

BOARD OF SUPERVISORS

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SPECIAL MEETING OF THE SOLANO COUNTY BOARD OF SUPERVISORS BUDGET STUDY WORKSHOP

March 30, 2010
2:00 – 4:00 P.M.

SOLANO COUNTY GOVERNMENT CENTER
MULTIPURPOSE ROOMS 1600, 1610 AND 1620
675 TEXAS STREET, 1ST FLOOR
FAIRFIELD, CALIFORNIA

A G E N D A

1. Welcome and Workshop Overview
2. Public Comment
(Public Comment limited to any item listed on the agenda)
3. Board of Supervisors Budget Workshop #3 – Preparing for FY2010/11 and FY2011/12
 - Receive an overview of current revenue & expenditure trends and projected impacts on the FY2010/11 County Budget and the General Fund Structural Deficit
 - Receive an overview on General Fund contributions to operating departments (Attachment A)
 - Consider revenue enhancement (Attachment B) and automation investment (Attachment C) concepts for FY2010/11
4. Roundtable Discussion
 - Discuss and provide budget direction in setting short term and long term priorities and strategies to address the \$16 million General Fund Structural Deficit
5. Adjourn to the Board of Supervisors Meeting of April 6, 2010 at 8:00 a.m., Board Chambers, 675 Texas Street, Fairfield, California



AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS

ITEM TITLE: Board of Supervisors Budget Workshop #3 – Preparing for FY2010/11 and FY2011/12		BOARD MEETING DATE March 30, 2010	AGENDA NUMBER 3
Dept: Contact: Extension:	County Administrator Michael D. Johnson 6100	Supervisorial District Number ALL	
	Published Notice Required?	Yes _____	No <u> X </u>
	Public Hearing Required?	Yes _____	No <u> X </u>

DEPARTMENTAL RECOMMENDATION:

The County Administrator's Office recommends that the Board of Supervisors conduct Budget Workshop # 3 and:

1. Receive an overview of current revenue & expenditure trends and projected impacts on the FY2010/11 County Budget and the General Fund Structural Deficit;
2. Receive an overview on General Fund contributions to operating departments;
3. Consider revenue enhancement and automation investment concepts for FY2010/11; and
4. Discuss and provide budget direction in setting short term and long term priorities and strategies to address the General Fund Structural Deficit.

SUMMARY/ DISCUSSION:

Background

This workshop is a continuance of a public dialog that began in January 2010 among the members of the Board of Supervisors, the County Administrator, and the appointed and elected County department heads regarding the County budget. The County budget, since FY2008/09, has experienced significant declines to critical revenue streams that have historically funded County programs and operations. The declines are attributed to the down turned economy and are not projected to recover in the near term. The most significant of these revenue streams includes: 1) Property taxes (used to fund many county programs); 2) Proposition 172 Sales Tax (dedicated revenue used to fund public safety related programs); and 3) State Realignment Revenue (used to fund health and safety related programs). In FY2009/10, the County Final Budget was balanced (i.e. there were revenues identified to cover expenses despite the revenue downturns); however, the balanced budget relied on "one time" revenues (not ongoing revenue sources) to cover ongoing expenses of operating departments and programs. The gap between the revenue and expenses referred to as the "structural deficit" for FY2009/10 was \$18.7 million to the County General Fund. This structural deficit, if unaddressed, was projected to grow to \$37.4 million in FY2010/11.

In October 2009, the Board of Supervisors opted to begin to address the overall General Fund Budget Structural Deficit and directed County departments to prepare expenditure reduction plans for FY2009/10. The CAO and County departments provided proposed program reductions equaling

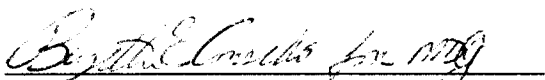
11.33% in operating expenses which were approved in December 2009. The reductions included early retirement incentives, layoffs, and wage modifications which resulted in an estimated reduction of \$8.4 million to the overall structural deficit for FY2009/10 and an estimated \$16 million to ongoing reductions for FY2010/11. Despite significant reductions in expenditures and staff during FY2009/10, it is estimated that the structural deficit in the FY2010/11 County General Fund will be \$16 million due to the projected decline in several revenue streams.

For Work Shop # 3

At the Budget workshop, the Board, CAO, and department heads will: 1) Discuss the status of the current year's budget; 2) Review the trends for revenues and expenditures; and 3) Discuss how these trends affect the preparation of the budget for FY2010/11 and the General Fund Structural Deficit.

To date, County departments have been instructed to prepare a budget request for FY2010/11 that reflects the Board approved reductions made in FY2009/10 and to develop their budget for FY2010/11 with no increase in Net County Cost contribution from the General Fund. While some adjustments are being considered due to revenue losses in FY2009/10, in general, departments have identified and are prepared to share their initial assessment of what a "no increase in net county cost budget" could mean for FY2010/11. County staff will be seeking general guidance and direction from the Board on budget priorities as work continues in the preparation of a Proposed Budget for FY2010/11. The CAO and departments will also be seeking guidance in addressing the projected \$16 million General Fund Structural Budget Deficit for FY2010/11 looking for short term and long term options and strategies. The Board will also be asked to consider several revenue enhancement and automation investment concepts which have been identified and could be incorporated into the budget for FY2010/11.

