

Riverside County

Budget Update

FY 09/10

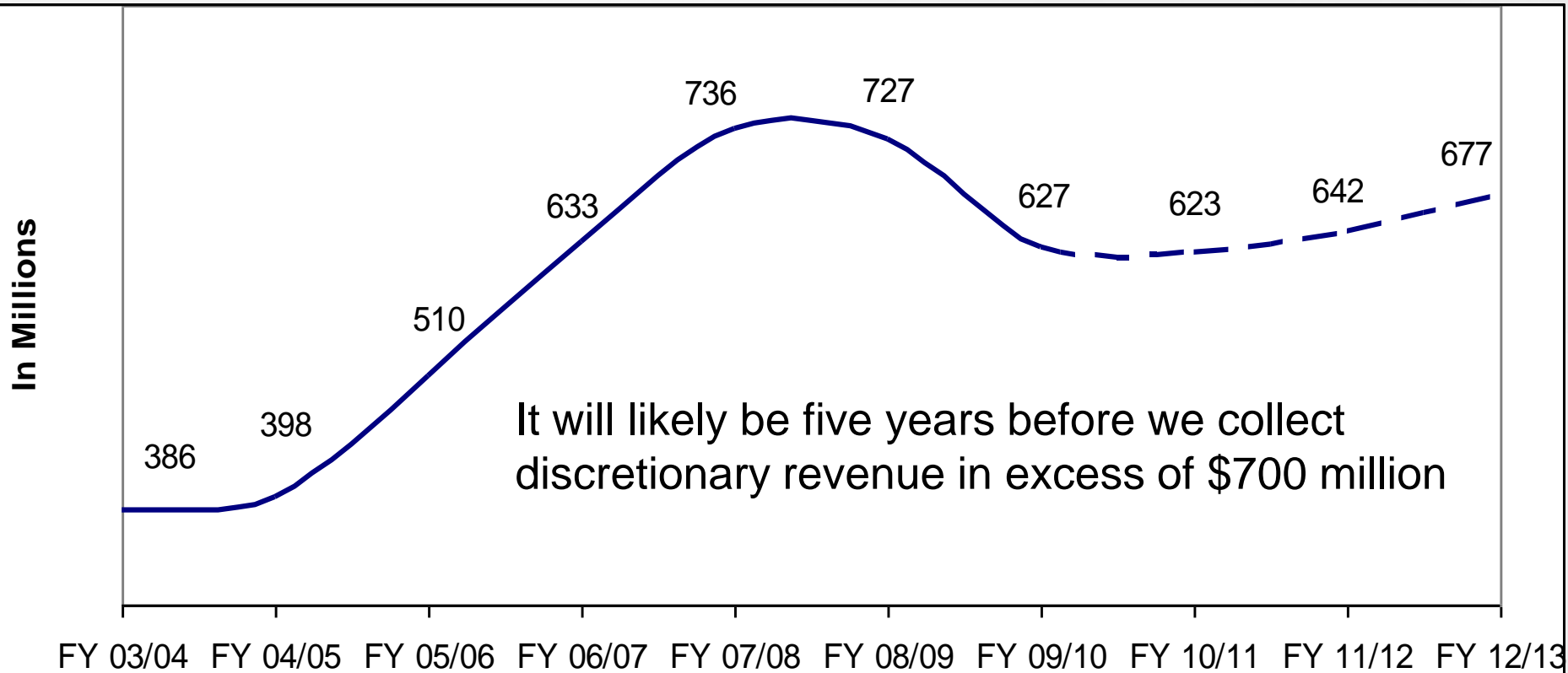
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June 9, 2009

Introduction

- The county is facing a multi-year downturn in revenue as a result of the collapse of the housing market and the severe recession
- Discretionary revenue is expected to decline for two additional fiscal years (through FY 2011)
- Discretionary revenue has fallen to 2006 levels
- We can not sustain current service levels in this economic environment
- The state's troubles will cause financial turbulence for counties

Discretionary Revenue Trend



Our forecast is based upon input from a variety of sources including Cal State Fullerton's modeling of our tax roll

