



**AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS**

<b>ITEM TITLE:</b> Consider approving the 2011 Financial Report Calendar; 2011 Timeline for Fee Updates; FY2011/12 Budget Preparation Assumptions; and Directing County departments to prepare their FY2011/12 Budget submittals incorporating the Assumptions		<b>BOARD MEETING DATE</b>  February 8, 2011	<b>AGENDA NUMBER</b>  17
<b>Dept:</b> <b>Contact:</b> <b>Extension:</b>	County Administrator Michael D. Johnson 6100	<b>Supervisorial District Number</b>  All	
	<b>Published Notice Required?</b>	Yes _____	No <u>X</u> _____
	<b>Public Hearing Required?</b>	Yes _____	No <u>X</u> _____

**DEPARTMENTAL RECOMMENDATION:**

The County Administrator recommends that the Board of Supervisors:

1. Consider approving the following:
  - a) 2011 Financial Report Calendar;
  - b) 2011 Timeline for Fee Updates;
  - c) FY2011/12 Budget Preparation Assumptions; and
2. Directing County departments to prepare their FY2011/12 Requested Budget submittals incorporating the Assumptions.

**SUMMARY/DISCUSSION:**

The 2011 Financial Report Calendar (Attachment A) denotes significant activities related to financial reports being presented to the Board of Supervisors during calendar year 2011. It ends with the presentation of the 2011 Annual Report on January 3, 2012. This calendar is used by staff to guide the preparation of the various reports, including the FY2010/11 Midyear and Third Quarter Reports, and the FY2011/12 Recommended Budget.

The 2011 Timeline for Fee Updates (Attachment B) is used by staff as a guide to calendar activities related to the update of County fees, including Public Facilities Fees, Booking Fees, Business License Fees and other Countywide Fees.

The FY2011/12 Budget Preparation Assumptions (Attachment C) are used by staff in the development of departmental budget submittals. The assumptions include:

- a. A starting Fund Balance target of \$27,000,000, including an appropriation for Contingencies of \$20,000,000.

- b. Financing Assumptions at this time for the preparation of the FY2011/12 Budget will include the use of \$6 million from Reserves, and \$800,000 from Accrued Leave Payout Reserve, no funds from Deferred Maintenance as this reserve has been depleted, and continued state and federal funding and local fee revenues and charges for services at the same levels as the Midyear projections for FY2010/11.
- c. A structural deficit of \$20,243,000 for FY2011/12, necessitating a minimum reduction totaling \$8 to \$9 million in all departments which have any General Fund support. The structural deficit has increased in spite of County efforts at reducing on-going costs due to a further deterioration in revenues and increased personnel and Assistance Program costs, including expenditures for Retirement, Workers Compensation Insurance, Unemployment Insurance, General Assistance and the County share of In-Home Supportive Services.
- d. General Revenues show a decrease of \$3,763,000, primarily due to the continuing depressed state of the real estate market for residential and commercial properties.
- e. The only labor concessions obtained during FY2010/11 to assist the County in reducing its structural deficit came from Labor Units #3, #4, #13 and #14. These concessions will result in upwards of approximately \$864,000 in savings for the Sheriff's operations.
- f. Unlike FY2010/11, wherein \$1,000,000 was appropriated for Technology Investments to fund automation projects deemed to increase productivity and generate on-going savings, there is no funding included in the initial budget assumptions for FY2011/12. The Department of Information Technology's (DoIT) budget, however, does include \$1,063,000 in funding for essential/critical software systems upgrades and licenses, including the upgrade of the County's Integrated Fund Accounting System (IFAS), PeopleSoft HR/Payroll system, and the license for the use of Pictometry, which is used for GIS applications serving Public Safety agencies in the county.
- g. Direct County Departments that receive General Fund support to work with the County Administrator's office to submit a requested budget based on Midyear projections and include a reduction plan which would reduce total labor costs by 10% over FY2010/11 Final Budget. The County Administrator and Departments are instructed to consider discretionary and mandated levels of services in programs as part of the reduction strategy. Direct the Department of Health and Social Services to work with the County Administrator's office on seeking additional on-going reductions, including rigorous analyses of labor costs and restructuring of service delivery through the possible cessation of discretionary programs and/or decreases in discretionary levels of service delivery.

Not included in the Budget Preparation Assumptions is any possible saving which could be achieved through a recently offered retirement incentive program. On January 11, 2011, the Board approved the establishment of a Supplementary Retirement Plan with the Public Agency Retirement System (PARS) to offer eligible long-time employees an incentive to retire early. Unlike the two previous early retirement incentives through the Public Employees Retirement System, this PARS program does not add any service years towards an employee's retirement, and gives the County greater flexibility in targeting reduction efforts. Eligible employees have until February 25 to inform the County of their intent to retire. The County will have until April 1 to complete an analysis to determine if the supplemental retirement program will provide the desired and necessary savings. If the County moves forward with the program, the employees will retire from the County by April 29. Up to 25% of the long-time employees may be replaced with this program, which uses overall salary savings to pay for the program's costs over five years.

**FINANCING:**

As indicated in the FY2011/12 Budget Preparation Assumptions (Attachment C), projected Fund Balance is \$27 million, which includes a General Fund Contingency of \$20 million. The initial projected structural deficit for the General Fund for FY2011/12, after incorporating the list of assumptions attached to this report and reflecting all reductions and actions taken by the Board and Departments in the current fiscal year, is \$20,243,000. This baseline assumes no additional labor cuts or labor union concessions for FY2011/12 beyond those already agreed to in the MOUs with the Deputy Sheriff's Association, the Correctional Supervisors, the Correctional Officers and taken by management and unrepresented employees. The required reductions amount to a minimum of \$8 to \$9 million in on-going costs for the FY2011/12 Budget and would leave a projected structural deficit for future years of an additional \$12 million barring any further erosion of County revenues.

**ALTERNATIVES:**

Your Board may choose to approve all, any, or none of the recommendations or budget assumptions to be used in the preparation of the FY2011/12 Recommended Budget.