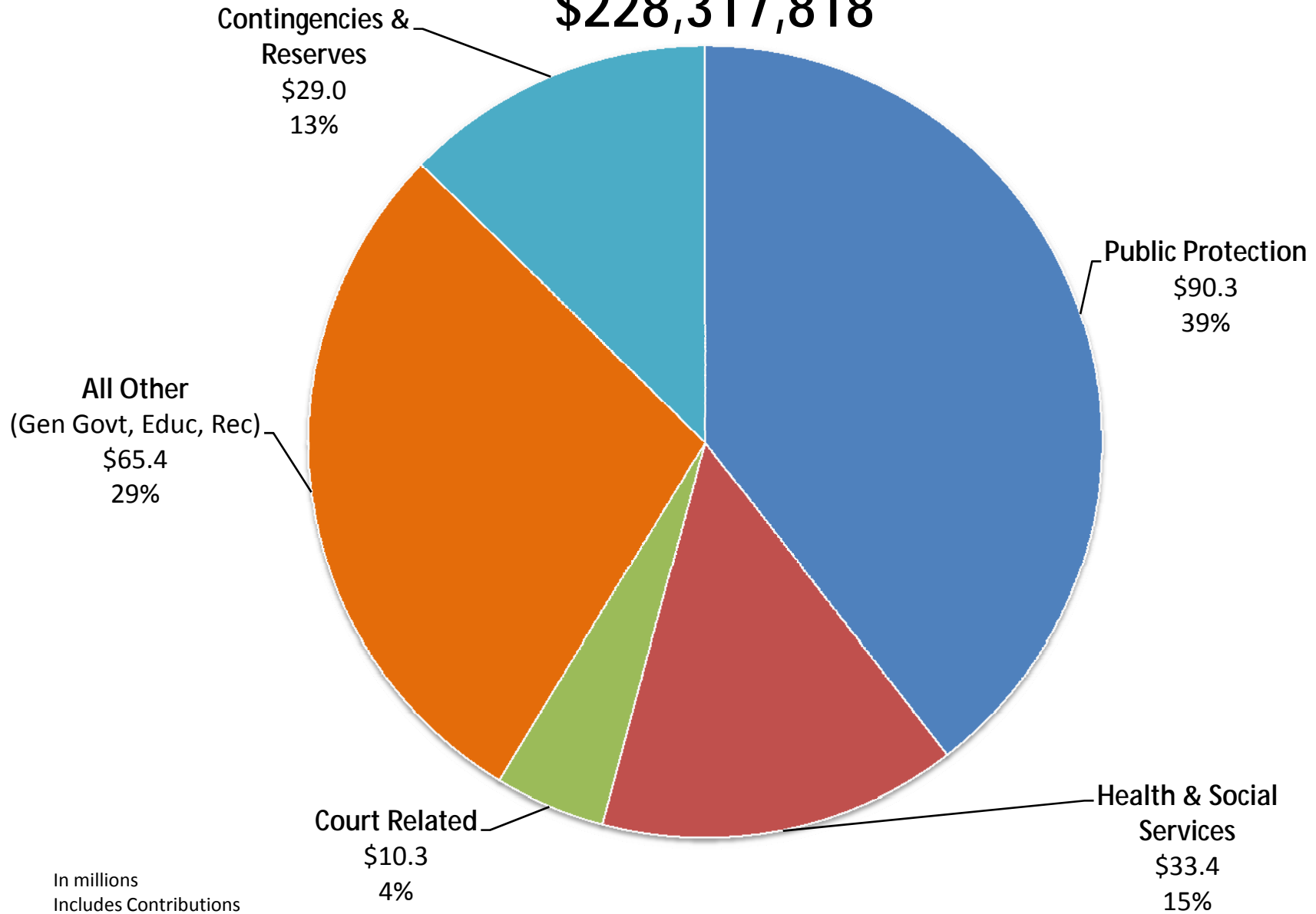
DEPARTMENT HEAD SIGNATURE:


Michael D Johnson, County Administrator

Attachment A: Distribution of FY2010/11 Salaries and Benefits
Attachment B: Revenue Enhancement and Cost Avoidance suggestions and concepts
Attachment C: Technology Solutions to Reduce Future Costs