The choices are limited

A 14% decline in discretionary revenue leaves us with difficult choices

- Reserves are not sufficient to bridge the gap
- Program cuts and layoffs are painful for all concerned
- Compensation reductions are problematic in a multi-bargaining unit environment

The Original FY09-10 Budget

As a starting point the Board was presented with a budget incorporating:

Departmental cuts
of 10% = (\$63.5 million)

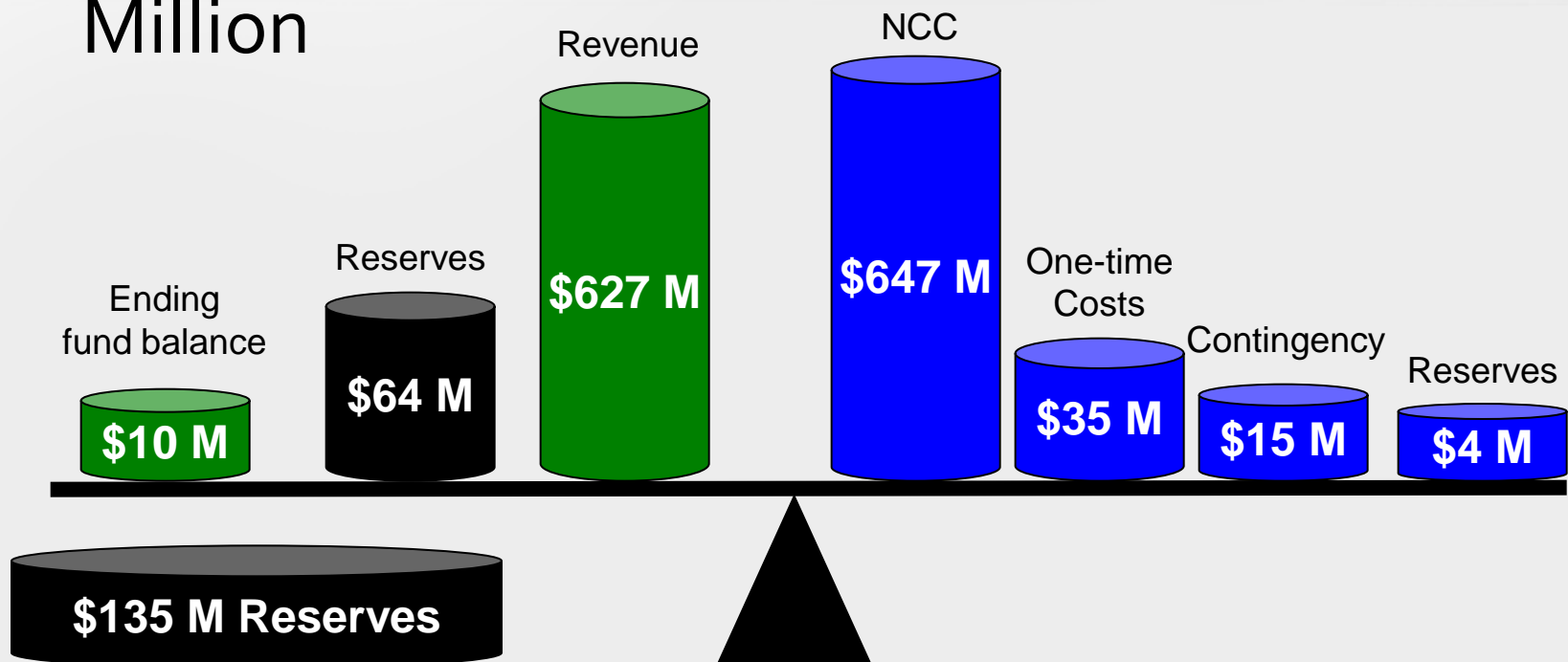
Financial
reprogramming = (\$16.5 million)

Use of reserves to
balance budget = (\$20 million)

Departments were directed to absorb \$ 30 million in Prop. 172 loss.

