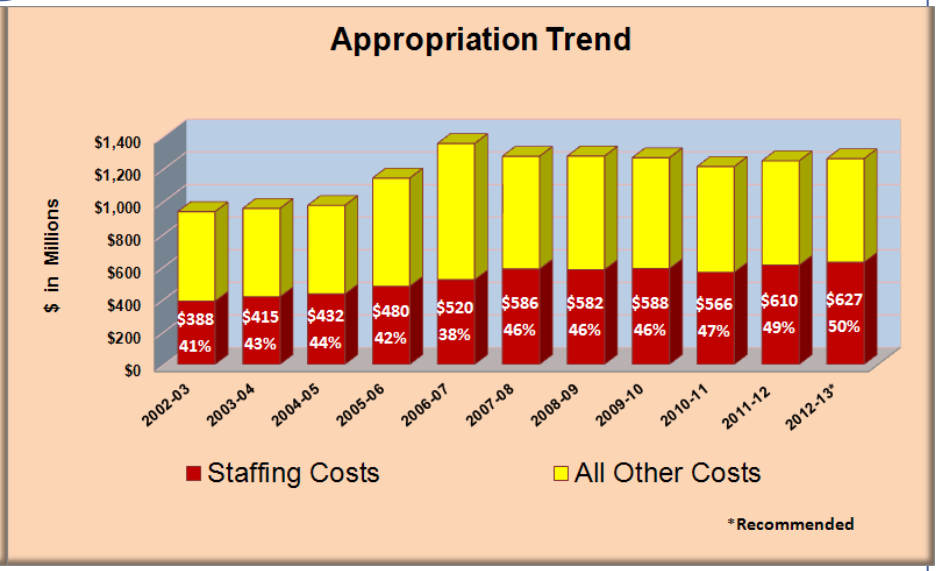


Budget Highlights
Employee Relations

- 16 rep units representing 95% of workforce
  - 1 unit – agreement expired 12/31/2011
  - 3 units – agreements expire 6/30/2012
  - 8 units – agreements expire 6/30/2013
  - 1 unit – agreement expires 6/30/2014
  - 3 units – agreements expire 6/30/2015
- Negotiations with 4 units - 15% of workforce
- Agreements with 9 units + unrepresented
  - Agreed to concessions
  - Cost sharing, salary reductions, & furloughs

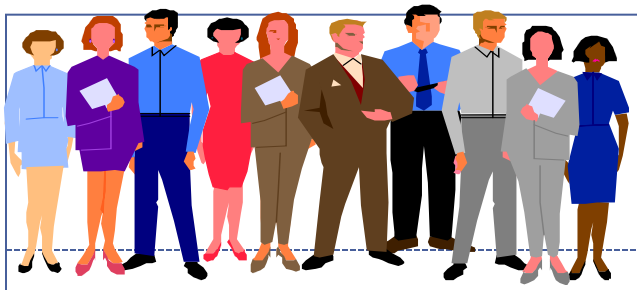
Budget Highlights
2002-03 to 2012-13





- 2002-03 budget: $937.7M
- Total staffing: 7,249 FTE
- Staffing costs $388M, 41% of budget
- Avg. position cost: $54K

- 2012-13 budget: $1.26B
- Total staffing: 6,032 FTE
- Staffing costs $627M, 50% of budget
- Avg. position cost: $104K, almost double in 10 years



Budget Highlights
Allocated Positions

- Vacant Positions
  - 517 positions; 9.5% vacancy rate
- 2012-13 Proposed Budget
  - Delete 37 positions (29 vacant, 8 filled)
  - Add 110 positions
    - 395 in HSA, SJGH, BHS & PW
    - 299 under recruitment
      - ✓ First consideration for laid-off employees

Budget Highlights
Law & Justice

- $10.7M increase largely due to AB 109
- Probation +$5.4M; AB 109 & partially restoration of Juvenile Hall bed capacity
- Sheriff-Coroner +$6.7M; AB 109 & 14 deputies funded by federal CHP grant

Budget Highlights
San Joaquin General Hospital

- 2012-13 Proposed Budget
  - $228.2M; 1,311 FTEs
    - ADC 110 (MGU 12)
    - $6.8M capital/fixed assets
  - General Fund support remains at $11.6M
    - $8.7M ongoing operations
    - $2.9M Hospital Replacement Phase II
  - Trauma center designation
    - 2 new positions

