

Hearing Schedule

- Hearings begin Monday, June 9, 2008
- They continue on Wednesday, June 11 and Friday, June 13
- Hearings start at 9 am each day



FY 2008-2009 Proposed Operating Plan and Budget

Budget Hearing Materials

Contents of the Board's Budget Binder

1. Schedule
2. Budget Inquiry Forms
3. County, RDA Board Letters & Budget Resolutions
4. County Executive Officer's Presentation
5. Department Pages/Presentations (Tabs 5-28)
6. Final Budget Adjustments, Ongoing Grants and Contracts (Tabs 29-31)
7. A Note of Caution



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County Executive Officer's Presentation

- Overview and Perspective
- Future Outlook: 5 Year Financial Forecast FY 2008- 2013
- FY 2008-09 Budget Overview



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Overview and Perspective

- The Proposed FY 2008-09 Budget is balanced and contains \$759.3M in recommended expenditures

- The \$759.3M represents a \$5.0M and 0.66% increase over FY 07-08 estimated expenditures



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Overview and Perspective

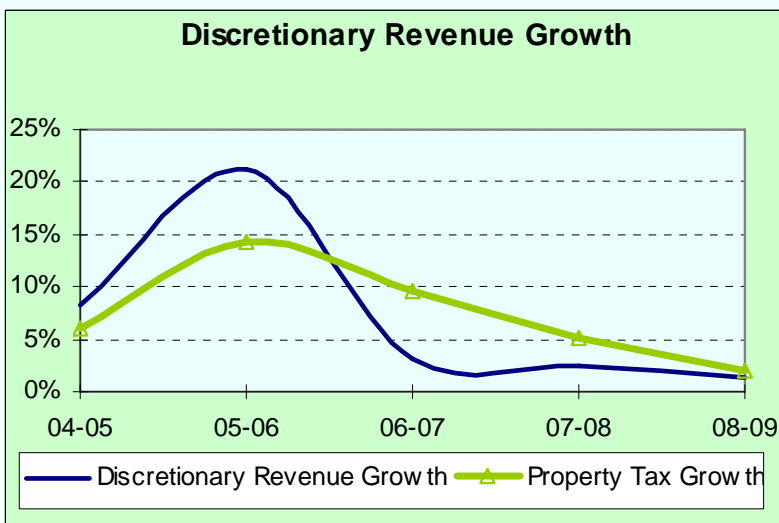
- The FY 2008-09 budget is balanced with significant reductions in County departments.
- As the economy continues to worsen, major challenges are ahead:
 - Implement the budget balancing reductions
 - Adjust to further reductions from State Budget cuts
 - Structurally balance Alcohol Drug and Mental Health Services budget
 - Maintain a Strategic Reserve to meet future emergencies



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Overview and Perspective



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Overview and Perspective

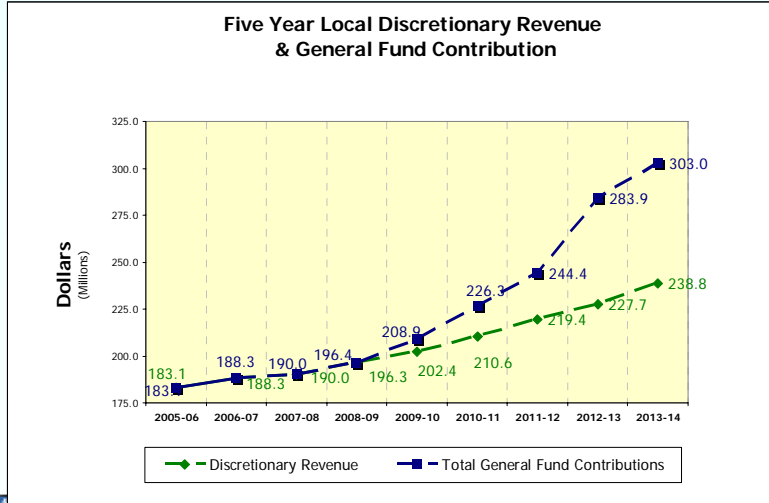
- Challenge #1: Continued decline in the growth of Discretionary Revenue
- Challenge #2: Funding continued increases in Retirement Costs
- Challenge #3: Issues related to funding retiree health benefits per GASB 45 provision
- Challenge #4: Construction and Operation of a new County Jail