**OTHER AGENCY INVOLVEMENT:**

Information obtained from all County departments was incorporated in this Report.

**COUNTY ADMINISTRATOR SIGNATURE:**

By   
**MICHAEL D. JOHNSON**  
County Administrator

Attachments:

- Attachment A – 2011 Financial Report Calendar
- Attachment B – 2011 Timeline for Fee Updates
- Attachment C – FY2011/12 Budget Preparation Assumptions

County of Solano  
2011 Financial Report Cycle  
County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
1	POB Advisory Committee to determine next fiscal year's POB rate	Mon 11/15/10	Wed 12/1/10	13 days	POB Advisory Board	BC, SPS, CL
2	Schedule Midyear Data Entry Training	Tue 12/14/10	Thu 12/16/10	3 days	CAO	BC, RC
3	Release FY2010/11 Midyear Report instructions	Wed 12/15/10	Wed 12/15/10	1 day	CAO	BC, CR
4	FY2011/12 Salary Projection Training	Wed 12/15/10	Thu 12/16/10	2 days	Auditor	RC
5	Internal Service Funds provide budget information for FY2011/12 Budget instructions	Wed 12/15/10	Fri 1/2/11	28 days	HR, Auditor, General Services, CIO/ACS	Dept. Heads
6	Submit itemized requests to General Services for capital improvements and structural modifications, repairs and small projects, and meet with their staff to discuss requests	Wed 12/15/10	Mon 1/3/11	14 days	All Depts.	Dept. Heads

County of Solano  
2011 Financial Report Cycle  
County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
7	Submit Itemized Automation Improvement Requests and Communication Equipment/Data Cabling Requests to DoIT	Wed 12/15/10	Mon 1/3/11	14 days	All Depts.	Dept. Heads
8	FY2011/12 Requested Budget Salary Project module opens	Mon 12/20/10	Mon 12/20/10	1 day	CAO, Auditor	Dept. Heads
9	General Services to provide CAO with a small project list	Mon 1/3/11	Mon 1/3/11	1 day	General Services	General Services
10	Presentation of 2010 Annual Report to the Board	Tue 1/4/11	Tue 1/4/11	1 day	CAO	MDJ, BC, SP
11	FY2010/11 Midyear Report due to CAO	Fri 1/14/11	Fri 1/14/11	1 day	All Depts.	Dept. Heads
12	Analysis of Midyear Report submitted by Departments	Fri 1/14/11	Tue 1/25/11	8 days	CAO	BC, Analysis

County of Solano  
2011 Financial Report Cycle  
County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
13	Budget information from Internal Service Funds for FY2011/12 Budget Instructions due to CAO	Fri 1/21/11	Fri 1/21/11	1 day	HR, Auditor, General Services, CIO/ACS	Dept Heads
14	Schedule budget preparation system data entry training, IFAS Annual Budget	Fri 1/21/11	Mon 1/24/11	2 days	Auditor	RC
15	Prepare Budget Instructions for FY2011/12 Requested Budget	Fri 1/21/11	Fri 1/28/11	6 days	CAO	BC, CR
16	CAO's office completes Midyear Report	Tue 1/25/11	Tue 1/25/11	1 day	CAO	BC, Analysts
17	Distribute FY2011/12 Requested Budget and Narrative Instructions	Mon 1/31/11	Mon 1/31/11	1 day	CAO	BC, CR
18	Complete input of departmental budget information into budget system and prepare budget worksheets and supporting documentation	Mon 1/31/11	Mon 2/28/11	21 days	All Depts.	Dept Heads

County of Solano  
2011 Financial Report Cycle  
County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
19	Presentation of FY2010/11 Midyear Report to Board	Tue 2/8/11	Tue 2/8/11	1 day	CAO	MDJ, BC
20	Human Resources provides updated Position Allocation List as of January 31, 2011 to Analysts	Thu 2/24/11	Thu 2/24/11	1 day	HR	DT, DC, CR
21	FY2011/12 Requested Budgets with supporting documentation due to CAO Analysts	Mon 2/28/11	Mon 2/28/11	1 day	All Depts.	Dept. Heads
22	Departments prepare FY2011/12 Budget Narratives	Mon 2/28/11	Fri 3/11/11	10 days	All Depts.	Dept. Heads
23	Analysts review recommended new positions with Human Resources	Mon 2/28/11	Fri 3/25/11	20 days	CAO, HR	Analysts, DT, BC
24	Complete meetings between department heads and CAO Analysts	Mon 2/28/11	Thu 3/17/11	14 days	CAO	BC, Analysts

County of Solano  
2011 Financial Report Cycle  
County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
25	FY2011/12 Requested Budget rolled to Recommended Budget	Fri 3/11/11	Fri 3/11/11	1 day	CAO	BC, Analysis
26	FY2011/12 Departmental Budget Narratives due to CAO	Fri 3/11/11	Fri 3/11/11	1 day	All Depts.	Dept. Heads
27	Release FY2010/11 Third Qtr Financial Report Instructions	Wed 3/16/11	Wed 3/16/11	1 day	CAO	BC, CR
28	CAO analysis of FY2011/12 departmental Requested Budgets completed and CAO recommendations provided to departments	Fri 3/25/11	Fri 3/25/11	1 day	CAO	BC, Analysis
29	Deadline for department head appeals with CAO regarding Analysts' budget recommendations	Mon 3/28/11	Wed 3/30/11	3 days	Dept. Heads, CAO	Analysts
30	CAO final decision on department head budget appeals	Wed 3/30/11	Wed 3/30/11	1 day	CAO	MDJ, BC