Budget Highlights

San Joaquin General Hospital

- Medi-Cal Waiver - "Bridge to Healthcare Reform"
  - DSRIP – Nov 2010 to Oct 2015
    - $93.8M available based on performance
    - Received $26.4M in 2010-11 & 2011-12
    - Budget includes $19.2M & 42.6 FTEs
  - LIHP – Coverage for childless adults
    - Operational June 1st
    - $3.7M

Budget Highlights
Human Services Agency

- Administration
  - $125.6M; 951 FTE
    - Net increase of 122 positions in 2 years
    - Caseload growth
    - IHSS Fraud Prevention
- Community Services
  - Delete 7 full-time & 4 part-time positions
    - ARRA sunset
    - 23% reduction in Low Income Home Energy Assistance program

Budget Highlights
Parks & Recreation

- Division of General Services January 2012
- 2012-13 Proposed Budget
  - Delete 3.8 FTE
  - Parking/rental fee increases $214K
  - Use $1.2M Parks trusts for operations – $650K less – will be depleted by 2017-18
- Evaluate operational & funding opportunities
  - Marketing campaigns
  - Assessments/special taxes
  - Restructuring operations/contracting services
  - Transfer of parks to public agencies/closure of some parks

Budget Highlights
City/County Library System

- Agreement with Stockton to operate Library System
  - AV decline ➔ less funding for library services
  - Weekly hours at current level; limit material & book purchases to MMP
- Close all branches 12 days

<u>Calendar Year 2012</u>
- July 4
- September 3
- October 8
- November 12, 22, & 23
- December 25

<u>Calendar Year 2013</u>
- January 1 & 16
- February 11 & 18
- May 27

Budget Highlights
Stockton Metro Airport

- 2012-13 Proposed Budget
  - General Fund support $465K
  - Add 3 positions for fiscal & security support
  - $1.8M capital/fixed assets
  - Use $545K from trusts
    - $225K match for FAA grant/capital
    - $320K for operations

Budget Highlights
Capital/Infrastructure Investments

- De-fund additional $2.3M capital improvement projects (2009-10 = $21.3M; 2010-11 = $8.4M; 2011-12 = $10.9M)
  - MG Zoo improvements $1.5M
  - Residual project balances $822K
- 2012-13 public improvement program funded by carryover, capital trust funds, Tobacco Settlement allocations, or federal/State funds

Budget Highlights
Fee Issues-Cost Recovery

- Special public services – e.g. property development, business/animal ownership – funded by special revenues
- Fees based on actual costs
- Less than full cost recovery deprives county resources for general services
- Fee increases to keep pace with costs
- Revenue adjustments included in various budgets

Multiyear Budget Outlook

2012-13 – 2016-17

Multiyear Budget Outlook

General Purpose Revenue Assumptions

- Property Taxes
  - 2012-13: 2.0% drop
  - 2013-14: 1.0% growth
  - 2014-15: 2.5% growth
  - 2015-16: 3.5% growth
  - 2016-17: 3.5% growth
- *Sales Taxes*
  - *2012-13: 6.5% growth*
  - *2013-14: 5.5% growth*
  - *2014-15: 5.5% growth*
  - *2015-16: 5.5% growth*
  - *2016-17: 5.5% growth*

Multiyear Budget Outlook
One-Time Resources Assumptions

- Capital & Reserve Policies
  - Tobacco Settlement ➔ capital & technology
  - Reserve for Contingencies ➔ 1% minimum to 5% by 2020
  - Up to $10M General Fund balance for CIP