FY2010/11 Requested General Fund Budget

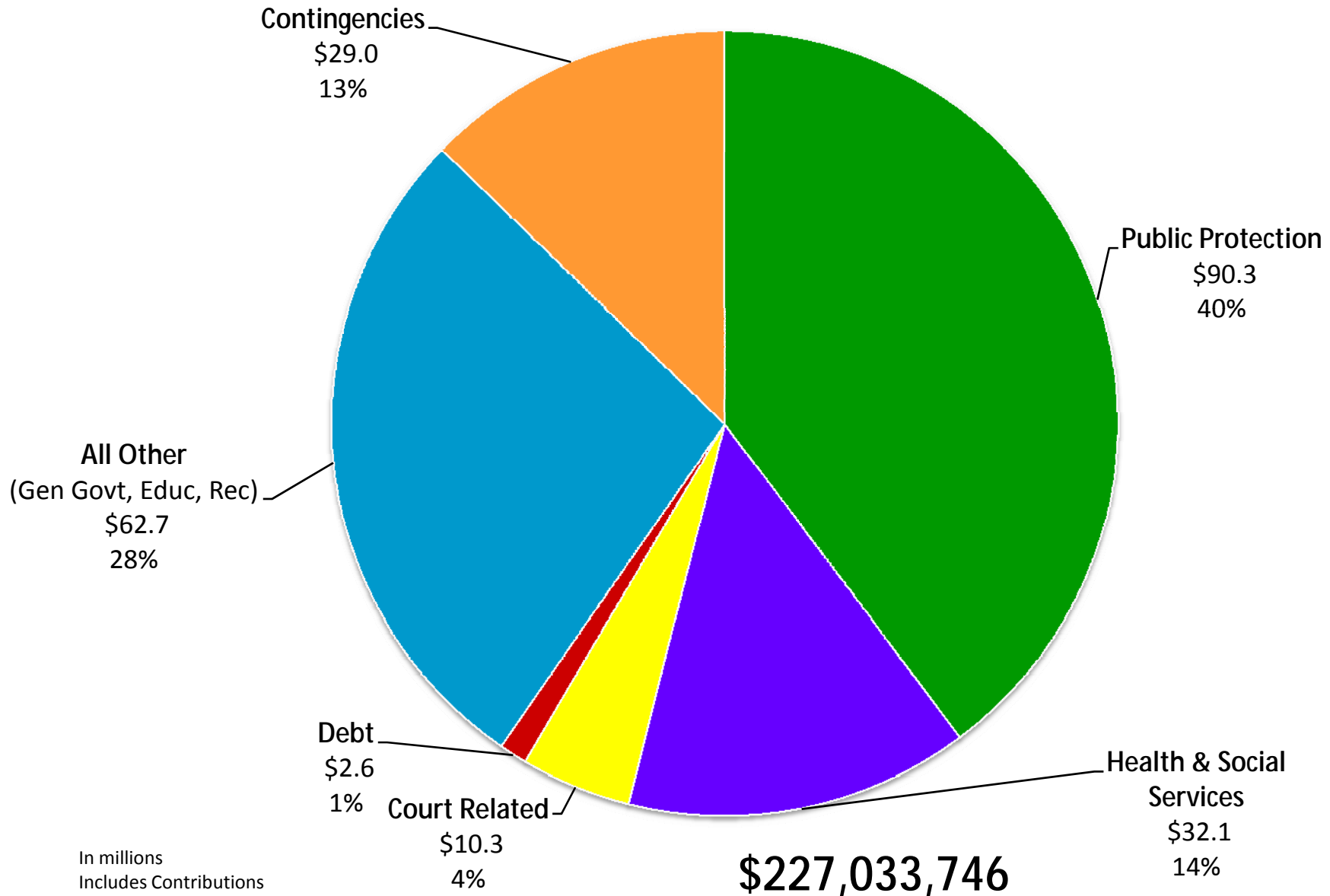
\$228,317,818



In millions
Includes Contributions

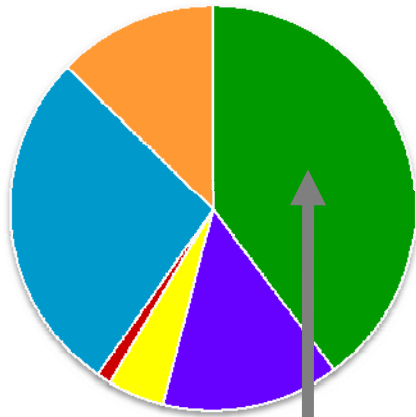
Updated FY2010/11 General Fund Budget

(as of March 29, 2010)



Updated FY2010/11 General Fund Budget

(as of March 29, 2010)

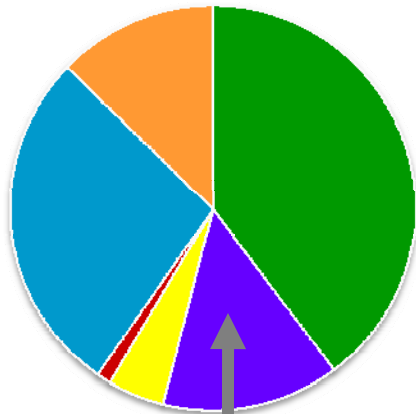


Public Protection
\$90.3 million
40%

Sheriff	\$45,552,217
Coroner Services	1,402,367
Patrol & Investigations	8,401,294
Prisoner Transportation	1,693,961
Emergency Services (OES)	634,196
Jail Operations	25,992,943
Correctional Healthcare	7,427,456
District Attorney	\$10,676,065
Criminal Investigation & Prosecution	10,663,675
Consumer Programs & Fraud Investigations	12,390
Probation	\$19,873,890
Administrative Services & Training	5,936,224
Adult Services	4,283,932
Juvenile Services	2,748,796
Juvenile Hall	6,887,257
Other Programs	17,681
Public Defender & Other Public Defense	\$14,189,986
Public Defender	8,878,632
Conflict Defender	2,311,354
Other Public Defense	3,000,000

Updated FY2010/11 General Fund Budget

(as of March 29, 2010)

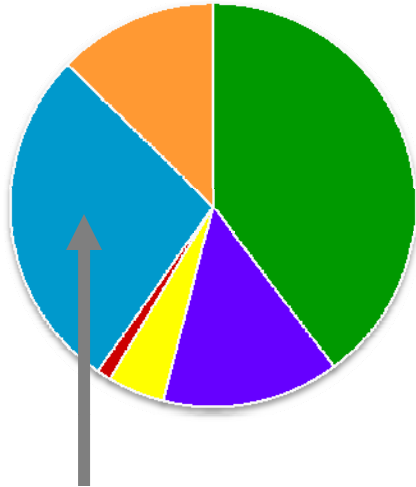


**Health
& Social
Services**
\$32.1 million
14%

Behavioral Health	\$6,995,744
Mental Health	5,791,476
Substance Abuse	1,204,268
Health Services	\$3,627,992
Public Health	2,405,821
Family Health Services	412,623
Medical Services	809,548
Social Services	\$7,364,110
Employment & Eligibility	3,706,160
Child Welfare Services	2,088,102
Older and Disabled Adult Services	1,569,848
Assistance Programs	\$7,397,421
Seriously Emotionally Disturbed	641,651
CalWORKS Family Group	1,079,862
General Assistance	3,065,672
County Only FC Services	124,980
IHSS Individual Provider	2,485,256
Other	\$6,727,022
IHSS	563,704
MSA	2,550,000
Administration	1,648,765
Public Guardian	1,964,553

Updated FY2010/11 General Fund Budget

(as of March 29, 2010)



