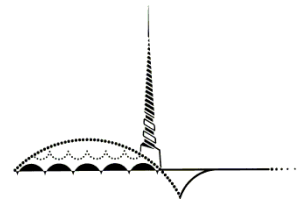
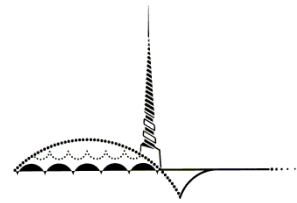


County of Marin



County Budget Overview
Community Budget Forum
March 23, 2010

Services Provided by the County of Marin

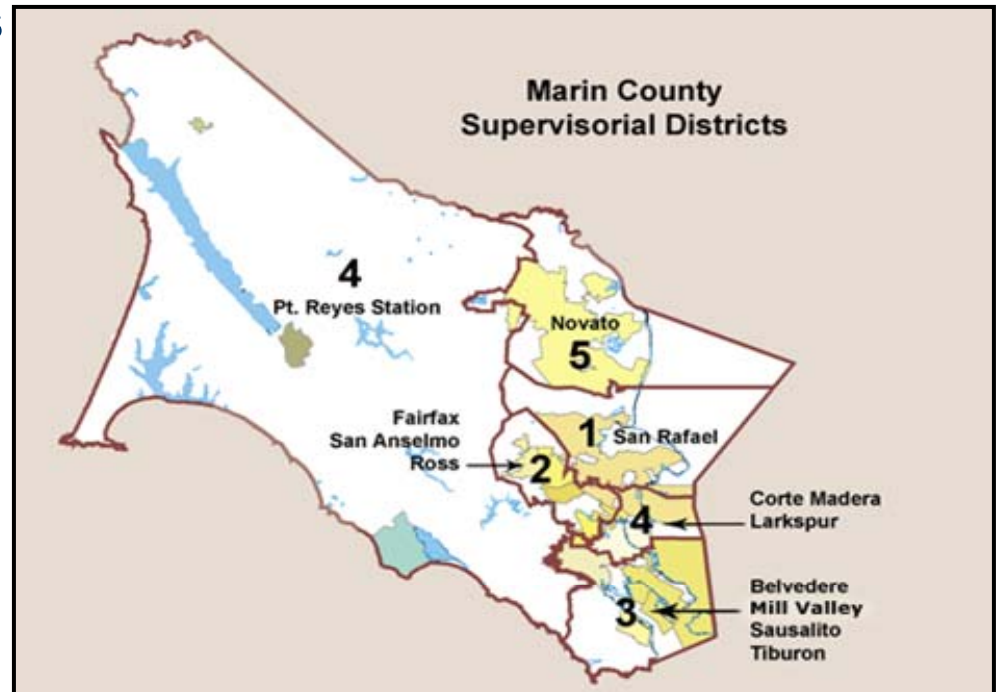


- ◆ For all areas of Marin County:

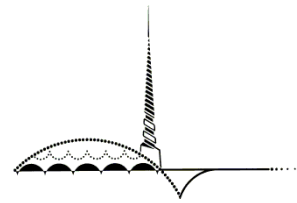
- Health & Human Services
- Criminal Justice
- Elections
- Property Assessment
- Tax Collection

- ◆ In unincorporated areas (e.g. West Marin):

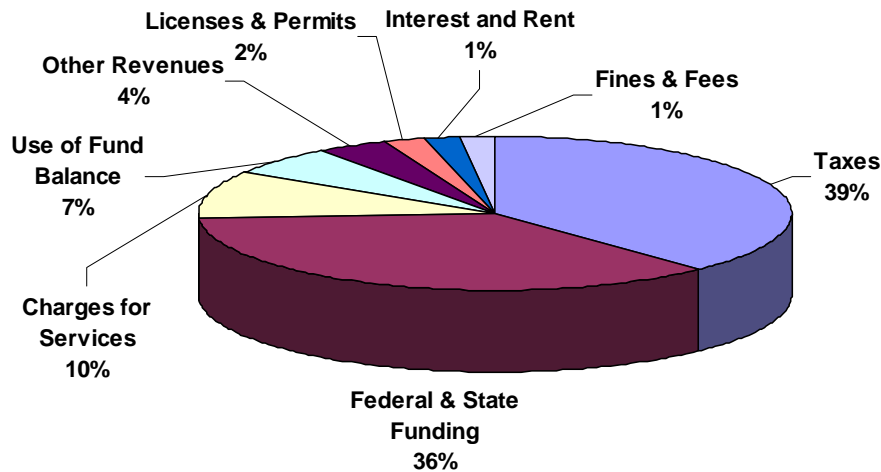
- Law Enforcement (patrol)
- Library
- Fire
- Land Use Permits
- Parks & Open Space
- Public Works (e.g. roads)



