

Board Inquiry Form

Board Member	
Carbajal	X
Wolf	
Farr	
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Centeno	

Department: County Executive Office

Date: Thursday, June 04, 2009

Budget Page: A-20

Request/Question:

How would the General Fund Five-Year Forecast change given the following three scenarios: 1) no County Jail - Northern Branch operations 2) no retirement cost increases from the amount budgeted in FY 2009-10 3) adopt Board principle to SBCERS placing a cap of a maximum sustainable pension rate of 30%?

Report Back by:

Xenia Tihomirova, CEO Fiscal & Policy Analyst

1. **Version 3.** This scenario shows no additional General Fund Contribution Funding for the new County Jail - Northern Branch. This scenario does not significantly impact the trend until FY2013-14 when the jail operation has been approximated to begin. Without the project and the additional jail operations, the cost decreases in FY 2013-14 by \$17.4M and grows thereafter at the rate of inflation and salary & benefits costs. The Five-Year forecast also assumes funding of the County match of the construction cost, in conjunction with AB900, with COP issuance. Therefore, the trend is also impacted by the approximate debt repayment of \$2.4M beginning in FY 2011-12.

2. **Version 4.** Keeping retirement costs at FY2009-10 level significantly reduces yet does not eliminate the projected budget gap for the following 4 years. The Budget Gap between the no policy change projection published on A-20 and this scenario is: FY 2010-11 \$22.1M to \$12.3M; FY 2011-12 \$34.6M to \$17.4M; FY 2012-13 \$45.9M to \$24.7M; FY 2013-14 \$63.4M to \$37.6M. Keeping retirement costs at FY2009-10 levels is unrealistic given Retirement investment losses.

3. **Version 5.** The scenario, applying a 30% cap on the retirement rate as cost of salaries, compares to the original forecast published on A-20 as follows: FY 2010-11 \$22.1M to \$18.8M (rate increase from 21.7% to 30% in this year and flat thereafter) ; FY 2011-12 \$34.6M to \$23.9M; FY 2012-13 \$45.9M to \$31.1M; FY 2013-14 \$63.4M to \$44.1M.