AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: BOCC

WORK SESSION ☐ **Meeting Date:**

REGULAR AGENDA ☒ **Meeting Date:** 9/11/2012

Required Originals Approved and Attached? ☒
Will be provided on:

Item Summary:*

☐ Call for Hearing ☐ Contract/Agreement/MOU** Contract #
☐ Resolution ☐ Proclamation ☒ Budget Item
☐ Draft Ordinance ☐ Final Ordinance ☐ Other
Documents exempt from public disclosure attached: ☐

Executive Summary:

The 2013 Preliminary Roll-up Budget proposal is hereby presented for discussion as required by the Clallam County Home Rule Charter, and thus continues the budget adoption process that will result in a final public hearing, on Dec 3rd and an adopted budget on December 11, 2012.

General Fund Revenues are still being held back by the weak economy. We are not expecting any increase in sales taxes, but are projecting the full 1% increase in property tax, as allowed by law (about $90,000), and a little increase in timber sales, but not much else. The big changes in Revenue are the cuts we are receiving from the state in grants and contracts for services, losing more than $900,000 in Community Development (Environmental Quality) and $200,000 in Health & Human Services (Envirnonmental Health) from last year's budget, together with a significant reduction ($80,000) in fines and forfeits as more and more people are choosing to perform community service rather than pay for their traffic tickets with cash. Total General Fund Revenues are projected at $29,847,017, down $1,735,022 (-5.5%) from last year.

On the expenditure side, we are now paying the second of three mandatory increases in payments to the state retirement fund, and dealing with the effects of a 2.7% Consumer Price Index change (July to July) that will affect salaries and benefits costs, as the 2 year concession agreement with all of our unions only forgives the 2012 Cost Of Living Adjustment (for one more year), 2013's will be fully honored. Total General Fund Expenditures actually go down by $317,710 (1.0%) to $31,362,199, because of reductions in contracted services, supplies and interfund payments already in this budget proposal, together with continued furlough days and staff reductions due to attrition. This leaves a $1,515,182 shortfall that we will have to deal with, one way or another, by the time the final budget is approved in December.

Clallam County has been very frugal over the last 4 years, cutting non-critical expenditures and eliminating new staff hires (except for temporary, grant funded positions), freezing replacement hires due to attrition whenever possible, and actually laying off some last year, resulting in total staff

reductions of 35.52 FTE since 2009. We partnered with all of our unions to get 2 years worth of salary concessions in the form of COLA relief and unpaid furlough days in exchange for no more layoffs, saving about $1.8 million per year (significantly responsible for the $600,000 surplus we project to end this year with), but those agreements will expire at the end of 2013 and will also need to be dealt with by this time next year. We expect to end 2012 with $10,100,000 in General Fund Reserves ($7,000,000 of which are recommended to be restricted) leaving $3,100,000 available to pay for urgently needed capital replacement projects (like our outdated core computer system) without borrowing money, and any future surprizes until the economy gets better. We need to reduce expenses, or increase revenues, or some combination of both, and make decisions over the next 12 months to determine major "priorities in government" reductions, and/or tax increase requests from the voters, to deal with the reality of these permanent revenue reductions into the future.

Please review the attached budget schedule data and feel free to ask me, or our Budget Director, Kay Stevens any questions.

Budgetary Impact:(Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget Action is required, has it been submitted and a copy attached?** ☐

This is the preliminary, roll-up Budget

Recommended Action:(Does the Board need to act? If so, what is the department's recommendation?)

Ask questions, suggest direction for final budget approval.

County Official Signature: _____

Date Submitted: 9/06/2012