County Revenues and Expenditures

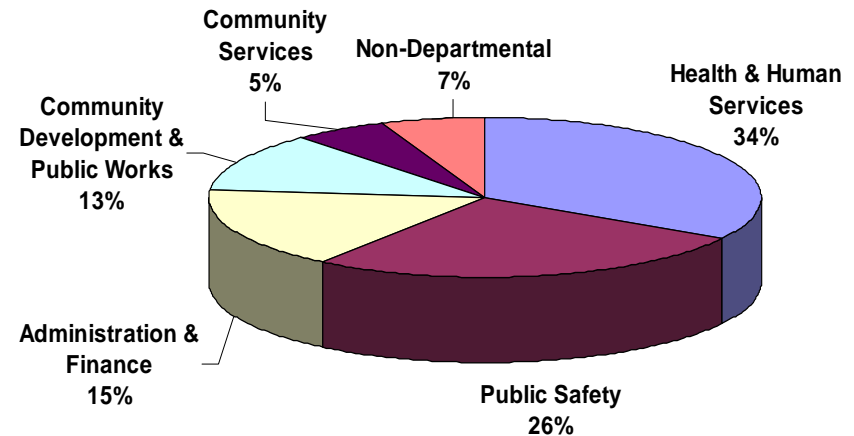


FY 2009-10 County Revenues--\$434 million



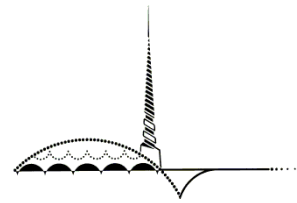
Funding for County government comes primarily from local tax revenues and Federal and State Government

FY 2009-10 County Expenditures--\$434 million



60% of the County budget is spent on health and human services and public safety services

Where Your Property Tax Dollars Go



The County is responsible for collecting and distributing property taxes throughout Marin



School Districts
59 cents

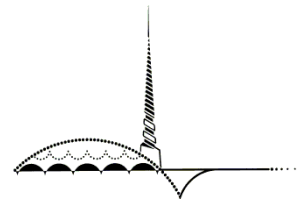
County
18 cents

Special
Districts
10 cents

Cities
10 cents

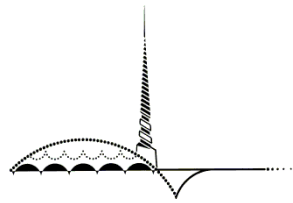
Redevelopment
Agencies
3 cents

Per Capita Spending Among Comparable Counties



Counties	Expenditures	Revenues	Positions (Full-Time Equivalent)	Per Capita Expenditure (Total Pop)
Monterey	\$939,499,117	(\$843,033,021)	4638.10	\$2,175
Napa	\$296,497,538	(\$239,671,760)	1292.43	\$2,155
San Mateo	\$1,494,411,052	(\$1,399,216,657)	5516.10	\$2,004
Santa Barbara	\$826,121,705	(\$753,443,369)	4024.95	\$1,915
Sonoma	\$885,428,016	(\$816,292,970)	4048.00	\$1,820
San Luis Obispo	\$460,056,559	(\$443,786,930)	2433.50	\$1,701
Marin	\$434,594,815	(\$405,244,209)	2192.93	\$1,680
Santa Cruz	\$402,918,306	(\$391,671,989)	2261.60	\$1,500
Median	\$643,089,132	(\$598,615,150)	3229.23	\$1,867
Mean	\$717,440,889	(\$661,545,113)	3300.95	\$1,869