Multiyear Budget Outlook
Dedicated Sales Taxes Assumptions

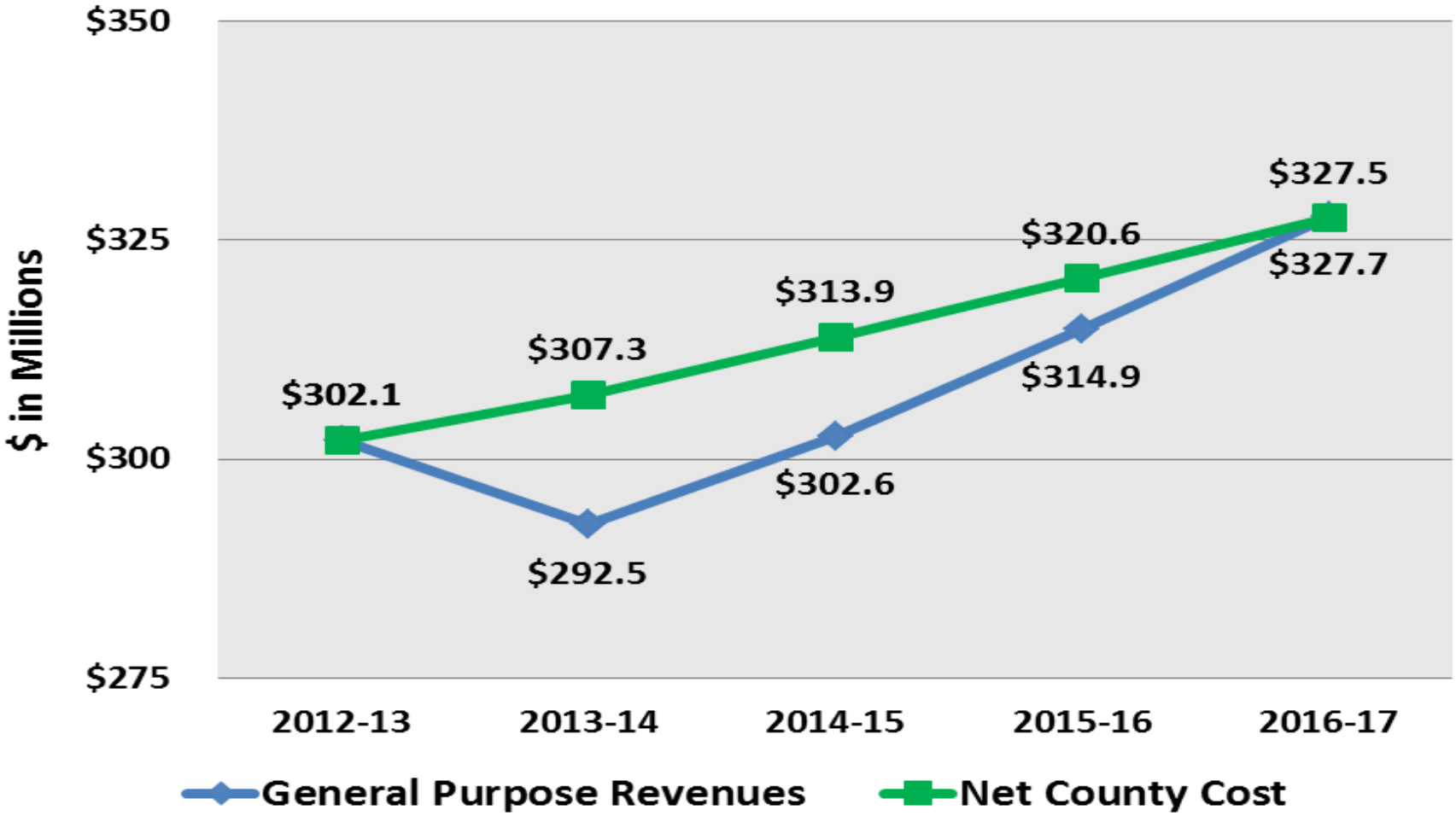
- Prop 172
  - 2012-13: 7.5% growth
  - 2013-14: 5.5% growth
  - 2014-15: 5.5% growth
  - 2015-16: 5.5% growth
  - 2016-17: 5.5% growth
- *Realignment Social Svs*
  - *2012-13: 8.5% growth*
  - *2013-14: 6.5% growth*
  - *2014-15: 6.5% growth*
  - *2015-16: 6.5% growth*
  - *2016-17: 6.5% growth*

Multiyear Budget Outlook
Labor Cost Assumptions

- Salary – existing MOUs
- Retirement – 7.5% growth per year
  - Negotiated cost sharing
- Health premiums – 12.5% growth per year
  - Negotiated cost sharing on employee only
- 70% funded by federal/State/service fees; 30% NCC funded by General Purpose Revenue

Multiyear Budget Outlook

Summary – Budget Gap



Budget Highlights
Conclusion

- 2012-13 budget continues to be balanced with one-time solutions & cost deferrals
- Organizational reviews
- Two major issues not addressed
  - Final State Budget
  - Labor contracts under negotiations

Unfunded Supplemental Requests: $1.5M

- County departments
  1. Public Defender - $646K
  2. Sheriff-Coroner - $338K
  3. Human Services - $432K

- Non-County agencies
  1. SJ Partnership - $9,500
  2. Bread of Life - $43K
  3. PUENTES - $35K
  4. Historical Society - $28K
  5. Downtown Alliance - $33K

Recommended Actions

1. Approve Proposed 2012-13 Budget for consideration
2. Set Final Budget Hearing to begin June 26th at 1:30 p.m.
3. Direct Human Resources to issue layoff notices to impacted employees