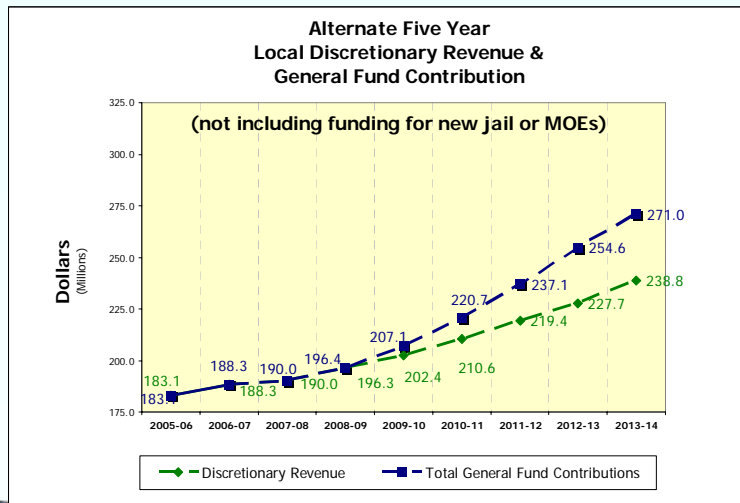
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FUTURE OUTLOOK



FUTURE OUTLOOK



Proposed FY 2008-09 Operating Budget Overview

Budget-at-a-Glance



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FY 2008-09 Budget Overview

■ **Budget at a Glance:**

- Estimated FY 07-08 expenditures are \$754.3 million, decline \$5.9M from the FY 07-08 Adopted Budget
- Recommended FY 08-09 expenditures increase by \$5.0M, 0.7 % over FY 07-08 estimated expenditures

	FY 2007-08 Adopted	FY 2007-08 Estimated	FY 2008-09 Recommend
Expenditures (Dollars in millions)	\$760.2	\$754.3	\$759.3



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FY 2008-09 Budget Overview (cont'd)

Changes in Budgeted Positions (FTE)

■ FY 2007-08 Adopted Budget	4,351 FTE
■ FY 2007-08 Estimated FTE	4,281 FTE
■ FY 2008-09 Recommended Budget	4,135 FTE
■ Net decrease over FY 2007-08 Estimated budget	-146 FTE
■ Net decrease over FY 2007-08 Adopted budget	-216 FTE
■ Details on Page A-22	

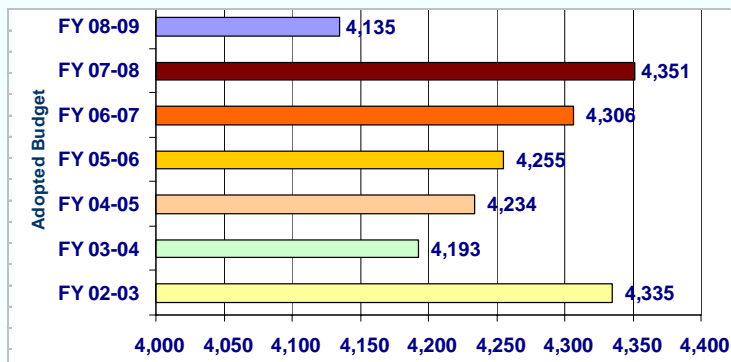


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FY 2008-09 Budget Overview (cont'd)

Budgeted Full Time Equivalent (FTE) Positions

■ Net decrease of 216 FTEs (5%)



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FY 2008-09 Budget Overview (cont'd)

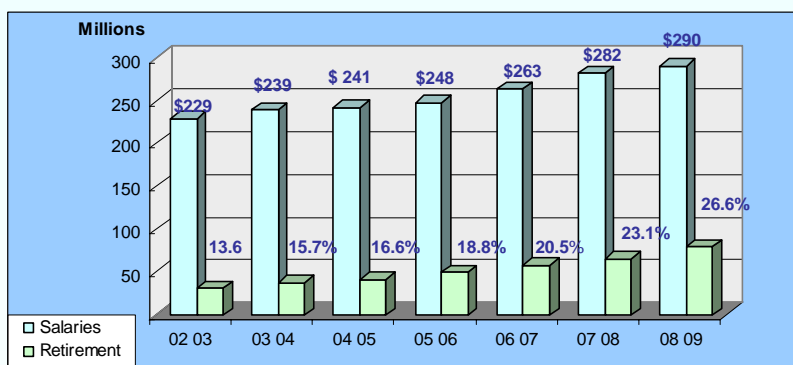
- Salary and Benefit costs are \$428M, an increase of \$20.2M or 4.8% over FY 2007-08 estimated salaries
- Average cost for a Full Time Equivalent (FTE) Position increases by 9%, from \$97,600 in FY 07-08 to \$106,700 primarily due to retirement costs



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Retirement Costs as a Percent of Salaries FY 2002-03 to FY 2008-09



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FY 2008-09 Budget Overview (cont'd)

■ General Fund Allocations to Designations:

Reserves and Designations	Allocations
Deferred Maintenance	1,500,000
Salary & Retirement Designation	1,200,000
Contingency	800,000
Capital Designation	500,000
Litigation Designation	500,000
Roads Designation	58,000
*Audit Exceptions (Alcohol Drug & Mental Health)	2,157,951
Strategic Reserve	0
Total	\$6,715,951

*Allocation was based on available funding. ADMHS audit exceptions payable in FY 08-09 are estimated at \$3 million and staff recommends allocating up to \$845,145 of 2007-08 year-end balance.