County of Solano  
2011 Financial Report Cycle  
County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
31	Tabulation of FY2011/12 Recommended Budget	Mon 3/28/11	Mon 3/28/11	1 day	CAO, Auditor	BC, SPS
32	Balance the FY2011/12 Recommended Budget and completion of Summary Schedules	Tue 3/29/11	Thu 4/14/11	13 days	CAO, Auditor	SPS, BC
33	FY2010/11 Third Qtr revenue and expenditure projection completed by departments	Mon 4/4/11	Fri 4/15/11	10 days	All Depts.	Dept. Heads
34	FY2010/11 Third Qtr Report due to CAO	Fri 4/15/11	Fri 4/15/11	1 day	All Depts.	Dept. Heads
35	Auditor to provide property tax information for Property Tax graphs for CAO Budget Message	Fri 4/15/11	Fri 4/15/11	1 day	Property Tax Auditor	SPS, JA
36	Analysis of Third Quarter Report submitted by departments	Fri 4/15/11	Fri 4/22/11	6 days	CAO	BC, Analysts

County of Soiano  
2011 Financial Report Cycle  
County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
37	Reconciliation of Recommended Budget Position Allocation List with Human Resources	Mon 4/25/11	Fri 4/29/11	5 days	CAO, HR	Analysts, DT, BC, CR
38	Complete, budget messages, graphs, charts and 5-Year Fiscal Forecast	Mon 4/25/11	Fri 4/29/11	5 days	CAO	MDJ, BC, CR, SP
39	CAO's office completes FY2010/11 Third Qtr Report	Tue 4/26/11	Tue 4/26/11	1 day	Analysts	BC, Analysts
40	Complete FY2011/12 Budget Narrative review by CAO	Mon 5/2/11	Mon 5/2/11	1 day	CAO	BC, Analysts
41	Request FY2011/12 Supplemental Budget Information from departments	Mon 5/2/11	Mon 5/2/11	1 day	CAO	BC, Analysts
42	FY2011/12 Supplemental Budget Information due to CAO	Mon 5/2/11	Fri 5/13/11	10 days	All Depts.	Dept. Heads, Analysts

County of Solano  
2011 Financial Report Cycle  
County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
43	Submission of FY2010/11 Third Quarter Report to Board of Supervisors	Tue 5/3/11	Tue 5/3/11	1 day	CAO	MDJ, BC, Analysts
44	Complete Final Review of FY2011/12 Recommended Budget (Proofreading, correction and pagination of document)	Tue 5/3/11	Fri 5/13/11	9 days	CAO	BC, Analysts
45	FY2011/12 Recommended Budget document to printer	Mon 5/16/11	Mon 5/16/11	1 day	CAO	BC, CR
46	FY2011/12 Recommended Budget available to Board, public and posted on County website	Mon 5/23/11	Mon 5/23/11	1 day	CAO	BC, CR, SP
47	Completion of Budget in Brief and preparation for FY2011/12 Recommended Budget presentation	Mon 5/23/11	Fri 5/27/11	5 days	CAO	MDJ, BC, Analysts
48	Board of Supervisors briefing of the Recommended Budget	Tue 5/31/11	Fri 6/10/11	9 days	CAO	MDJ, BC, Analysts

County of Solano  
2011 Financial Report Cycle  
County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
49	Public Notice of Budget Hearing on June 20, 2011	Fri 5/27/11	Fri 5/27/11	1 day	CAO	BC, PC
50	Distribution of Year-End procedures to Departments	Mon 6/6/11	Fri 6/10/11	5 days	Auditor	PT, RC
51	Year-End Procedures Workshop	Wed 6/8/11	Thu 6/9/11	2 days	Auditor	RC
52	FY2011/12 Budget Hearings (Not to exceed 14 calendar days)	Mon 6/20/11	Fri 6/24/11	5 days	BOS, CAO, Depts.	MDJ, BC, SPS, Analysts
53	Auditor and CAO reconciliation and tabulation of changes made during Budget Hearings	Mon 6/27/11	Fri 7/15/11	15 days	CAO, Auditor	BC, SPS
54	Final cash balance all funds	Fri 7/1/11	Fri 7/1/11	1 day	Auditor, CAO	PT, SPS, BC

County of Coliano  
2011 Financial Report Cycle  
County Administrator's Office

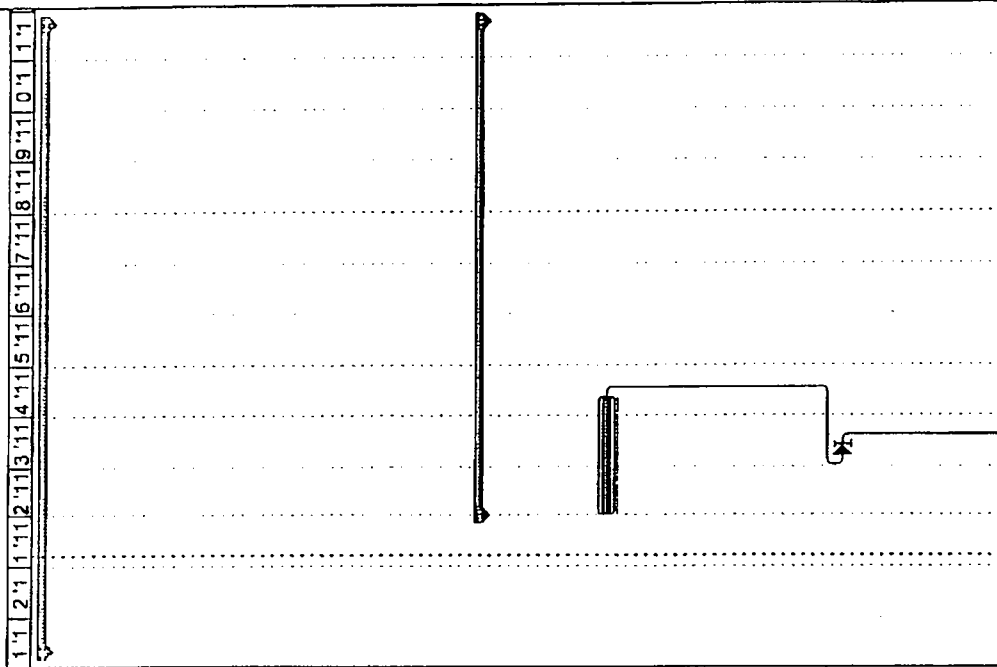
ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
55	Final reconciliation of Position Allocation list (CAO and Human Resources)	Fri 7/1/11	Thu 7/7/11	5 days	HR	DT, BC, Analysts
56	Prepare and Submit Adopted Budget document to the State (on or before December 1, 2011)	Tue 7/5/11	Mon 11/21/11	100 days	Auditor	SPS, PT, RC
57	Close books for FY2010/11	Mon 7/18/11	Fri 7/22/11	5 days	ACO, Depls.	SPS, PT
58	Calculation of Final Fund Balance FY2010/11	Fri 7/22/11	Fri 7/22/11	1 day	Auditor	PT, SPS
59	Distribute 2011 Annual Report instructions	Fri 7/29/11	Fri 7/29/11	1 day	CAO	BC, SP
60	Review of FY2010/11 Year-End variance by CAO/Auditor	Mon 8/15/11	Fri 8/19/11	5 days	CAO	BC, SPS, Analysts