Proposed Balanced Budget

- Most departments balanced their budgets including the cuts requested
- The FY 09/10 structural deficit was at \$20 Million



Budget Hearings

Based upon Board concerns and substantive issues raised, the following additional funding requests were identified:

Sheriff's Department



District Attorney's Office



CA Childrens Services



Planning Services



Fire Department



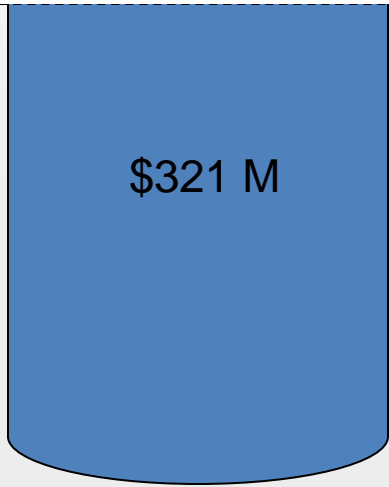
\$91 Million

The Solutions

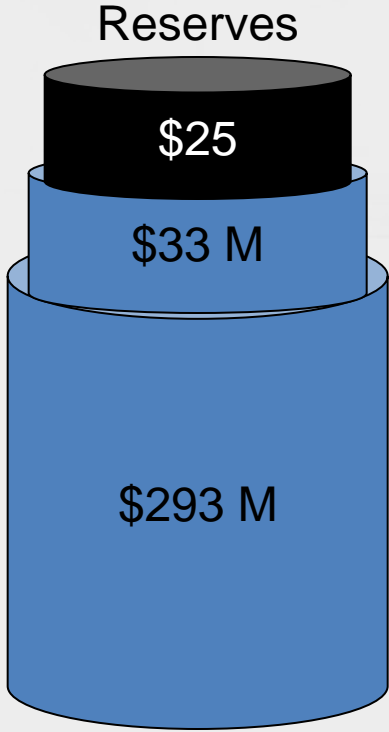
- Redirect current ongoing resources
 - Additional round of cuts for non-public safety departments
 - Best practices: cost saving proposals
 - Labor savings: early retirements, labor concessions and layoffs
- Targeted cuts to public safety
- Greater use of reserves

Redirect Resources

Additional budget cuts = \$10 M
Labor concessions = \$23 M



All other NCC allocations



Sheriff, DA, Fire, CCS, and Planning allocations

Proposed Solution

	Requested	Targeted cuts	New allocations
Sheriff's Department	\$65 M	\$21.8 M	\$43.2 M
District Attorney	\$11 M	\$6.2 M	\$4.8 M
CA Children's Services	\$1 M		\$1 M
Planning Services	\$2 M		\$2 M
Fire Department	\$12 M	\$5 M	\$7 M
	\$91 M	\$33 M	\$58 M

- District Attorney's cuts offset largely by early retirement savings
- Fire Department recommended cuts
- Sheriff's Department adjustments to be determined

Discretionary Reserves

Remaining reserves include specific designators which may not be available or appropriate to fund overall NCC

Economic uncertainty*	\$25.5M
PSEC 800 MHz**	0.0
DPSS growth	15.1
Capital projects	5.7
SB 90 deferrals	3.6
Property tax system***	9.6
Community improvement	4.0
Maintenance	1.2
Total	<hr/> \$64.7M