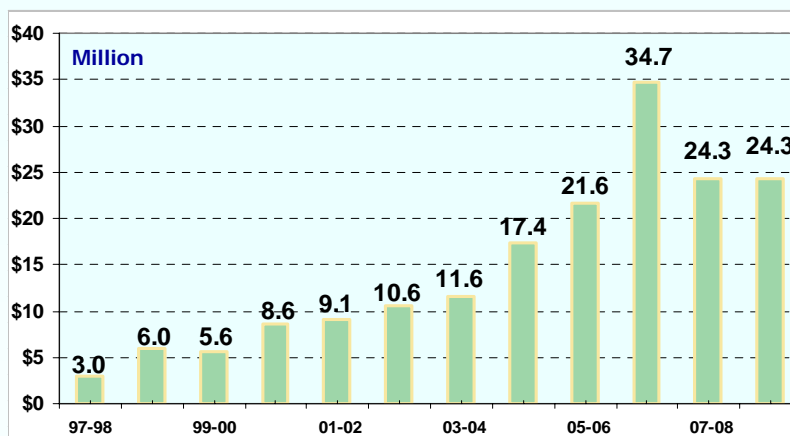


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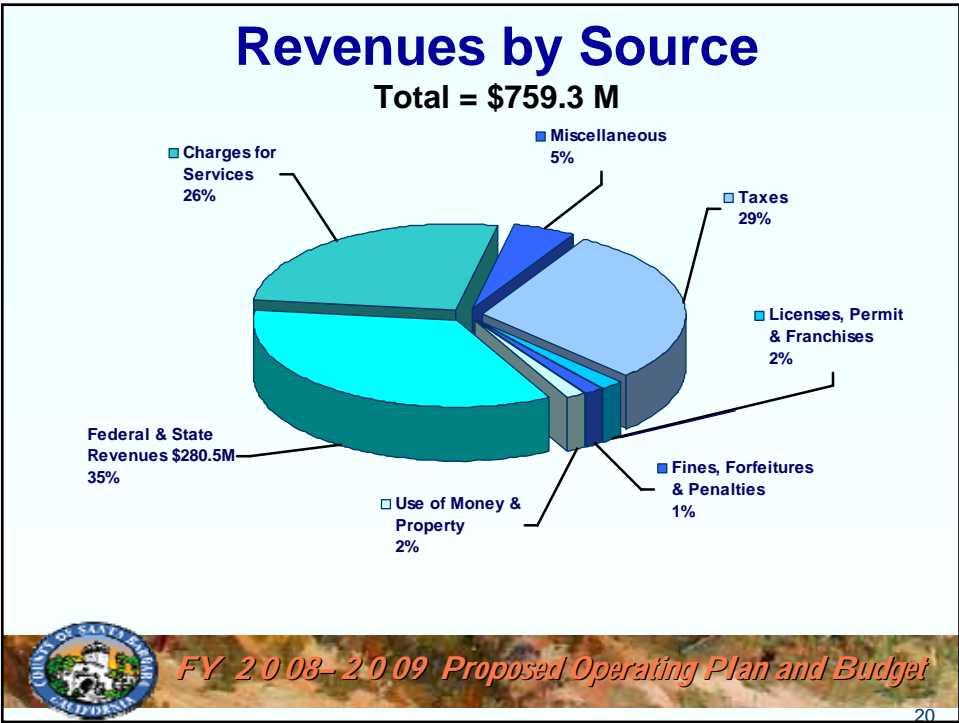
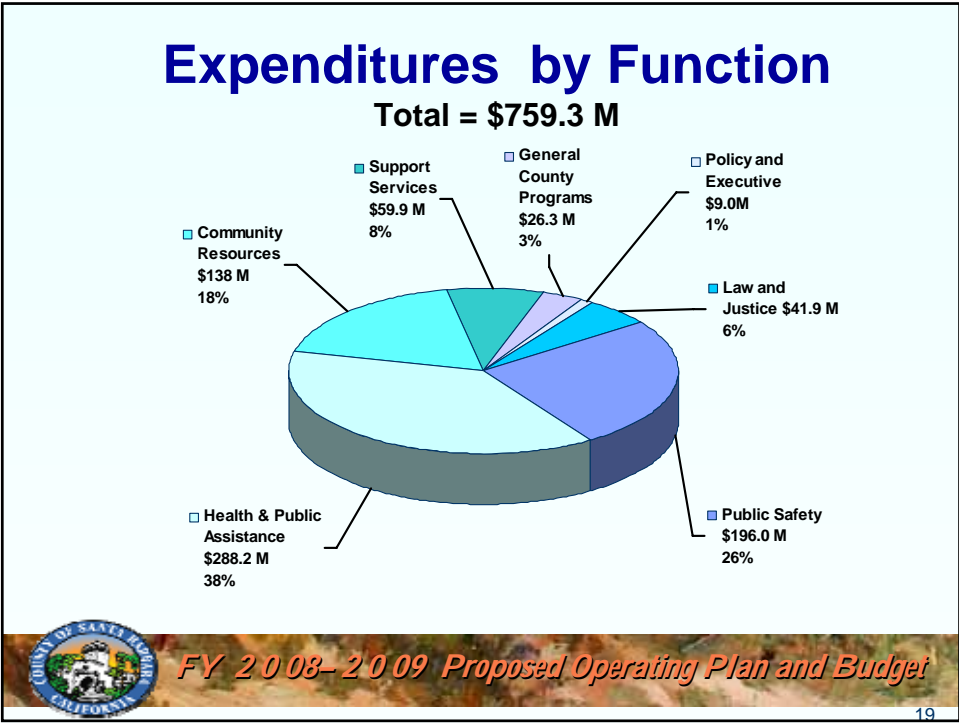
Budget Overview: Strategic Reserves

