



AGENDA ITEM SUMMARY

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

Department: BOCC

WORK SESSION **Meeting Date:**

REGULAR AGENDA **Meeting Date:** 11/13/2012

Required Originals Approved and Attached?

Will be provided on:

Item Summary:*

- | | | |
|--|---|---|
| <input checked="" 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 2013 Draft Budget proposal is hereby presented for comment and 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 4th and an adopted budget no later than December 11, 2012.

General Fund Revenues are budgeted at \$31,278,939, and are still being held back by the weak economy. We are not expecting any increase in sales taxes, but are recommending the full 1% increase in property tax, as allowed by law (about \$98,000), a \$100,000 increase in timber sales, an additional \$200,000 transfer from Roads to the Sheriff for Traffic Policing and a (one-time) return of \$1,000,000 previously sent to Capital Projects because of the one-time increase in Real Estate Excise Tax of about the same amount makes it less necessary to ensure that funds are available for the foreseeable costs of repair and maintenance to county facilities. Losses in revenue are mostly the result of cuts 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 (Environmental 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.

On the expenditure side, we are now paying the second of three mandatory increases in payments to the state retirement fund, 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 (2013's will be fully honored), and are in the second year of the three year project to replace our core computer system in Information Technology. The budget also includes new expenditures for 2, half-time, security officers to enable the Sheriff to "beef up" court room security as recommended by the county's security committee. Even with all that, General Fund Expenditures actually decrease from 2012, to \$30,933,776, because of reductions in contracted services, supplies and an interfund payment shift from HHS Operations to Restricted Reserves for Civil/Public Health Emergencies, together with continued furlough days and

* Submit original and 5 copies

** Submit 3 originals and 5 copies

staff reductions due to attrition making up the difference. This does result in a balanced budget with a small surplus of \$345,163. We do have to remember that the \$1,000,000 in one-time revenue, due to the recapture of Capital Project monies, will not be available again and will have to be dealt with in the 2014 budget process.

Clallam County continues to be very frugal. Over the last 4 years we cut many, non-critical expenditures and eliminated new staff hires (except for temporary, grant funded positions and the new security personnel), froze replacement hires due to attrition whenever possible (actually laying off some in each of the last two years), 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 (worth almost \$1,800,000), 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 2013 with \$10,445,163 in General Fund Reserves (\$7,500,000 of which are recommended to be restricted) leaving less than 3 million dollars, available to pay for unforeseen emergencies and cash flow efficiencies without borrowing money until the economy gets better. We need to permanently 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 information and feel free to ask me, or our Budget Director, Kay Stevens any questions.

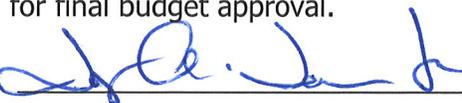
Budgetary Impact:(Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget Action is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

This is the 2013 Draft 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: 11/09/2012

* Submit original and 5 copies

** Submit 3 originals and 5 copies