Mandated vs. Non-Mandated County Services



General Fund Program Category

Service Level

	Mandated	Discretionary
Mandated	<p><u>Mandated-Mandated (M/M)</u> Program and service levels are required by either Federal or State statute, or Court ruling</p> <ul style="list-style-type: none"> -Public/General Assistance Payments -Jail Staffing for Six Detention Pods -Debt Service <p>Expenses: 8.4% Net County Cost: 3.6%</p>	<p><u>Revenue-Grant Funded (D/M)</u> County is not required to operate these programs. If County chooses to operate them, then service level is generally stipulated as condition of funding</p> <ul style="list-style-type: none"> -Dispatch Services to Marin Agencies -Grant Funded Programs -Fire Protection for CDF Contract Services <p>Expenses: 5.6% Net County Cost: 0.2%</p>
Discretionary	<p><u>Mandated-Discretionary (M/D)</u> Required by law (Federal, State, or Court ruling), but the level of service is mainly left to discretion by the Board of Supervisors</p> <ul style="list-style-type: none"> -Many Mental Health/Public Health Programs -Prosecution and Indigent Defense -Health and Social Program Overmatches -Election Services <p>Expenses: 59.7% Net County Cost: 66.3%</p>	<p><u>Discretionary-Discretionary (D/D)</u> Programs and activities County is not required to operate and for which the service level is optional.</p> <ul style="list-style-type: none"> -Parks -Most Internal/Administrative Services -Marin Center -CDA Sustainability <p>Expenses: 26.4% Net County Cost: 29.9%</p>



County Impacts from Economic Downturn

- ◆ Economic downturn is continuing to impact the County in several ways, including:
 - Slowdown in property tax revenue
 - State budget reductions
 - Market losses in pension holdings that will lead to increased pension costs beginning in FY 2010-11
 - Greater demand for County “safety net” services, such as employment training, healthcare and other social services
- ◆ County revenues are not keeping pace with the costs of providing our current services
- ◆ We will need to get smaller to live within our means and adjust our services to maintain our overall quality



Long-Term Assessment of County Finances



Strengths

- Tradition of fiscal discipline
- Decision-making based on strategic planning
- High bond rating/low debt service
- Use of one-time sources only for one-time uses
- Net County Cost (NCC) focus provides incentive to increase revenues
- History of innovation and collaboration
- History of making reductions to live within means



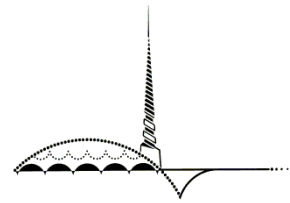
Long-Term Assessment of County Finances (*con't*)