Recommended budget does not include any allocation to the Strategic Reserve.



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Major Sources of Local Discretionary Revenue

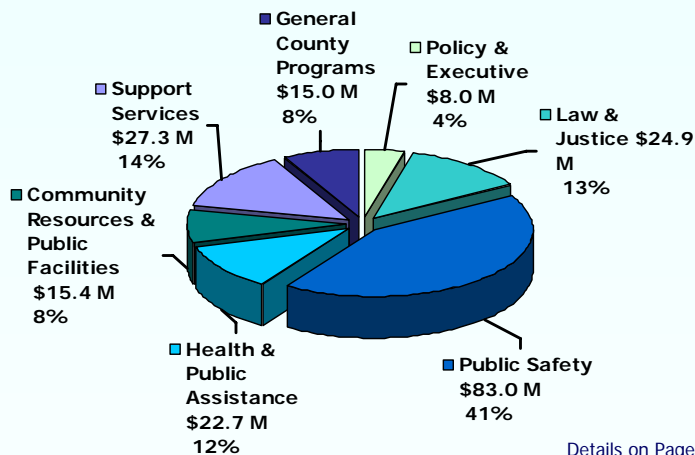
(in millions of dollars)

Discretionary Revenues	04-05 Actual	05-06 Actual	06-07 Actual	07-08 Estimated	08-09 Rec.
Property Taxes	94.2	107.6	118.0	124.1	126.5
Property Transfer Tax	5.0	4.5	4.4	3.2	2.7
Property Tax In-Lieu of VLF	28.0	36.1	37.1	39.8	41.3
Retail Sales Tax	9.1	9.9	11.5	11.9	11.1
Transient Occupancy Tax	4.8	5.6	6.6	6.3	6.4
Motor Vehicle Taxes	0.1	0.0	0.0	0.0	0.0
Other Sources	10.0	19.5	11.4	8.5	8.3
Total	151.2	183.2	189.1	193.9	196.3



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GF Contribution \$196 M by Functional Area



Details on Page C-4



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State Budget Issues

May Revise :

- ◆ Funding Loss for Department of Social Services -\$5.0 M
- ◆ Funding loss for Public Health -\$900,000
- ◆ Proposition 42- Roads Funding +\$3.5 M
- ◆ Reimbursement for presidential primary election +\$1.5 M



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Issues/Challenges

- FY 2008-09
 - ◆ State Budget Impacts
 - ◆ Building a County Jail
 - ◆ Slowing Property Tax Growth/ Foreclosures
 - ◆ Additional Appropriation Requests
- Future Years
 - ◆ Maddy Emergency Medical Services funding
 - ◆ Local Road (Measure A) funding
 - ◆ Social Services projected shortfall
 - ◆ Public Health projected shortfall
 - ◆ Fire projected shortfall



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Recommended Use of 2007-08 General Fund Balance

Recommended Use of 2007-08 General Fund Balance

	Amount	Available Balance
2007-2008 Fund Balance available for 2008-09 appropriation		4,099,000
1. Bridge Financing for ADMHS step-down	700,000	3,399,000
2. ADMHS audit reserve	845,145	2,553,855
3. Jail sewer main repair	523,000	2,030,855
4. District Attorney- core case prosecution functions	400,000	1,630,855
5. (to be determined by the Board)	-	1,630,855
Remainder to the Strategic Reserve		



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Recommendations:

- Adopt, by Resolution, the proposed County budget for FY 08-09, with Final Budget Adjustments and appropriations of 2007-08 General Fund balance if the year-end fund balance is higher than budgeted.

- By separate resolution, adopt the County Redevelopment Agency budget for FY 08-09.



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