County of Solano  
 2011 Financial Report Cycle  
 County Administrator's Office

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
61	Release of FY2011/12 Adopted Budget	Thu 9/15/11	Thu 9/15/11	1 day	Auditor, CAO	SPS, PT, RC
62	2011 Annual Report Information due to CAO	Fri 10/7/11	Fri 10/7/11	1 day	All Depls.	Dept. Heads
63	Presentation of 2011 Annual Report to Board	Tue 1/3/12	Tue 1/3/12	1 day	CAO	MDJ, BC, SP

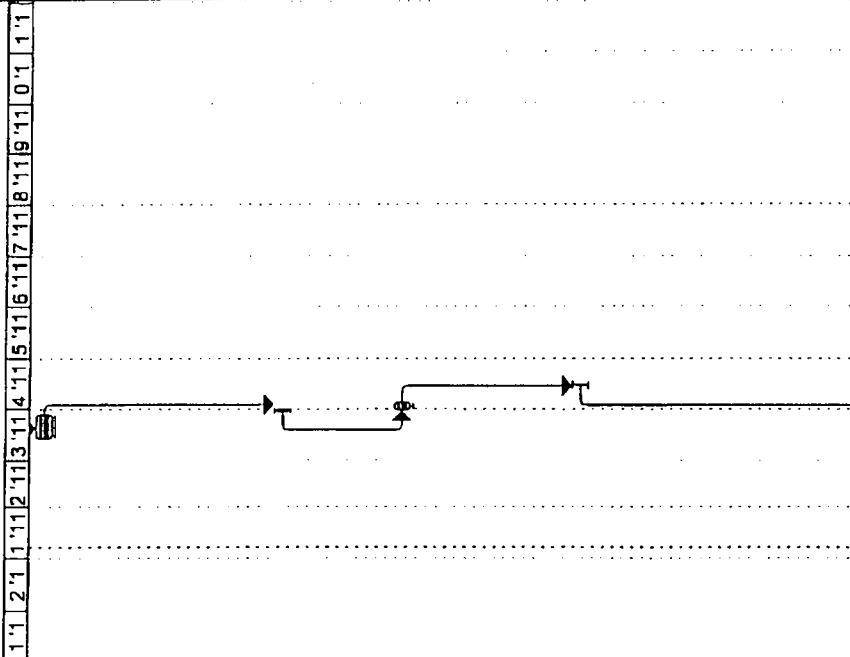
**County of Solano  
2011 Timeline for Fee Updates  
County Administrator's Office**

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
0	Fee Timelines					
1	A) Public Facilities Fees; B) Booking Fees; C) Business License Fees; and D) Countywide Fees	Thu 11/11/10	Tue 11/22/11	269 days	CAO, Auditor	RG, LZ, JA
2	A) Public Facilities Fees:	Tue 2/1/11	Tue 11/22/11	211 days	CAO	RG
3	Begin work with Consultant on annual update of Public Facilities Fees	Tue 2/1/11	Mon 4/11/11	50 days	CAO	RG
4	Receive draft report on Public Facilities Fees from Consultant	Mon 3/14/11	Mon 3/14/11	1 day	CAO	RG, BC



**County of Solano  
2011 Timeline for Fee Updates  
County Administrator's Office**

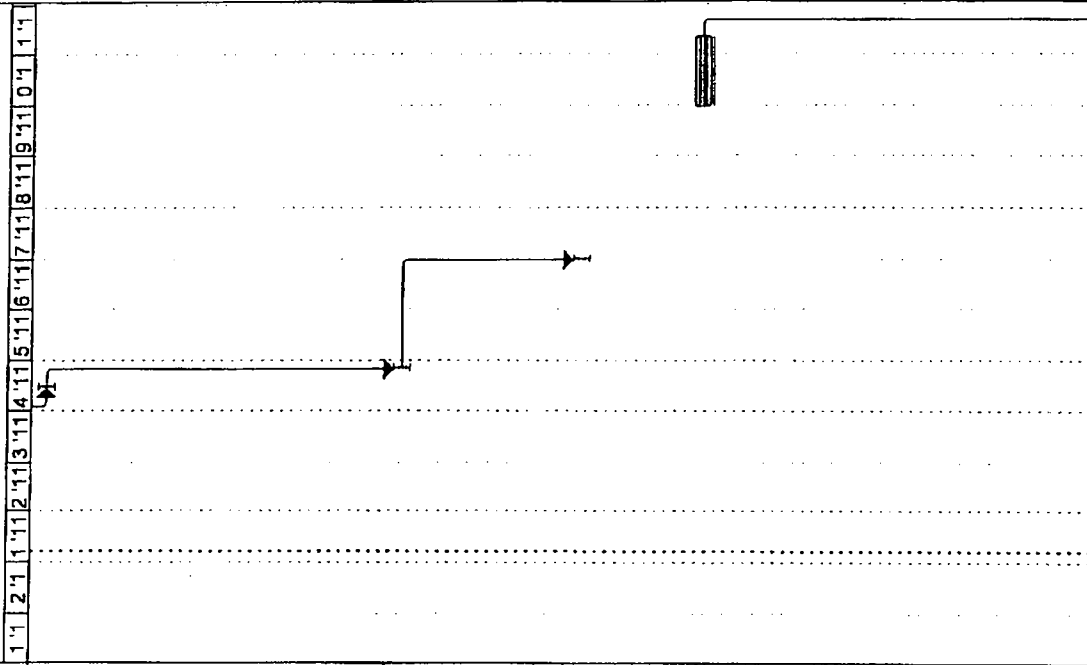
ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
5	Distribute to Auditor, General Services, County Counsel and CAO for review/comments	Mon 3/14/11	Mon 3/28/11	11 days	CAO	RG, SB
6	Provide feedback to Consultant	Wed 3/30/11	Thu 3/31/11	2 days	CAO	RG, BC
7	Consultant finalizes report and provides copies to County	Thu 3/31/11	Mon 4/4/11	3 days	CAO	RG, BC
8	Notify cities and interested builders of proposed Public Facilities Fee adjustments	Fri 4/15/11	Fri 4/15/11	1 day	CAO	RG