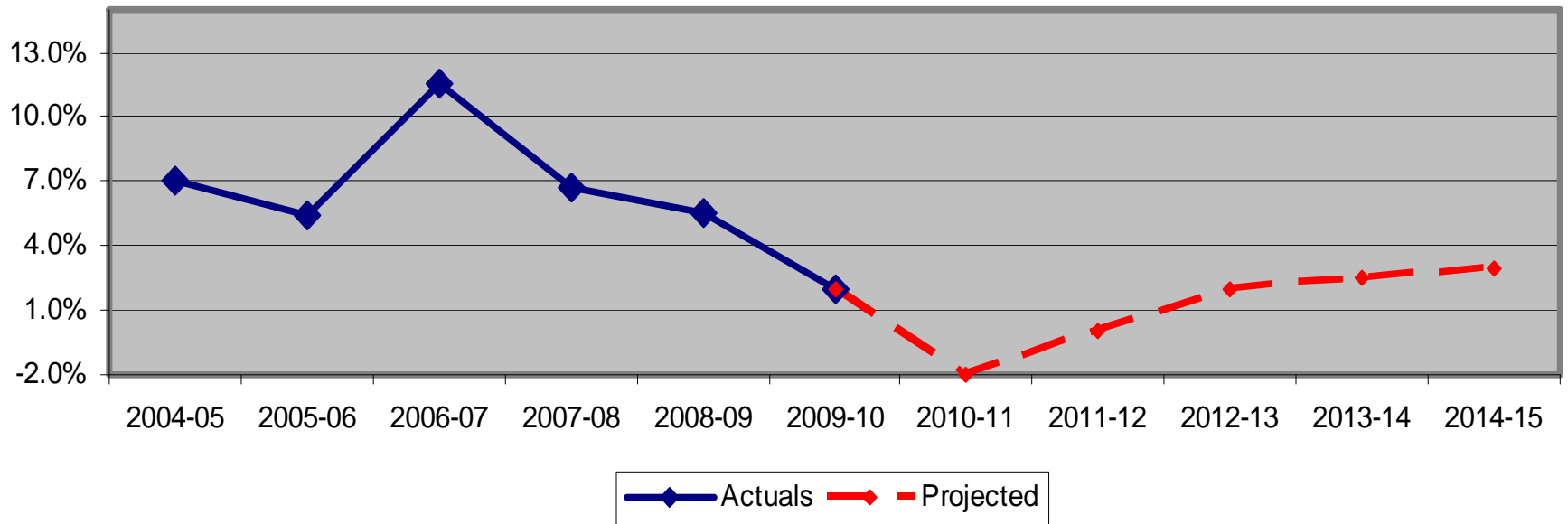
Weaknesses

- Greater need for organization to adapt to changing conditions
- Projected revenue slowdown
- Continued threat of State budget reductions
- Significant long-term liabilities - including retiree health, facilities, roads, and pensions
- Limited resources to address new and emerging needs

Secured Property Tax Collections: Percent Change Year to Year



Marin General Fund Secured Only Property Taxes
Percent Change Year to Year (Actual and Projected)

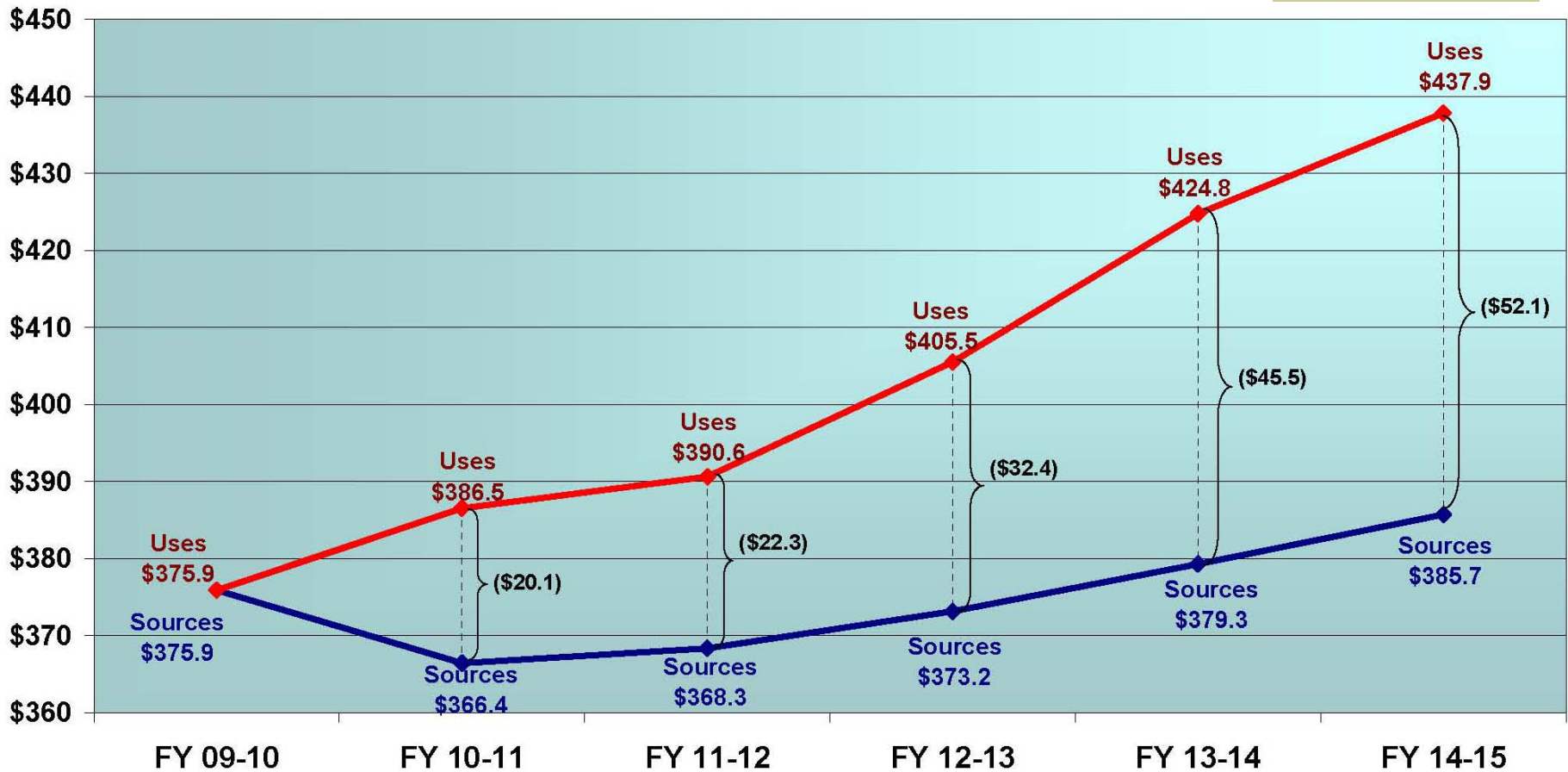
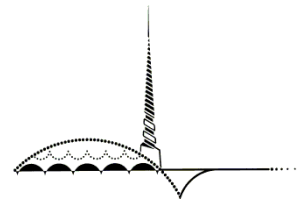




