



FY 10/11 Budget Workshop - Discussion Items

June 7, 2010



Functional Group Key Issues – Next Steps



IT End of Life Equipment Replacement

- IT identified a number of equipment purchases in requested budget that were not recommended for funding
- Recommendation: New IT Director will review and bring back for discussion in Addenda


Treasurer/Tax Collector: Preserve the Principal

- Treasurer/Tax Collector requested an Accounting Division Manager that was not recommended for funding
- Recommendation: Department to identify risks and challenges of managing the treasury, outline issues and options, and bring back in Addenda



Office of Emergency Services (OES)

- Sheriff uses sworn personnel to support OES
- Recommendation: Sheriff to address organizational structure when returning in July with budget reduction plan



Policy Issues – needing Board Direction



District Attorney Budget

Revisions to Recommended Budget

- CAO provided revised CAO Comments due to lack of clarity in original write up
- District Attorney submitted revised request to his original Department Request
 - Reduced original request of \$539K to \$201K
 - Impacts 3 Deputy District Attorney positions
 - Would continue the prosecution of certain misdemeanor cases previously proposed for elimination

Board Direction

- CAO still recommends funding at original target due to structural deficit and need to cut \$15M by FY 11/12
- If additional funding provided to District Attorney over target provide direction as to source of funds:
 - Cut other department programs
 - Reduce Contingency
 - Reduce Designation for Capital Projects



Cost Allocation Process

Purpose of Cost Allocation

- County is implementing a standardized cost allocation process
- Mainly affects Departments where centralized administrative costs (both countywide and departmental) are distributed to program activities
- Process is a highly defensible and accountable way to recoup administrative costs from outside funding streams
- Also provides a clear understanding of the cost of providing services and demonstrating unfunded mandates and subsidies



Implementation

- Already in place in DOT and mostly in place in Health Services/Mental Health
- Implementation is at various stages in Human Services, Health Services/Public Health, Probation, EMD/Dev Services, and District Attorney
- Beginning implementation in Sheriff

Impact on General Fund/NCC

- For some programs funded by general fund/NCC or that are imbedded in Special Revenue Funds there maybe an increase in general fund contribution or NCC due to the distribution of administrative costs not previously charged to the program
- In the Recommended Budget these costs are estimates pending final determination of cost allocation methodologies
- A true up of these costs will occur through the Addenda process

Next Steps

- Key staff from CAO, Auditor-Controller, and involved department fiscal leads will meet and determine standardized methodologies for spreading certain costs and the handling of unique situations prior to the Addenda process
- Modifications to Recommended Budget through Addenda will occur where indicated



Airport Enterprise Fund



Indirect Administrative Costs

- Indirect administrative costs are accruing to Airport as a result of DOT cost allocation process
- These costs were previously absorbed by the General Fund under the old General Services Department
- The costs were not previously time studied, tracked or spread to the Airport Enterprise Fund

Airport Technician

- DOT recommends elimination of Airport Technician
- The Airport Advisory Committee is concerned about loss of position and impact on operations

Next Steps

- CAO recommends further review regarding indirect charges and changes in staffing
- Will work with DOT and Airport Advisory Committee to determine finalized organizational structure and associated costs and return to Board with recommendation in Addenda



Aid to Fire

Status of Funding

- No specific funding identified in Recommended Budget for Aid to Fire
- Funding in CSA 7 could be used to support emergency medical services provided by districts
- No funding in CSA 3 available due to more constrained funding streams



Ongoing Structural Deficit

FY 11/12 Projected Deficit

- \$15M conservatively projected for FY 11/12
 - Can change based on a number of variables including final fund balances and property tax assessments
- Road Fund contribution reduced to \$1.5M

Addressing the Ongoing Structural Deficit

- Options more limited than ever
- Could probably get \$1-2M from 10/11 departmental saving
- Need to secure \$3-4M in ongoing annual savings through the negotiation process
- Remaining amount needs to come from program/staffing reductions

Addressing the Structural Deficit

- Options to achieve remaining \$10M are:
 - Cuts based on Departments' General Fund contribution:
 - General Government – 18 FTE
 - Land Use and Development – 12 FTE
 - Law and Justice – 65 FTE
 - Health and Human Services – 5 FTE
 - Specific Discretionary Programs and Services (there is not \$10M here), such as:
 - Senior Nutrition
 - Elder Abuse
 - Planning
 - UCCE
 - Others?
 - Early Incentive Health Retirement Program
 - 36 Hour Work Week

Next Steps

- Set workshop for July 26, 2010 to:
 - Finalize DA/Sheriff FY 10/11 Budget Plans
 - Discuss options to address structural deficit
- Authorize CAO to initiate Early Incentive Health Retirement program similar to one conducted this year



Board Discussion & Direction/Public Comment