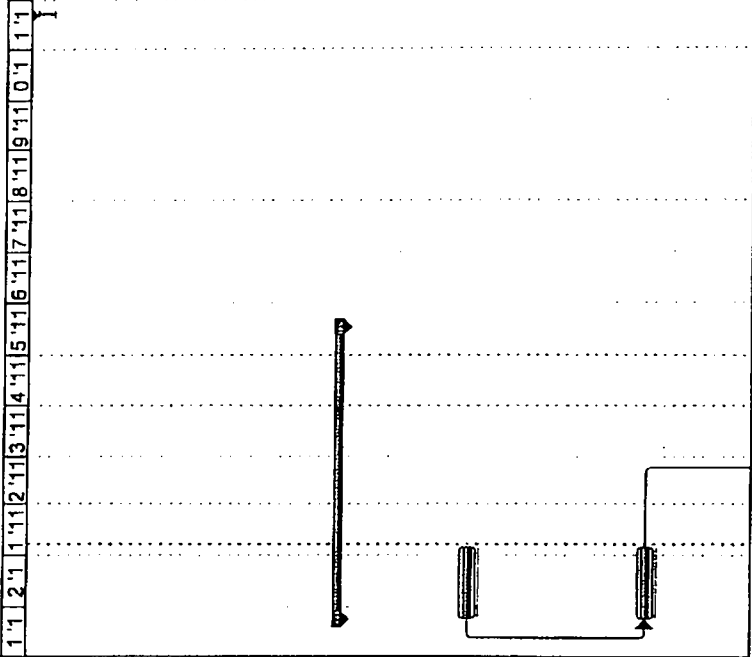
**County of Solano  
2011 Timeline for Fee Updates  
County Administrator's Office**

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
9	Schedule and Notice Public Hearing to adopt updated Public Facilities Fees (adjusted fees will go into effect July 1, 2010)	Fri 4/15/11	Fri 4/15/11	1 day	CAO	RG, PC, BC
10	Conduct Public Hearing for Public Facilities Fees	Tue 4/26/11	Tue 4/26/11	1 day	CAO	RG, BC
11	New rates go into effect	Fri 7/1/11	Fri 7/1/11	1 day	CAO	RG, BC
12	Coordinate with Auditor Controller's Office and General Services to prepare Annual Capital Facilities Budget Disclosure Report through June 30, 2010	Fri 9/30/11	Fri 11/11/11	31 days	CAO	RG, BC



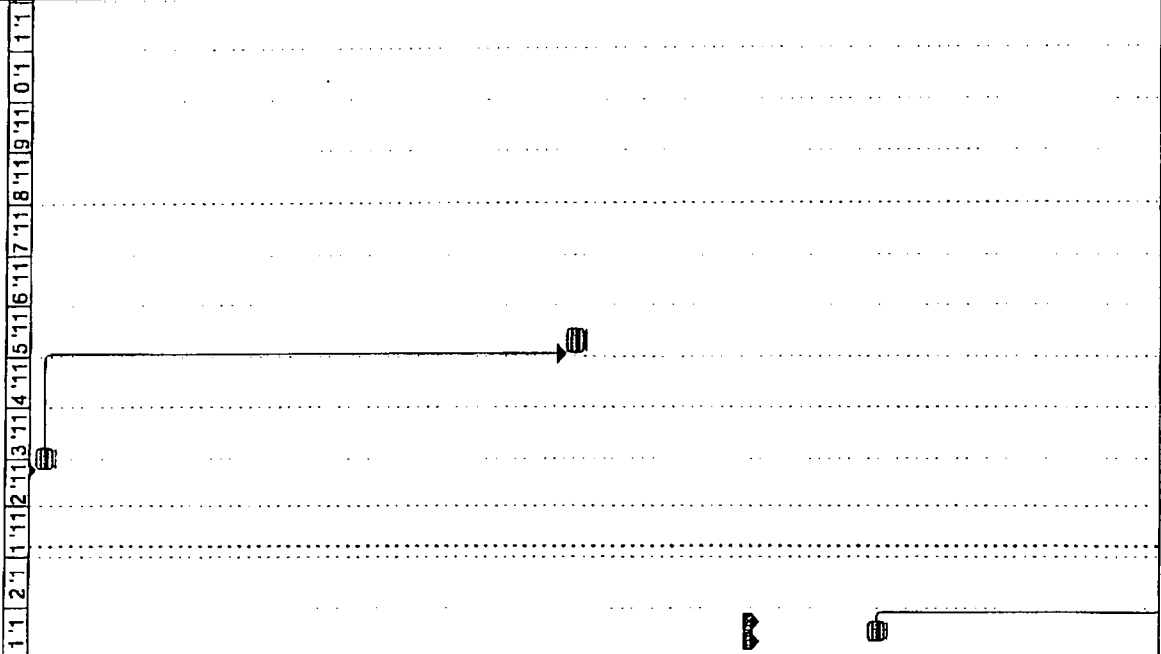
**County of Solano  
2011 Timeline for Fee Updates  
County Administrator's Office**

