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Contra Costa County's grim budget extends through 2018

By Lisa Vorderbrueggen
Contra Costa Times

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Contra Costa County's financial picture will remain gloomy until at least 2018, a grim forecast for public employees and residents.

Workers may see more furloughs, layoffs, and cuts to pay or benefits.

Residents could find diminished basic services for everything from building permits to fire protection to the number of sheriff's deputies on the street.

Contra Costa Administrator David Twa delivered the bad news Monday morning at a board of supervisors' daylong work session in Lafayette billed as a big-picture look at the county's challenges as it heads into its fifth year of cutbacks.

"It's going to be a long slog," Twa said.

The county has been particularly hard-hit on property taxes. Assessed property values have dropped 13 percent since 2008. Coupled with state cutbacks in recent years, Contra Costa has shaved \$259 million from its budget since the economy plummeted.

It must find another \$50 million next year, and that number could grow even higher depending on how

the state resolves its \$28 billion deficit. Gov. Jerry Brown wants to shift to counties a number of responsibilities such as court security, parolee monitoring and low-level offenders who ordinarily would go to state prisons. County leaders are dubious that the state will send along enough money.

As expected, rising pension costs are having the biggest effect on the county's bottom line next year, Twa told the board.

The county's retirement

bill next fiscal year will jump \$29.2 million for a total of \$231 million. It's the second in a series of dramatic increases in an annual payment projected to reach \$281 million by 2014, a 39 percent jump over the four-year period.

County staffers attribute most of the higher costs to 2008 market losses along with a change in how the retirement board calculates liability.

Other budget factors include an estimated \$2.6 million increase in health insurance costs and refunds due to Chevron because a judge declared the company had overpaid.

The county will pay Chevron \$2 million next fiscal year on a \$19 million settlement of the oil company's 2004-2006 case, but negotiations continue over payments associated with the 2007-2009 tax bill.

The biggest piece of the county budget, of course, is people. Government is a labor intensive operation.

The contract for nearly every public employee labor group in the county will expire this year except the firefighters union at the Contra Costa Fire District.

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Its pact expires in 2012 and includes pay raises of 5 percent.

Most county employees agreed to six unpaid furlough days last fiscal year and without a new arrangement, the county's payroll costs will rise \$8.2 million.

The county is reportedly seeking pension concessions, which could come in the form of higher employee contributions to their retirements. Courts have generally rebuked attempts to reduce existing employees' pension levels but some unions elsewhere have agreed to lesser benefit levels for new workers.

With nothing but cuts on the horizon, county supervisors must arbitrate fierce competition among agencies seeking to minimize the damage.

Historically, the biggest tug emerges between public safety and health and human resources, the county's two largest service areas.

"What I'm hearing is, 'I am more important. I have a mandate. Don't take the cuts from me,'" Twa said. "Yes, public safety is important, but the definition of public safety relates to health and human services."

He adamantly opposes the use of a county reserve fund he views as already inadequate. The county sets aside up to 10 percent of its income for emergencies.

Public Employees Union Local One Business Agent Rollie Katz disagreed, calling its use entirely appropriate during poor economic times.

"It's a rainy-day fund, and it's pouring," Katz told the board.

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ONLINE
Read Contra Costa County Administrator David Twa's budget presentation at http://64.166.146.155/docs/2011/SPBOS/20110131_143/156_013111%20Special.pdf

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