

# RICHARD HOLOBER'S plan to tackle San Mateo County's Budget Crisis

## 1. Reduce top heavy staffing

**The Problem:** San Mateo County's workforce has 5.7 employees for every supervisor. In Alameda, Contra Costa and Santa Clara counties, staffing is about 9 employees for every supervisor.

**Holober's Plan:** Reduce excessive administrative positions, using attrition and incentives where possible, to get closer to Bay Area staffing standards.

**Estimated Savings: \$25 million.**

(Source: "CR 17 Current Year to Date Totals {SYS} [County of San Mateo] January 31, 2011." Total working budget wage and benefit cost for entire County payroll is \$753,080,359. Savings projection is based on conservative estimate of \$150 million wage and benefit cost for supervisors and administrators.)

## 2. Equal treatment—no special perks for managers

**The Problem:** The highest paid County managers earn \$200,000 or more—and they contribute less towards their pensions than the custodians, nurses' aides, and clerical workers who earn a fraction of their pay. A manager hired at age 30 pays only 4.6% out of his paycheck for the pension cost, while a janitor hired at the same age pays 9.3%. It's demoralizing to workers, and it's costly to taxpayers.

**Holober's Plan:** Top administrators should contribute at the same rate for pensions as other County employees.

**Estimated Savings: \$6 million.**

(Source: "Employer Pick-Up of Employee Contributions" data provided by County Manager's office March 14, 2011)

## 3. Don't leave money on the table

**The Problem:** The San Mateo Medical Center is obligated to provide health services to low income residents. But the County has a disastrous record of collecting bills, including overdue payments from insurance companies for insured patients. Little is done while 100,000 uncollected bills gather dust.

**Holober's Plan:** Aggressive collection efforts. Make insurance companies pay their bills.

**Estimated Savings: \$6 million in new revenues.**

(Source: April 16, 2010 letter from Jean Fraser, Chief, County Health System, to Nadia Bledsoe and Brady Calman)

## 4. Cut personal use of County vehicles

**The Problem:** The 2009 San Mateo County Civil Grand Jury report was critical of the practice of assigning 556 County-owned vehicles for employee use. (This does not include sheriffs' patrol cars and county motor pool vehicles.) The Grand Jury found San Mateo County's vehicle use practices were far more costly than comparable Bay Area counties.

**Holober's Plan:** Cut personal use of county vehicles for non-work related commuting. Reduce the number of county-owned passenger vehicles. Pay mileage only for county business.

**Estimated Savings: \$4 million.**

(Source: 2009-2010 Civil Grand Jury Report: San Mateo County's Vehicle Fleet Management and Employee Vehicle Reimbursement Programs, posted at: [http://www.sanmateocourt.org/documents/grand\\_jury/2009/vehicle.pdf](http://www.sanmateocourt.org/documents/grand_jury/2009/vehicle.pdf))

## 5. The rent is too damn high

**The problem:** San Mateo County spends \$13 million a year on rent for leased facilities. Meanwhile some County owned properties are underutilized.

**Holober's Plan:** Move some programs into County owned facilities. Take advantage of buyers' market in commercial real estate, renegotiate leases and reduce the rent.

**Estimated Savings: \$3 million.**

(Source: "San Mateo County Leased Facilities May 2010", data provided by County Manager's office March 28, 2011)

## 6. Some pensions cost 70% of payroll—control these costs

**The Problem:** San Mateo County's pension costs soared from an estimated \$101 million two years ago to \$146 million this fiscal year. One department has only 8.5% of the County's employees, but it racks up 23% of the entire County's pension costs. This department's pensions cost taxpayers 70 cents for every dollar of payroll.

**Holober's Plan:** Local cities with comparable early retirement pensions have substantially lower funding costs than the County. Honest but tough negotiations will bring the County's costs closer to the area average.

**Estimated Savings: \$6 million.**

(Source: "Current Level Budget, Salary and Benefits, Position Reconciliation, February 22, 2011, Section 5.2" and "Safety Retirement", data provided by County Manager's office, March 14, 2011 and March 28, 2011)



San Mateo County is top heavy in management—and pays far more towards top managers' pensions than it does for rank-and-file workers.



Insurance companies and deadbeats owe the County a fortune from unpaid hospital bills.



### County officials hang on to travel perks

While San Mateo County supervisors and management worked months to close a \$126 million budget deficit, they were receiving hundreds of dollars a month in travel allowances, a practice that beefed up their compensation in some cases by more than \$13,000 a year.

Supervisors cut \$36 million in county services and dipped into \$90 million of county reserves to close the budget gap.

The long-held practice of providing dozens of county officials with several hundred dollars a month for a vehicle allowance was one piece of the county's vehicle reimbursement system that was criticized in a civil grand jury report last week.

July 10, 2010



### Report: Rising pension costs strain county

San Mateo County's unfunded pension liability—namely retirement benefits draining current coffers to pay for past employees—is \$9,415 per household, according to a recent national study looking at local governments at risk for bankruptcy.

San Mateo was listed among the top 10 counties nationwide troubled by rising pension costs as ranked in an Oct. 13 study out of Northwestern University's Kellogg School of Management. Other Bay Area counties include Sonoma and Contra Costa.

The study found San Mateo County has \$2.5 billion in unfunded liability, which pencils out to \$9,415 per household. The liability is 413 percent of revenue based on June 2006 data, according to the study which predicts the county would run out of assets to pay benefits in 2024.

October 27, 2010