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
13	Presentation to Board of Supervisors (Annual Disclosure requires board approval prior to end of year)	Tue 11/22/11	Tue 11/22/11	1 day	CAO, Auditor, GS	RG, KO
14	<b>B) Booking Fees:</b>	Wed 11/24/10	Tue 5/17/11	125 days	CAO	LZ, JA
15	Begin working on Booking Fee review and update	Wed 11/24/10	Wed 1/5/11	31 days	Auditor, CAO	JA, LZ
16	Notify Cities of updated Booking Fees	Wed 11/24/10	Wed 1/5/11	31 days	Auditor, CAO	JA, LZ



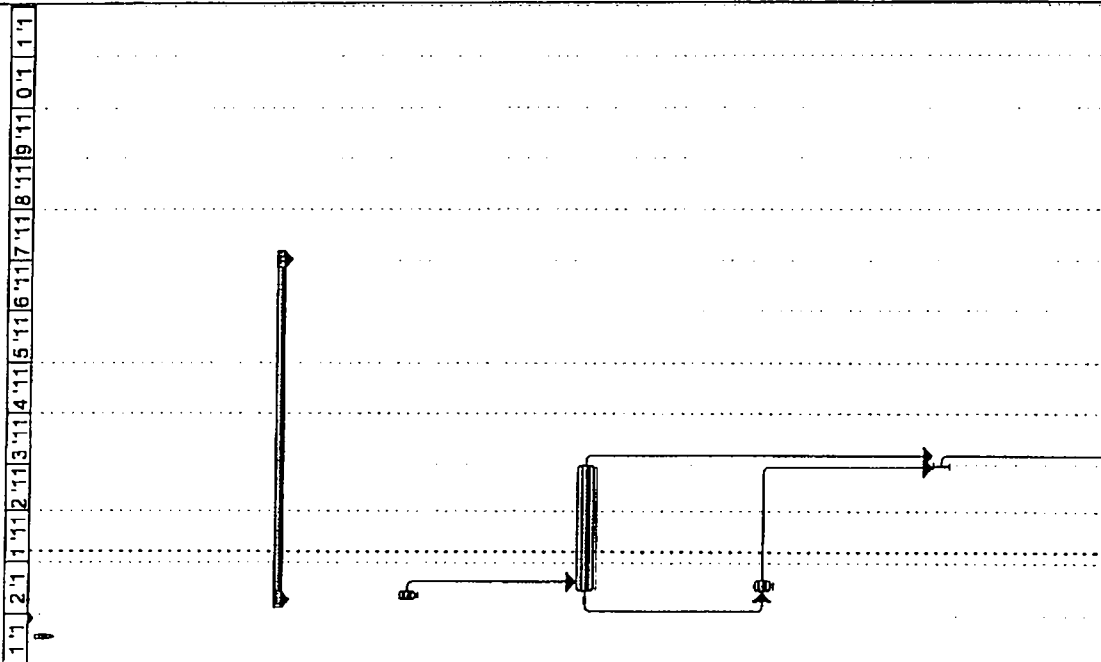
**County of Solano  
2011 Timeline for Fee Updates  
County Administrator's Office**

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
17	Present Booking Fee Report to Board of Supervisors. Set date for Public Hearing. Hearing date must be noticed (published and mailed to local jurisdictions) 45 days in advance of scheduled date	Wed 2/23/11	Mon 3/7/11	9 days	Auditor	SPS, JA
18	Conduct hearing of new booking fees effective July 1, 2011	Tue 5/3/11	Tue 5/17/11	11 days	Auditor	JA
19	C) Business License Fees:	Thu 11/11/10	Mon 11/22/10	8 days	CAO	RG
20	Calculate Solid Waste Business License Fee increases (tied to San Francisco CPI Index)	Thu 11/11/10	Mon 11/22/10	8 days	CAO, Res. Mgmt.	RG, MDJ, BC



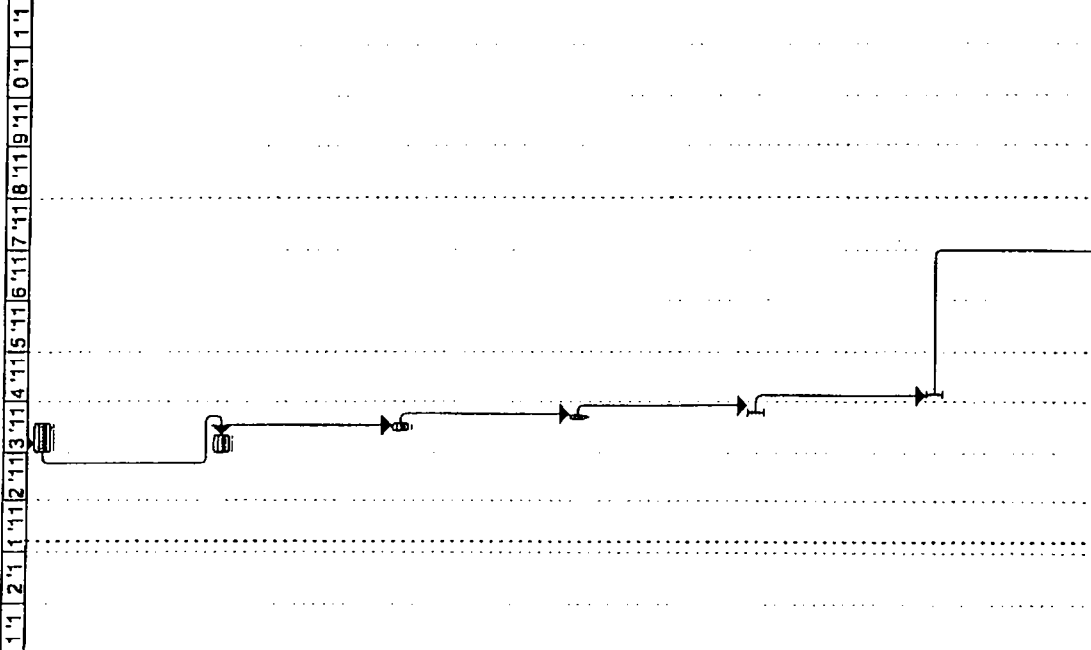
**County of Solano  
2011 Timeline for Fee Updates  
County Administrator's Office**