All Other

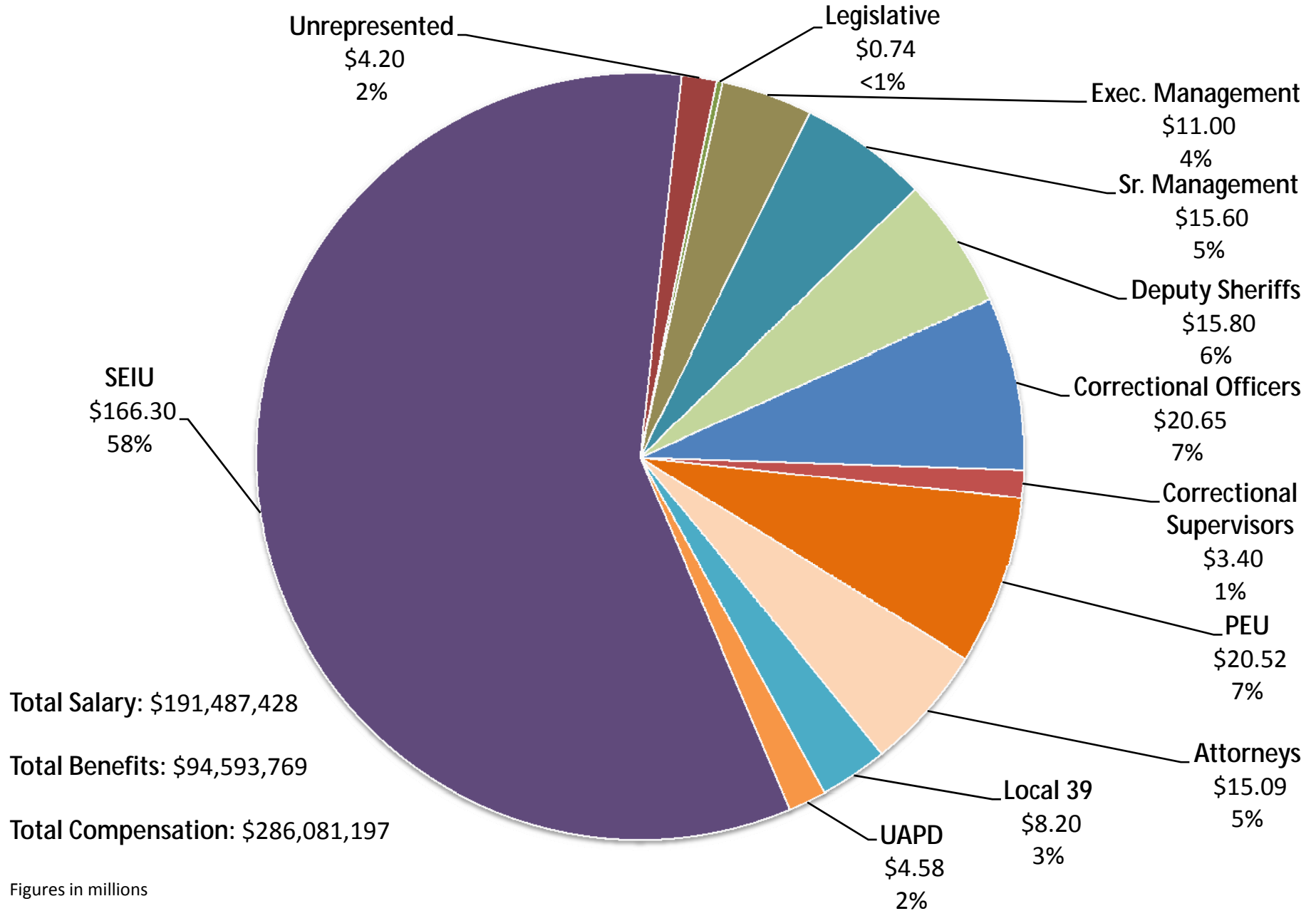
(General Govt., Public Protection, Education, Parks, etc.)

\$62.7 million

28%

General Services	15,070,201
Resource Management	9,362,815
Assessor-Recorder	8,179,734
Auditor-Controller	4,003,855
County Administrator's Office	3,654,064
Treasurer-Tax Collector-County Clerk	3,501,132
All Others	3,338,362
Human Resources	3,306,556
Registrar of Voters	3,301,757
County Counsel	3,211,488
Agricultural Commission	2,766,267
Animal Care	2,350,703
Board of Supervisors	1,864,394
Veteran Services	577,785
Office of Family Violence Protection	520,307
UC Cooperative Extension	295,412

FY2010/11 Total Salary & Benefits by Bargaining Unit



FY2010/11 Total Compensation

All Funds

Total Salary	\$191,487,428
Total Benefits	\$94,593,769
Total Compensation	\$286,081,197

**Benefits equal 33%
of Total Employee Compensation**

For every dollar being spent on salary ...