What the County Has Done So Far to Reduce Costs

- ◆ Enacted a hiring freeze in 2007
- ◆ Adopted lower-cost retiree health plan for new employees in 2008
- ◆ Made \$28 million in budget reductions over past two years and eliminated over 100 vacant positions
- ◆ Created voluntary separation program to increase attrition, which will save nearly \$3 million annually
- ◆ Saved \$1 million this year from foregoing or deferring cost-of-living adjustments
- ◆ Adopted long-term restructuring plan in January 2010 as a guide to help adapt to our new fiscal reality

5-Year Projected General Fund Operating Budget Gap (\$ Millions)





Key Emerging Issues Shaping and Influencing the County Budget

- ◆ Growth in pension costs
- ◆ Growth in health benefit costs
- ◆ Long-term facilities maintenance needs
- ◆ Long-term road and bridge maintenance needs
- ◆ Need for more adaptive budget strategies
- ◆ Potential for enhanced community partnerships
- ◆ Opportunities for greater level of volunteerism
- ◆ Use of “electronic government”
- ◆ Need for more dynamic structures and systems



Background Information on County Pensions



- ◆ Average pension is \$32,000
- ◆ Employees contribute between 7-17% of their income towards their pension and do not participate in Social Security
- ◆ County uses three-year average for basing pension benefits rather than one year to prevent pension spiking and limits pension cost-living adjustment to 2%
- ◆ Adopted statewide reform principles to create more sustainable benefit levels and a level playing field for recruitment
- ◆ County will work with our unions to explore less costly pension plans for new employees

Categories of Reduction Options to Close Next Year's \$20.1M Shortfall

		\$20.1 M Gap	
	** Countywide Savings <\$5.8>	<u><\$5.8></u> \$14.3	<Revised retirement rate assumption and other countywide savings - e.g. copier leases, office lease savings>
A1	VSIP + Mid-Year Reductions (already adopted) <\$3.7>	<u><\$3.7></u> \$10.6	<30.05 FTE Vacant Reduction>
*A2	Revenue Offsets <\$3.1>	<u><\$3.1></u> \$7.5	
*A3	Expense Reductions w/ Vacant Positions <\$5.0>	<u><\$5.0></u> \$2.4	<29.80 Vacant FTE>
**B	**Expense Reductions w/ Filled Positions <\$2.4>	<u><\$2.4></u> \$0	<28.90 Filled FTE> (potential layoffs)
C	Contingency Options (includes 17 filled FTE) <\$5.1>	(BALANCED)	
D	Not Recommended <\$10.9>		

*Recommended for Board adoption in March (effective July 1st)

**Subject to future Board action



Overview of Recommended Reductions to Close \$20M Gap

- ◆ Every department facing reductions ranging from 1% to 9% (average of 3.5%)
- ◆ 90 positions recommended for elimination, including 28.90 potential layoffs
 - If approved, County will have eliminated 170 positions over the past three years
- ◆ Reduction of nearly \$1.0M in contract services
- ◆ Service impacts include reduction in health services, increased caseload for criminal justice departments, and reduced hours and maintenance at park facilities
- ◆ Also pursuing countywide savings options including more cost-effective health and retirement plans



Next Steps in County Budget Process



- ◆ Board of Supervisors will hold budget hearings on March 29 and 31 and asked to approve initial reductions (additional reductions will be considered in spring)
- ◆ In addition, expected State cuts will likely lead to further reductions in safety net services this summer
- ◆ County needs to work further with community partners to better coordinate services to adapt to these changing economic times
- ◆ County continues exploring ways to create greater organizational efficiencies and effectiveness
- ◆ We remain open to ideas from public to reduce costs or increase revenues throughout our budget process