



AGENDA ITEM SUMMARY

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

Department: BOCC

WORK SESSION X Meeting Date: 10/27/2014

REGULAR AGENDA Meeting Date:

Required Originals Approved and Attached?

Will be provided on:

Item Summary:*

- | | | |
|---|---|---|
| <input type="checkbox"/> Call for Hearing | <input type="checkbox"/> Contract/Agreement/MOU** | Contract # |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Proclamation | <input checked="" type="checkbox"/> Budget Item |
| <input type="checkbox"/> Draft Ordinance | <input type="checkbox"/> Final Ordinance | <input type="checkbox"/> Other |
- Documents exempt from public disclosure attached:

Executive Summary:

The 2015 Recommended Budget 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 2nd and an adopted budget by December 09, 2014.

General Fund Revenues are still expected to decline, somewhat, from the \$32,844,000 projected for 2014 to \$31,255,761 in 2015, as State grants and reimbursements are projected to be reduced in many areas, while major economic indicators for the Olympic Peninsula remain flat or project slightly lower. We are expecting a \$250,000 decrease in sales taxes, from 2014, as the economic boost we received from the two big hi-way projects between Sequim and Port Angeles end, together with reductions in penalties and interest on delinquent taxes, as the foreclosure boom is projected to start winding down. The latest information from the DNR projects a slowing down of public timber sales in our region, but we are hopeful that private timber sales will maintain their high levels for at least one more year. We are no longer budgeting for a 1% increase in property taxes, and so expect that to stay flat at \$10,100,000. The biggest departmental changes in Revenue are in the Assessor's office, Community Development, Sheriff Operations, Prosecuting Attorney Operations, Health & Human Services and Juvenile Services, mostly due to the anticipated cuts from the state in grants and contracts for services. In other funds, it must be noted that the Roads Department is also projecting the first of several years of declining revenue from \$13,900,000 projected this year to \$12,748,947 for 2015, again projecting state and federal project reimbursements to be down significantly, but also a reduction in gas taxes collected.

On the expenditure side, we continue to maintain the good control of spending that we have exhibited during the last six years, living within our means by reducing staff through attrition as inflationary pressures continued even though revenues remained flat. Seven out of our eight bargaining units have signed long-term agreements that limit our future exposure to large inflationary increases in salaries and medical benefit costs, and for the purposes of this recommended budget we are assuming that no new agreement will have been reached in bargaining with the one still not settled. The majority of their workers (other than 24/7 shift workers), stay at the 37.5 hour work

* Submit original and 5 copies

** Submit 3 originals and 5 copies

week and do not get any COLA increases during 2015. Total General Fund Expenditures are budgeted to go down, slightly, from the 2014 projection (\$32,740,864) to \$32,123,455, anticipating a use of reserves in the amount of \$867,694 to balance the budget (including \$555,704 worth of recommended departmental asks for new spending, only \$105,782 of which is ongoing expense without new revenue). The Road Department projects spending \$15,227,778 for 2015, using \$2,478,831 of their reserves for 2015 projects and maintenance. The other major spending increase will be the Carlsborg Sewer Project. We expect to start construction as early as possible, during the spring, completing as much as we can before winter sets in. While we are budgeting for \$12,950,014 worth of costs (and nearly \$10,000,000 worth of loan proceeds from the Department of Commerce) to the Opportunity Fund during 2015, it would take a lot of good luck to realistically get that much done during the first year.

Due to several one-time revenue increases in 2014 (\$780,000 transfer from Criminal Justice Funds, \$500,000 from a Legislative appropriation to help with extraordinary costs due to murder trials and \$250,000 to \$300,000 of construction project related Sales Taxes) that we reported on during the Mid-Year Review, we do expect to end 2014 with a very healthy General Fund Reserve of at least \$11,800,000 (\$7,500,000 of which are specifically restricted) leaving \$4,300,000 available to pay for unexpected and/or one time capital replacement projects without borrowing money, and as a cushion for future surprises as we really don't expect to see the economy recover much more over the next several years.

Please review the attached budget schedule data and feel free to ask me, or our Budget Director, Debi Cook 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 Administrator's Recommended 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: 10/16/2014