... we spend another 49 cents on benefits

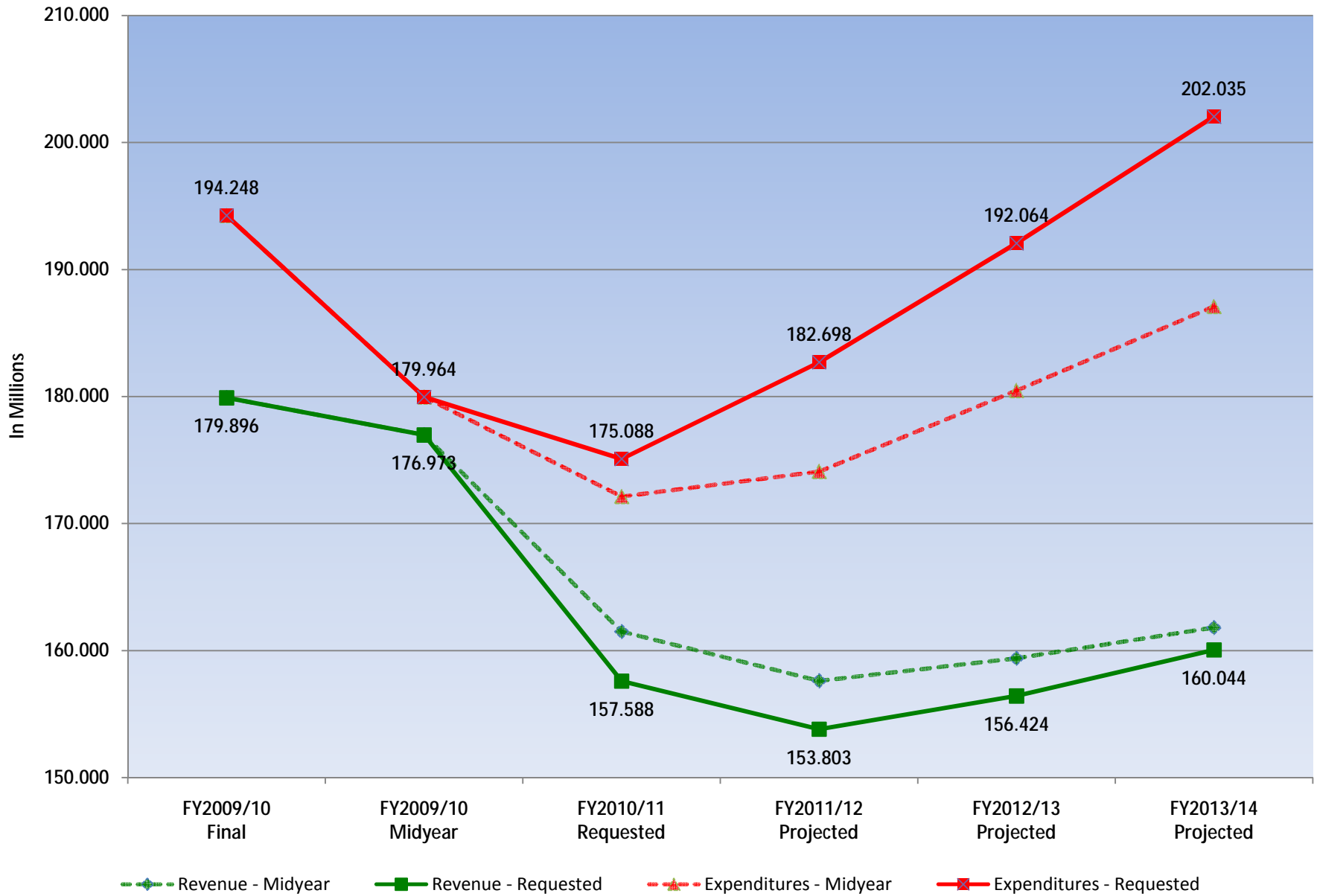


Breakdown of Benefits

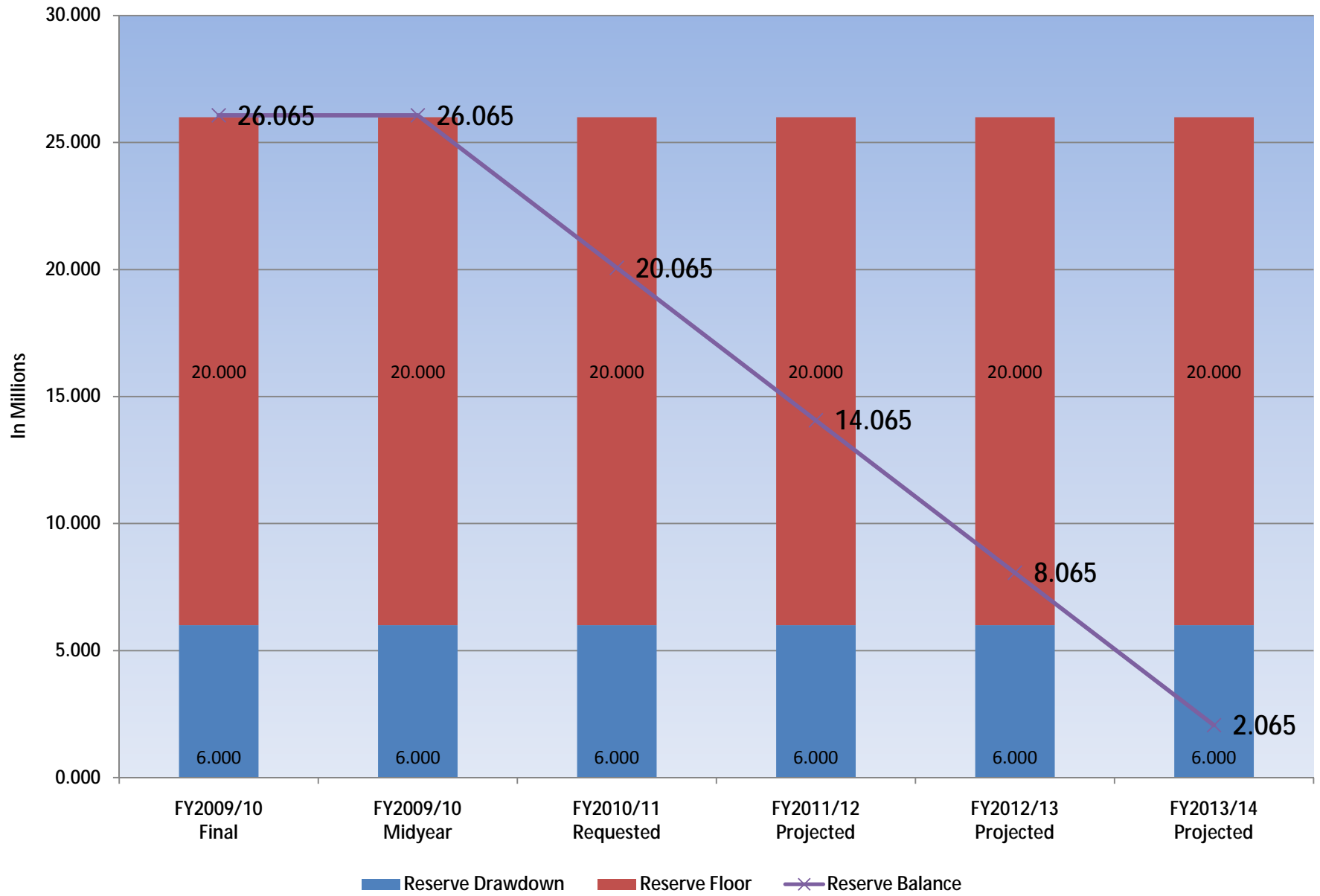
Benefits	% of Salaries
PERS	17.37%
Medical	15.15%
FICA	6.13%
Pension Obligation Bonds (POB)	6.12%
Other Post Employment Benefits (OPEB)	1.99%
Dental	1.42%
Unemployment Insurance	.60%
Vision	.20%
Uniform Allowance	.15%
Life Insurance	.11%
PARS	.10%
Long-term Disability	.07%