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
21	Notify Landfills of annual Solid Waste Business License Fee increases	Tue 11/16/10	Thu 11/18/10	3 days	CAO, Res. Mgmt.	RG, MDJ, BC
22	D) Countywide Fees:	Fri 12/10/10	Fri 7/11/11	146 days	CAO	RG
23	Meet with Auditor Controller staff to confirm process and timelines	Fri 12/10/10	Tue 12/14/10	3 days	CAO	RG, SPS, PT
24	Notify departments to begin comprehensive review of their fees	Wed 12/15/10	Mon 2/28/11	54 days	CAO	RG
25	Provide each department with a table of their fees	Wed 12/15/10	Tue 12/21/10	5 days	CAO	RG
26	Departments complete review of fees and provide support to CAO	Mon 2/28/11	Mon 2/28/11	1 day	CAO	RG



**County of Solano  
2011 Timeline for Fee Updates  
County Administrator's Office**

ID	Project	Start	Finish	Actual Duration	Lead Dept	Staff
27	Auditor-Controller review of each department's methodology	Tue 3/1/11	Fri 3/18/11	14 days	Auditor	RG, SPS
28	CAO reviews fee requests submitted by each department	Tue 3/1/11	Fri 3/11/11	9 days	CAO	RG, Analysts
29	CAO prepares staff report supporting new Countywide Fees	Mon 3/14/11	Fri 3/18/11	5 days	CAO	RG
30	Auditor-Controller and departments review staff report	Mon 3/21/11	Wed 3/23/11	3 days	Auditor	SPS, PT
31	Schedule Public Hearing to adopt updated Countywide Fees	Fri 3/25/11	Fri 3/25/11	1 day	CAO	RG, PC
32	Conduct Public Hearing for Countywide Fees	Tue 4/5/11	Tue 4/5/11	1 day	CAO	RG





## FISCAL YEAR 2011/12 BUDGET PREPARATION ASSUMPTIONS

### General Fund Net County Cost:

- The County's structural deficit for FY2011/12 is projected at \$20,243,000, down \$3,138,000 (13.4%) from the \$23,382,000 projected for FY2011/12 in June 2010. Departments will be tasked to implement specific target reductions amounting to \$8,000,000 in on-going costs in their FY2011/12 Budget requests.
- Projected Fund Balance is \$27,000,000, which includes an Appropriation for Contingencies of \$20,000,000.

### Labor Costs:

- Position Allocations: Deletion of positions from the Allocation List took place in the following occasions during FY2010/11. The FY2011/12 Budget thus reflects 48.35 FTE positions less than FY2010/11.
  - On September 14, 2010, the Board received a report on the Early Retirement Incentive (ERI) offered through August 23, 2010, which resulted in the deletion of 11.0 FTE positions. The 11 ERIs are anticipated to result in approximately \$502,000 in savings to the General Fund in FY2011/12.
  - On October 26, 2010, as a result of three previous Board Workshops held on Mandated/Discretionary departmental programs, a net 23.7 FTE vacant positions were deleted.
  - On December 7, 2010, the Board implemented the deletion of a net 13.65 FTE positions recommended for deletion at the earlier Workshop. Of the deleted positions, 11.65 FTE were filled positions.
- Labor Negotiations: Of all of the Labor Unions representing County employees, only Labor Units #3, #4, #13 and #14 have agreed to concessions to assist the County in reducing its structural deficit. As a result, labor costs for the Sheriff's Office are decreasing. Following are significant concessions agreed to by these Labor Units:
  - The Labor Units' members' pick-up of 6% (from original 9%) of the Employer Paid Member Contribution (EPMC) will result in about \$864,000 savings.
  - DSA Units #3 and #4 will pick up the last 3% of County-paid EPMC starting the June 10, 2011 pay-period.
  - The implementation of a second-tier retirement plan for members of Labor Units #3, #4, #13 and #14 employed after January 9, 2011 will also result in some savings.
- Cost of Living Adjustments (COLA): No increases in FY2011/12 for County employees except for the following:
  - Deputy Sheriff's Association (DSA), Labor Bargaining Units #3 and #4 -- Salary adjustment to market median effective October 2, 2011.
- Retirement (PERS) Rates: Retirement rates vary for each of the individual department's employees, depending on the terms of the MOU of the employee's Bargaining Unit. Due to the California Public Employee Retirement System's (CalPERS) recent investment losses and the current design of the County's retirement benefit plans, the County's share of retirement rates are increasing as shown below:
  - Miscellaneous, from 12.1% in FY2010/11 to 14.333% in FY2011/12.
  - Safety, from 14.8% in FY2010/11 to 18.427% in FY2011/12.

Resolution No. 2010-158, which declares the Board's intent to negotiate changes to the design of retirement plans and correspondingly amend the County's contract with CalPERS, was adopted on June 29, 2010. The MOUs recently approved by the Board with Units #3 and #4 of the DSA, and Units #13 (Correctional Officers) and #14 (Correctional Supervisors), initiated changes to the County's retirement plans, lowering future retirement costs. The FY2011/12 Budget does not include any other retirement plan changes.

In spite of the changes to the design of the County's retirement plans for its Safety employees, the FY2011/12 Budget reflects a cost increase of around \$1,264,000 due to CalPERS' increase in its retirement rates for Safety. In contrast, the cost increase for the Miscellaneous employees in General Fund departments is estimated at \$578,000.