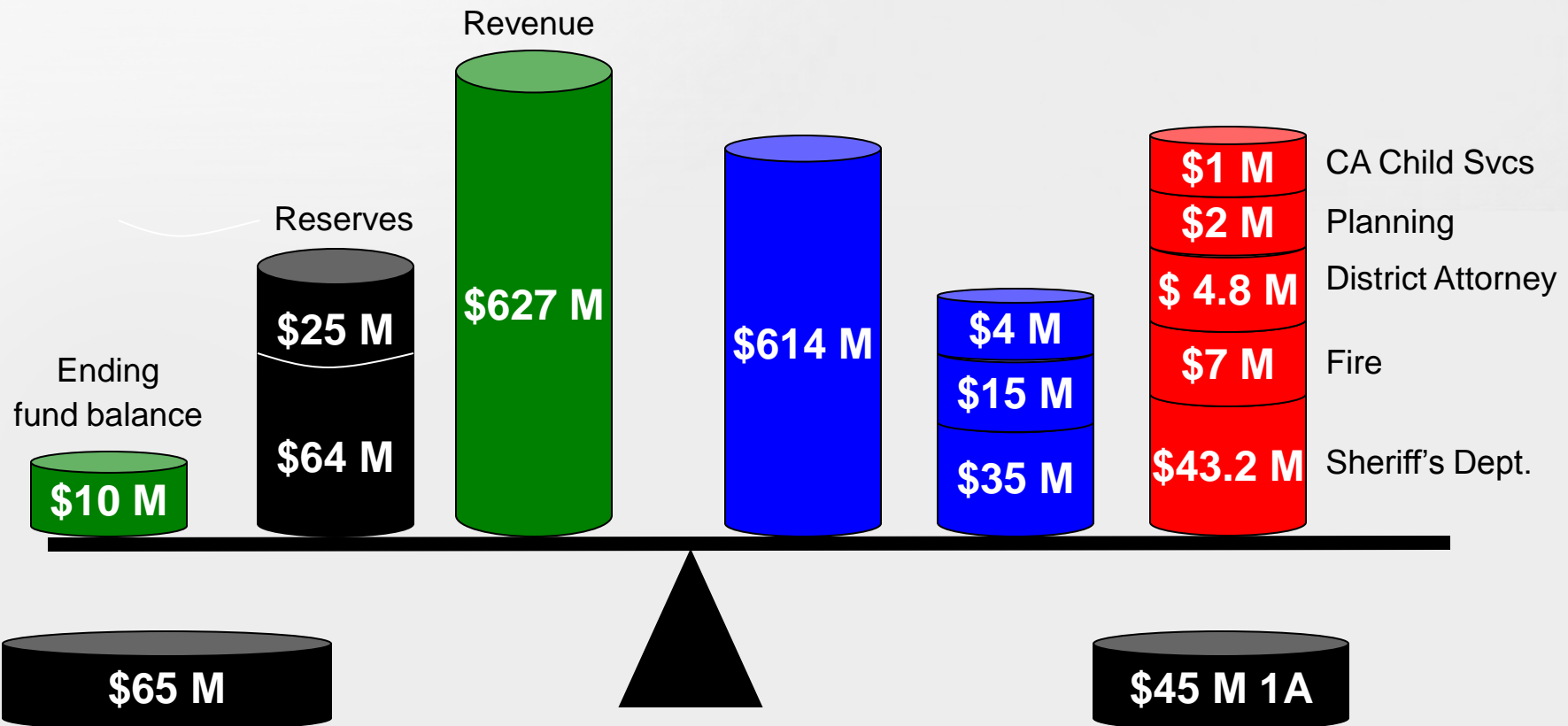
* \$45 million excluded to cover suspension of Prop 1A.

** Freed by TSR funds and used to balance the budget

*** Might be available for release (TSR replacement)

Current Recommended Budget

County Structural Deficit = \$45 Million



GF Budget Forecast

	FY 09/10	FY10/11	FY 11/12
Revenue	\$627	\$623	\$642
On-going NCC*	\$705	\$693	\$663
Use of reserves to balance budget	\$45	\$35	\$0
Additional cost reduction measures	\$33	\$35	\$21
Projected reserve balance	\$65	\$30	\$30

Does not include higher PERS costs (in excess of \$30 million)

*Contingency reduced to \$15 million, below target of 4%

** All numbers in millions

The Plan

- Move the budget adoption to June 30th
- Adjust Public Safety budgets to incorporate additional funding
- Reduce Departmental budgets to projected labor savings obtained via early retirement, concessions and/or layoffs
- Monitor Departmental performance on a monthly basis
- Make adjustments to funding or staffing levels (up or down) on a quarterly basis