	FY2009/10 Final	FY2009/10 Midyear	FY2010/11 Requested	FY2011/12 Projected	FY2012/13 Projected	FY2013/14 Projected
IMPACT ON GENERAL FUND RESERVES						
General Fund Reserves	46.065	46.065	40.065	34.065	28.065	22.065
General Fund Drawdown	6.000	6.000	6.000	6.000	6.000	6.000
Reserve Floor: \$20 million minimum	20.000	20.000	20.000	20.000	20.000	20.000
MEANS OF FINANCE						
Discretionary Revenue Assumptions			-10.25%	-2.85%	1.05%	1.76%
Discretionary Revenue (General Revenues)	145.786	147.092	132.096	128.331	129.679	131.961
Public Safety Revenue Fund Assumptions			-4.00%	4.00%	5.00%	5.00%
Public Safety Revenue Fund (Prop 172)	29.654	24.492	24.492	25.472	26.745	28.083
Total Ongoing Revenues	175.440	171.584	156.588	153.803	156.424	160.044
Accrued Leave	0.500	2.000	0.500	-	-	-
Deferred Maintenance	3.956	3.389	0.500	-	-	-
Total One Time Revenues	4.456	5.389	1.000			
Total Means of Finance	179.896	176.973	157.588	153.803	156.424	160.044
EXPENDITURES						
Fixed Expenditure Changes			3.28%	5.00%	5.00%	5.00%
Variable Expenditures NCC			0.00%	0.00%	0.00%	0.00%
Fixed & Variable Expenditure Assumptions			3.28%	5.00%	5.00%	5.00%
Net County Costs	157.980	136.900	133.098	139.753	146.741	154.078
Payroll Concessions			-			
Court & Court-related MOE		7.213	7.199	7.559	7.937	8.334
Long-Term Debt	2.158	2.158	2.610	2.741	2.878	3.021
Other Public Defense		2.800	3.000	3.300	3.696	4.250
Obligation by Government Codes		3.521	3.689	3.873	4.067	4.270
Public Safety Expense	29.654	24.492	24.492	25.472	26.745	28.083
Prop 172 Shortfall		2.880	-	-	-	-
Total Ongoing Expenditures	189.792	179.964	174.088	182.698	192.064	202.035
Accrual Leave	0.500	2.000	0.500	-	-	-
Deferred Maintenance	3.956	3.389	0.500	-	-	-
Total One Time Expenditures	4.456	5.389	1.000			
Total Expenditures	194.248	185.353	175.088	182.698	192.064	202.035
GENERAL FUND STRUCTURAL DEFICIT	(14.352)	(8.380)	(17.500)	(28.895)	(35.640)	(41.991)
OTHER FINANCING SOURCES/USES TO MITIGATE STRUCTURAL DEFICIT						
From General Fund Reserves	6.000	6.000	6.000	6.000	6.000	6.000
One Time Financing Sources	6.000	6.000	6.000	6.000	6.000	6.000
Use of Fund Balance	(8.352)	(2.380)	(11.500)	(22.895)	(29.640)	(35.991)
IMPACT ON FUND BALANCE						
Contingencies for State Uncertainties	10.000	10.000	10.000	10.000	10.000	10.000
Fund Balance	36.657	38.696	36.316	24.816	1.921	(27.718)

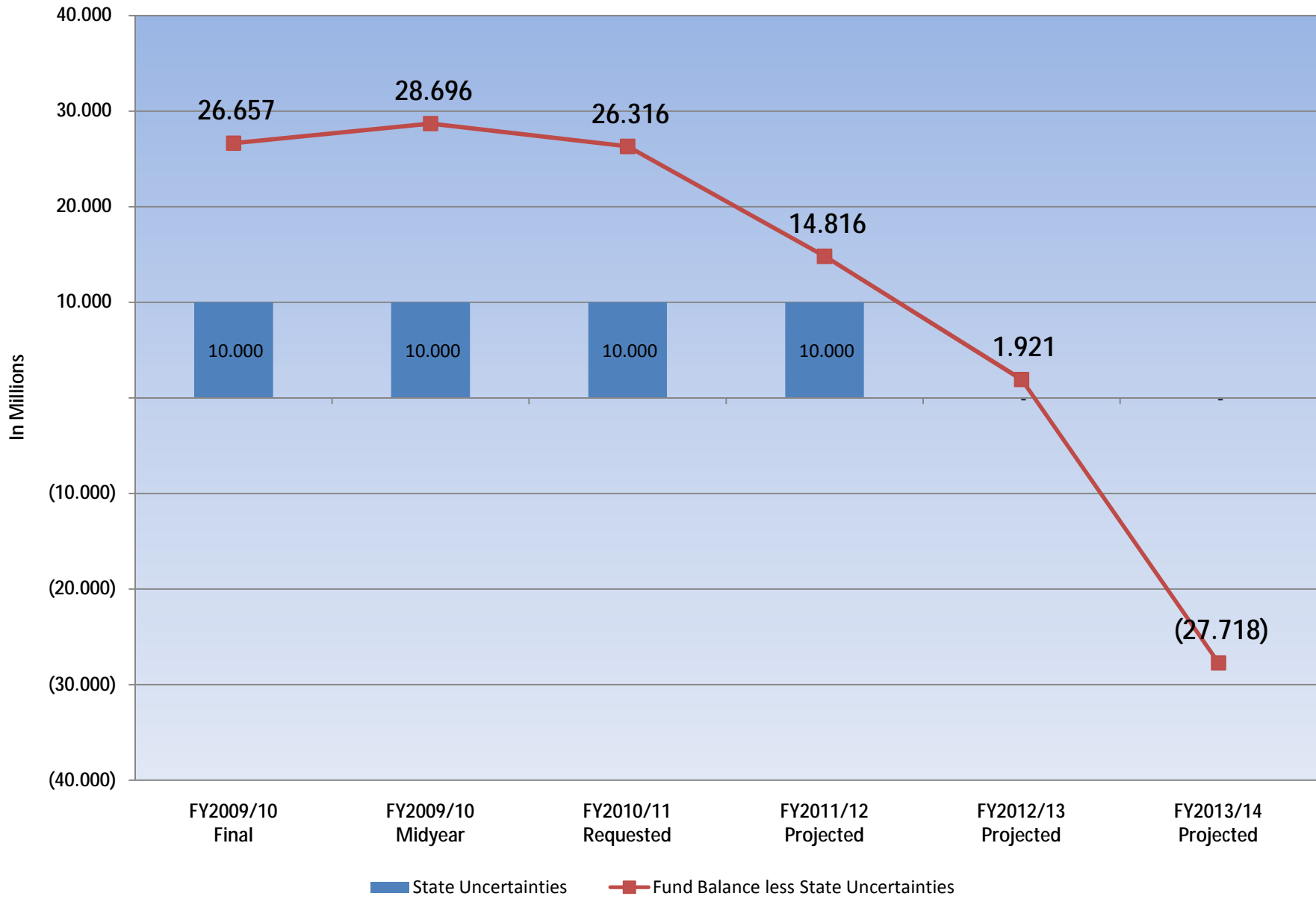
Forecast of Revenue/Expenditures thru FY2013/14