- Pension Obligation Bonds (POB): The amount needed to pay the principal and interest in FY2011/12, as a percentage of the total payroll, results in the following rates:
  - Miscellaneous – 6.125% (FY2010/11's rate was 6.093).
  - Safety – 6.421% (FY2010/11's rate was 6.201).As the County's workforce is reduced, the POB rate per employee increases.
- Workers Compensation Insurance: Because of rate holidays amounting to \$9.54 million over the past four fiscal years (including a rate reduction of approximately \$3 million in FY2010/11), Workers Comp loss reserves have been depleted. Unable to continue providing a rate holiday, a \$2,966,000 increase in rates (over the FY 2010/11 rates) is now needed, based on the actuarial report prepared by the County's consultant in December 2010, and an 80% Confidence Level. The County has used an 80% Confidence Level over the past several years. To partially mitigate this sizeable increase, the FY2011/12 rates have been developed still using the consultant's actuarial report, but temporarily dropping the Confidence Level to 75%, resulting in an increase of \$2,489,000 (instead of the \$2,966,000) over the FY2010/11 rates.
- Liability Insurance: The Liability Insurance loss reserve currently stands at \$1.15 million. An additional \$969,000 increase in Fund Balance is projected for the FY2010/12 Midyear. Additionally, the number of claims has been declining over the past two years. Thus, with the intent of assisting departments mitigate the increase in the Workers Comp rates, the FY 2011/12 Liability rates have been developed with the loss reserve balance kept at \$1,000,000. As a result, the FY2011/12 Liability rates show a decrease of \$1,058,000 from the FY2010/11 rates.
- Unemployment Insurance: Due to staffing reductions over the past two years, and because of increased costs of claims primarily brought about by a change in the law, there is a need to increase the rates. Past years' rate holidays have depleted the loss reserve too; moreover, a deficit of \$482,000 is projected for FY2010/11. Therefore, an increase of \$1,052,000 over FY2010/11 is now required to eliminate the current year deficit and provide for next Fiscal Year's expenditures. This increase translates to the Unemployment Insurance rate increasing from 0.0060 to 0.0125.
- Medical Insurance Cafeteria Plan:
  - The medical insurance Cafeteria Plan for unrepresented managers, including legislative, executive, senior and mid-management – confidential reflect the reduction from 80% to 75% of the CalPERS Kaiser Bay Area Region family rate.
  - Per the MOU with Unit 14 (Correctional Supervisors), the Cafeteria Plan will continue reflecting 80% of the CalPERS Kaiser Bay Area Region family rate for 2011 and 2012.



### **Services & supplies:**

- **Refreshment of Personal Computers (PC):** Countywide, PCs have not been refreshed systematically over the past several FYs. DoIT identified and recommends the refreshment of 874 PCs in FY2011/12 at an estimated cost ranging from \$1,246 to \$2,347 each. DoIT will be consulted about the PC's configuration the department will need prior to purchase. These PCs are over five years old, out of warranty and their operating system is no longer supported by the vendor. The replacement of these PCs is of the highest priority for DoIT and required for, among other reasons, the mitigation of the security risk exposure to the County's network, and to improve employee productivity. Moreover, since DoIT does not have the reserves to refresh the required number of PCs, and because DoIT does not keep track of staffing reductions, departments are requested to budget the appropriate amounts for the refreshment of PCs, in accordance with what they can absorb within their FY2011/12 budgets.
- **Information Technology Investments and System Upgrades:** \$1,000,000 was appropriated in FY2010/11 for Technology Investments (efforts to reduce departments' ongoing costs through automation). There will be nothing appropriated for FY 2011/12 to offset the inclusion of appropriations in the DoIT budget for the upgrades of the County's IFAS system (\$500,000) and the PeopleSoft HR (\$100,000) system, and for licenses - \$253,000 for PeopleSoft, and \$210,000 (partially offset by 50% share from the cities) for Pictometry used for GIS applications serving Public Safety agencies.

### **Contractual services:**

- **Airport Land Use:** The proposed expansion of the Nut Tree Airport was approved by the Board on December 14, 2010. Funding in the amount of \$388,000 is included in the FY2011/12 budget for a consultant to continue work initiated in FY2010/11 on an integrated process to include the Nut Tree Master Plan, Airport Land Use Compatibility Plan (ALUCP) update and Environmental Impact Report. The integrated process is expected to yield time efficiencies and cost savings over what is typical if the processes were to occur separately.

### **Fixed assets:**

- Equipment valued \$5,000 or more is a Fixed Asset and is capitalized. The FY2011/12 Budget includes the following changes:
  - The appropriation for the purchase of Fleet vehicles reflects a \$120,000 increase to \$1,450,000 from the FY2010/11 Budget, based on the replacement schedule of two years for patrol vehicles and nine years for other fleet vehicles.
  - The appropriation for Fixed Assets in Information Technology shows an increase of \$258,000, primarily due to software upgrades needed for Network Administration and Cisco Call Manager system governing the County's Voice over Internet Protocol routing system.

### **Capital projects:**

- Construction of the Wm. J. Carroll Government Center Project, a new 35,000 sq. ft. Clinic/Office building in Vacaville, is projected to begin early in the Fiscal Year. Funding for the Project in the amount of \$19,072,000 is included in the FY2011/12 Budget.

**Revenue – General Revenues (compared to FY2010/11 Midyear Projection):**

- Current Secured taxes are anticipated to decrease by 4% to \$52,098,000, primarily reflecting the continued depressed real estate market for residential and commercial properties.
- Current Unsecured taxes are projected to increase 2% to \$2,712,000, due to significant number of appeals from large businesses still pending.
- Receipts from Sales and Use taxes are expected to remain flat at \$1,500,000, consistent with State-wide trends.
- Property Transfer taxes, indicative of the slowdown in real estate sales, are expected to remain flat at \$1,600,000.
- Property Taxes in Lieu of VLF are anticipated to decrease by 2% when compared to the FY 2010/11 Midyear Projections, to \$37,418,000, reflecting the change in the decrease of valuations as of lien date.
- Unitary Tax is projected to grow 2% over Prior Year Actual, to \$2,651,000, consistent with prior years' actuals.
- A decrease of 2% to \$17,550,000 is projected for Redevelopment Pass-through due to anticipated changes in Assessed Values within Redevelopment project areas. Most of the redevelopment areas are old and established
- Disposal Fees on waste disposal are held constant at \$3,800,000, based on estimated tonnage.
- Excess Tax Loss Reserve is projected to remain flat at \$7,500,000, based on the cash flow trend for collection of penalties and interest.