Forecast of General Fund Reserves thru FY2013/14



Forecast of Fund Balance thru FY2013/14



PAYROLL REDUCTION OPTIONS for FY2010/11*

3/30/2010

	GF Share Potential	GF Share Options
Rescind Negotiated COLAs Represented		
SEIU	976,293	-
DSA	96,073	-
Physicians	33,107	-
Total	1,105,473	
Rescind EPMC 6% Represented		
Attorneys	-	-
SEIU	2,625,989	-
DSA	244,012	-
PEU-Unit 06	148,764	-
Skilled Craft - Unit 10	148,511	-
UAPD	33,108	-
Correctional Officers	335,896	-
Correctional Supervisors	57,742	-
PEU - Mid Managers	155,689	-
Total	3,749,711	
COLA EPMC Unrepresented		
Confidential	28,928	-
Legislative	6,282	-
Exec. Management	88,427	-
Senior Management	124,739	-
Mid-Management Confidential	5,627	-
Sr. Management Civil Service	1,217	-
Total	255,220	
37.5 Hour Work Week		
SEIU	2,736,388	-
PEU - Unit 06	154,961	-
Skilled Craft - Unit 10	154,694	-
UAPD	68,973	-
Total	3,115,016	

	GF Share Potential	GF Share Options
Furlough 12 Days		
Attorneys	219,785	-
SEIU	2,012,979	-
PEU - Unit 06	113,995	-
Skilled Craft - Unit 10	113,800	-
UAPD	50,741	-
PEU - Mid Managers	143,991	-
Unrepresented	393,144	-
Total	3,048,435	
Rescind 2 Floating Holidays		
Attorneys	36,631	-
SEIU	335,496	-
DSA	33,014	-
PEU-Unit 06	18,999	-
Skilled Craft - Unit 10	18,967	-
UAPD	8,457	-
Correctional Officers	42,898	-
Correctional Supervisors	7,374	-
Confidential	7,390	-
Total	509,226	
Reduced Cafeteria Plan by \$100 per month		
Attorneys	26,611	-
SEIU	552,037	-
DSA	18,480	-
PEU - Unit 06	15,312	-
Skilled Craft - Unit 10	33,528	-
UAPD	5,478	-
Correctional Officers	43,824	-
Correctional Supervisors	6,336	-
PEU - Mid Managers	26,664	-
Unrepresented	54,173	-
Total	782,443	
Grand Total GF Savings	12,565,524	

*FY2009/10 concessions made by DSA, Attorneys and PEU - Mid Managers are reflected in the FY2010/11 Requested Budget.

**Board of Supervisors
Budget Workshop
March 30, 2010**

Suggestions and Concepts for Revenue Enhancement and Cost Avoidance for Board discussion:

County Fee concepts:

- Affirm Board policy and maintain annual review and update of County fees –100% reimbursement for direct services and user fees (Countywide)
- FY2010/11 Annual Fee Review consider implementing recent State law changes for increasing Recording fees (from \$4 to up to \$10) (Recorder)
- Support legislative changes to increase Forensic fees should be increased (District Attorney)
 - Narcotic fee \$100
 - Alcohol fee \$50
 - Both fees too low for cost recovery
- Review and consider adjustments to existing Franchise Fees as agreements come up for renewal (General Services and County Administrator)
- Consider revision or increases to the County Business License Tax on power generation – currently on wind turbines and solar? (Requires legal process review)
- Consider charges/increases to garbage tipping fees at the landfills (dedicate the increase to health programs (H&SS suggestion))

Potential Cost recovery options and changes:

- Change the way Mental Health Clinicians are budgeted and claimed, may be covered by federal funding (H&SS)
- FMAP extension for Medicaid would provide an 11% increase, of which 5.5% would be County's share(H&SS)
- Reinstigate a financial screener for legal cases to determine ability to pay Public Defender costs (Public Defender, requires Court cooperation)

Cost avoidance Concepts:

- Implement expanded Electronic Monitoring for pre-sentenced suspects where feasible (not housed in detention facilities)
- Review and revisit staffing levels and competencies for legal defense needs in county Public Defender and Conflict Defender offices in conjunction with review of Court appointed Attorney Costs to optimize legal defense coverage and manage costs
- Review and consider investments in technological solutions and automation of labor or cost intensive services and programs
- Review redundant services for possible collaboration and consolidation

Technology Solutions to Reduce Future Costs	Cost/Investment	Savings	Description/Impact	Need for Collaboration	Status
General Government Technology					
Automate Payroll Time and Attendance	\$360,000 appropriated FY2009/10	Automation of both Payroll and Time Study processes - preliminary analysis indicates potential workforce changes for estimated 20 FTEs.	Implement third-party software and integrate to PeopleSoft for Time & Attendance reporting, time studies, labor costing and distribution.	Countywide project-affects all departments.	Currently, in process sufficient funds are appropriated in DoIT's FY2009/10 budget although work will not be completed in FY2010/11.
Automation and workflow improvements to "Procurement to Pay" business process. Purchase order procurement	Low	Reduction of manual, paper-based processes. Improved productivity and financial controls.	Configure IFAS workflow; implement IFAS automated processes, no new software/utilizes existing staff; May need to purchase additional document scanners.	Countywide project-affects all departments.	A pilot workflow process (requisition to PO) is being implemented with the Sheriff's Office. Other Depts. will be added. Additional processes (receipt and payment) will be added later.
Automation and workflow improvements to Personnel Action Form and other HR business processes	\$100K	Reduction of manual, paper-based processes. Improved productivity.	Implement third-party software and integrate to PeopleSoft. Replaces paper document process - implementation with existing staff.	Countywide project-affects all departments.	Funding for software and implementation included in DoIT FY2010/11 requested budget.
Credit /Debit Card/ Electronic Check payments on web and over the counter (eliminate all cash handling if possible).	Low to implement *policy discussion on transaction fees	Reduction in cash handling staff work & charges from bank; could reduce workload and improve controls over cash handling.	Internally developed add-on to web based on new credit/debit card service. Same service available at the counter and over the web. Countywide enables payment of charges with credit cards. Also includes cash less transactions in county detention facilities.	Countywide project; Pursue legislation that would allow fee increases to cover the cost of credit card	In process in FY2009/10; Treasurer taking the lead on finding a new service provider; * Will require Board policy direction on transaction fee after RFP.
Expand Web-Based Applications (intake): Marriage licenses	Low	Reduction of clerical workload; more effective use of department resources; better customer service.	Internally developed add-on to web application; will require some programming cost.	Countywide application (potential), initial Tax Collector/County Clerk DoIT.	Under discussion, potential project for FY2010/11.
Appointment Scheduling - develop/identify software application to enable departments to proceed.	\$50K (software estimate)	Reduction of clerical workload; more effective use of department resources; better customer service.	Third-party software or custom development to develop application to enable departments to do web based or on line appointment scheduling.	Countywide project-possibilities for all departments.	Funding for software and implementation included in DoIT FY2010/11 requested budget.
Integrate document imaging into additional departments- E&ES, Public Defender, Probation.	low for public safety departments, no add'l GF Cost - for H&SS (DHCS MEDS security funds)	Integrating documents will save \$\$ in staff time spent on paper processing, record retrieval, record storage, file access, and record searches.	May leverage current systems or purchase application specifically designed to integrate with CalWin (E&ES). Will need to purchase document scanners, possibly add'l disk space, some new software licenses for departments as they begin.	Countywide project-that needs to continue to expand the use of records imaging.	Requires department staff commitment and purchase of some equipment, is an on-going system that requires department and DoIT support.
Automated Tax Refund system/software solution	?	Automate property tax refunds- staff time savings, currently manual process.	Automate property tax refunds- additional programming for SCIPS & IFAS to allow system to generate refund checks rather than manual retrieval and data entry process.	Auditor/Assessor	
Integrated Voice Recognition/Automated Authentication for transactions	\$50K	Reduction of clerical workload; more effective use of department resources; better customer service.	Using pin ID/or other unique authentication ID - automate data inquiries & transactions via phone systems.	Countywide project-possibilities for all departments.	Project not funded at this time.
Public Safety Technological solutions					
Video communication Applications: jail visitations (Pilot project); other opportunities -arraignments; etc.	Low initial cost	Potential savings from reduced visitation cost @ detention centers, better security, less movement of prisoners and staff coordination workload.	Pilot project would develop and establish video visitation. The technology application could be expanded to create larger savings if applied to arraignment proceedings and other court related appearances in the future.	Sheriff initially, potential savings/or efficiencies for public safety departments, but requires court cooperation.	Initial pilot-jail facility visitation, pending discussions & agreement with courts.

Technology Solutions to Reduce Future Costs	Cost/Investment	Savings	Description/Impact	Need for Collaboration	Status
Web Based Integrated/Automated Court Case Management system	??	potential staff & time savings from duplicate record systems maintained, data entry of records, tracking records	Initial step - batching court system data, but ultimate savings in fully intergraded court system with all public safety departments, needs programming, possible software, and computer equipment.	Sheriff, DA, Public Defender & Conflict defender, Probation, requires Court cooperation to be most effective	Not funded, needs Court cooperation.
Health & Social Services Technological Solutions					
Electronic Health Records	\$800,000 for acquisition/ implementation of HER in Family Health Services (Primary care clinic) funded w/federal HRSA grant, no Co gen Fund	Clerical workload reduced for data input into billing systems, setup /retrieving medical charts; reduction in lost revenues due to denied claims; unclaimed costs, improved quality of patient care (reduced malpractice liability).	Implementation of HER, hopefully a single record (or ability to integrate systems to provide single medical record); improved patient care - all info available to (multiple) providers; federal mandate for 2014; ability to respond to subpoenas & other requests for records.	Within H&SS - Mental Health services, Family Health Clinics, SA & possibly other divisions (would have" read" access); coordinate w/ PHL & local hospitals.	FY2009/10 vendor selection process for FHS underway; development of system requirements for MH & SA in process; FY2010/11 initiate process-multi year project.
Department Specific Technological Solutions					
Electronic poll book	no add'l GF Cost - HAVA funds	Reduction in extra help staff time.	Automate rosters and precinct activates. Possibly reduce number of poll workers. More efficient canvas process will lead to reduction in extra help costs and faster process.		Pilot in process.
Integrate Resource Mgmt permitting software with IVR and on-line application to include inspection scheduling, permit status, automated notifications and zoning information	\$225,000	Cost avoidance for additional staff to respond to permit inquires and inspection scheduling.	Existing third party software available to integrate directly with Accels's PermitsPlus software.		
Wireless inspection & Permit Issuance (Resource Mgmt)	\$150,000	Time saving for field inspectors. Issue "over the counter" permits in field using credit card, time saver for staff and public. Increase in the number of permits issued.	Existing third party software available to integrate directly with Accels's PermitsPlus software.	Resource Management staff, building permit holders.	
AES modules Appeals & Sale/Transfer	\$265,000	With a 400% workload increase due to the real estate market decline. The additional software will allow the Assessor to maintain and update valuations in a timely manner. Thus preserving the roll now and in the future.	Software designed to integrate into the existing property system addressing transfers of property (upwards of \$10,000/yr) and Assessment Appeals utilizing a computer aided valuation model.	Assessor/Auditor-Controller	Awaiting approval of additional funding to purchase additional software modules, to in requested budget FY2010/11.
On-line Special Event Registration - Coordination (Res Mgmt)	\$10,000	Cost avoidance for additional staff. Time saving for inspection staff by creating more efficient event management solution.	On-line application used for registration and management of food vendors for special events.		