



Agenda 9/30/10

Call to Order & Welcome	Commissioner David Sullivan, Chair
Background Presentation	Philip Morley, County Administrator
Public Testimony	Public
Deliberation & vote	Commissioners
Adjourn	Chair Sullivan



Public Hearing on Jefferson County Proposition # 1

**Local Sales & Use Tax For Public Safety,
Youth and Senior Services, Community Services and Basic
Government Public Services**

September 28 & 30, 2010

Board of County Commissioners

Overview

To reduce expenditures to match revenue, large cuts to county public services are necessary in 2011 and 2012.

Proposition #1 gives citizens the choice of whether or not to preserve some of those services by approving additional funds

■ Review County General Fund 2011-2015

- Past cuts
- Revenues v. Expenditures – \$900,000 short in 2011; \$1.7 Million in 2015

■ Description of Proposition #1

■ Budget & Service outlook if Prop 1 is Rejected or Approved

■ Commissioner Questions

Review of General Fund 2011-2015

2010 Jefferson County Budget

- **General Fund: \$ 15,636,626**
 - criminal justice (sheriff, prosecutor, courts, etc) 58%
 - central government (elections, licensing, assessor, etc)
 - community services (support for community centers, senior services, parks, community dvpt, health, WSU, etc.)

- **Other Funds: \$ 37,203,601**
 - 56 separate funds, can't be mixed
 - Roads, Solid Waste, capital projects, etc.

2009 & 2010:

\$2.3 Million in Cuts Already Made

Some Program & Staff Cuts Already Made:

- December, 2008: Dep't. of Community Development reduced staff by 8, cut remaining staff hours 10%, implemented 4-day work week
- January 2009: 2009 General Fund budget is lower than 2008. Auditor cut ¼ FTE, Juvenile Services cut ½ FTE, Prosecutor cut 1 FTE, Sheriff cut 1 FTE, Public Health cut 2.5 FTEs, Facilities cut 1 FTE.
- April 2009: BOCC lowered 2009 General Fund revenue projections by \$1 million. All General Fund staff hours were cut 6.25% May-Dec. 2009. Other budget & service reductions were made. Public office hours reduced.
- August 2009: DCD laid off 3 more talented staff and needed a \$125,000 cash infusion of from General Fund.
- In September/October 2009: Public Health closed Environmental Health on Fridays, cut back Public Health Nurse support to many mothers of newborns, and cut family planning clinics by one day per week.
- (With a mild up-tick of permits, DCD and Env'l Health are back to 40 hrs starting August 1, 2010, but layoffs have not been restored)

Prior Cuts (continued):

- September 2009: County Parks closed 3 campgrounds & cut maintenance to 6 parks.
- October 2009: WSU Cooperative Extension reduced staffing and closed on Fridays.
- 2010: County Parks cut maintenance to 6 more parks in 2010, including Memorial Field, and ended the drop in program at the Rec Center, cut 2.64 FTE.
- 2010: Assessor cut 1 FTE, Auditor cut 9/10 FTE, Treasurer cut 1/10 FTE, Clerk cut 4/10 FTE, District Court cut ½ FTE, Juvenile Services cut ½ FTE, Sheriff cut 1.3 FTE (3 others moved to grant funding) and cut 6/10 FTE in Animal Services, Prosecutor moved 1 FTE to grant funding, Public Health cut 2.75 FTE.

Prior Cuts: staffing

- 2010 staffing cuts :
 - 10 fewer than budgeted in 2009
 - 23 fewer than budgeted in 2008
 - budgeted staffing is lowest since 2002. Citizen population has grown 10%.

Future Budget gap: 2011-2015

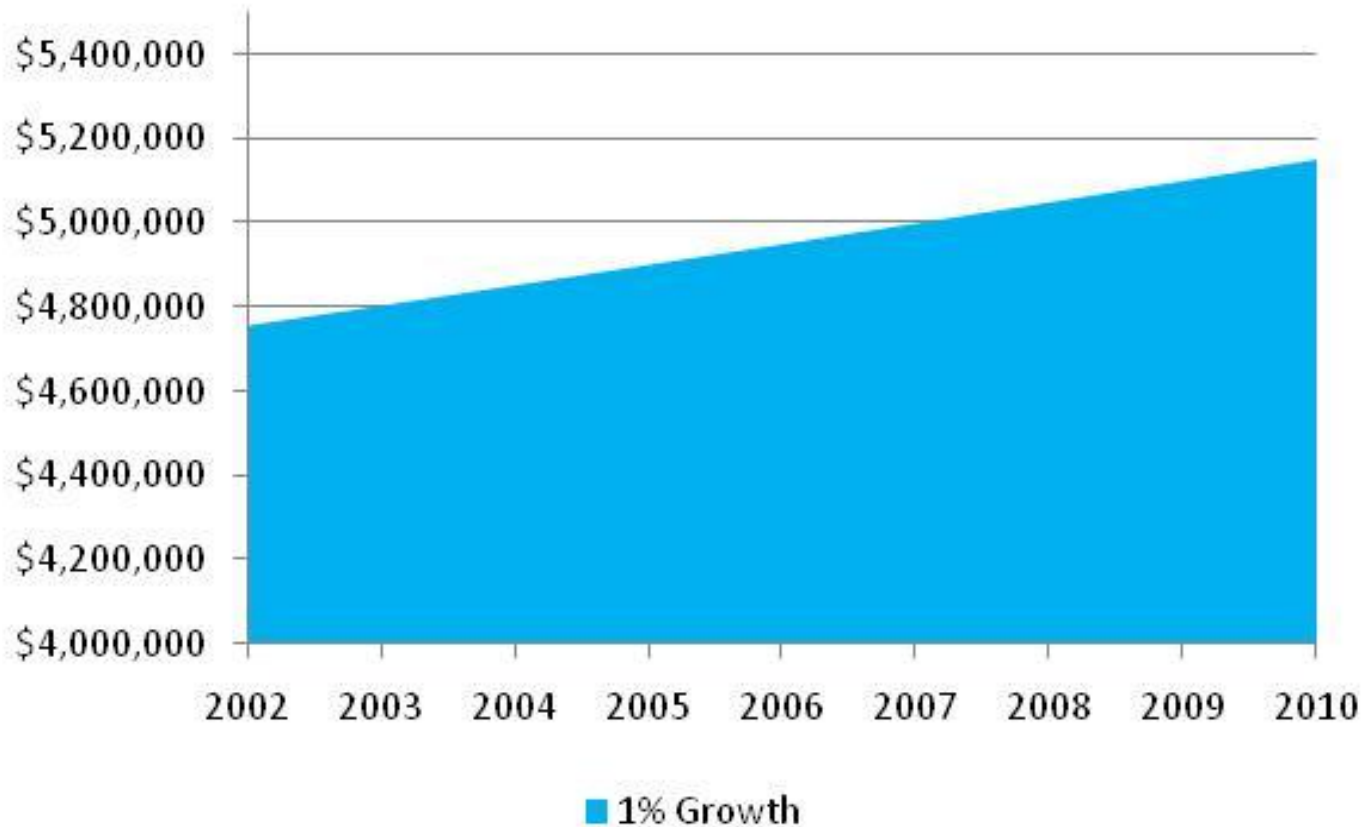
Jefferson County faces a growing annual revenue shortfall to continue existing services:

- 2011: \$ 900,000 gap
- 2012: \$1.36 million “
- 2013: \$1.5 million “
- 2014: \$1.6 million “
- 2015: \$1.7 million “

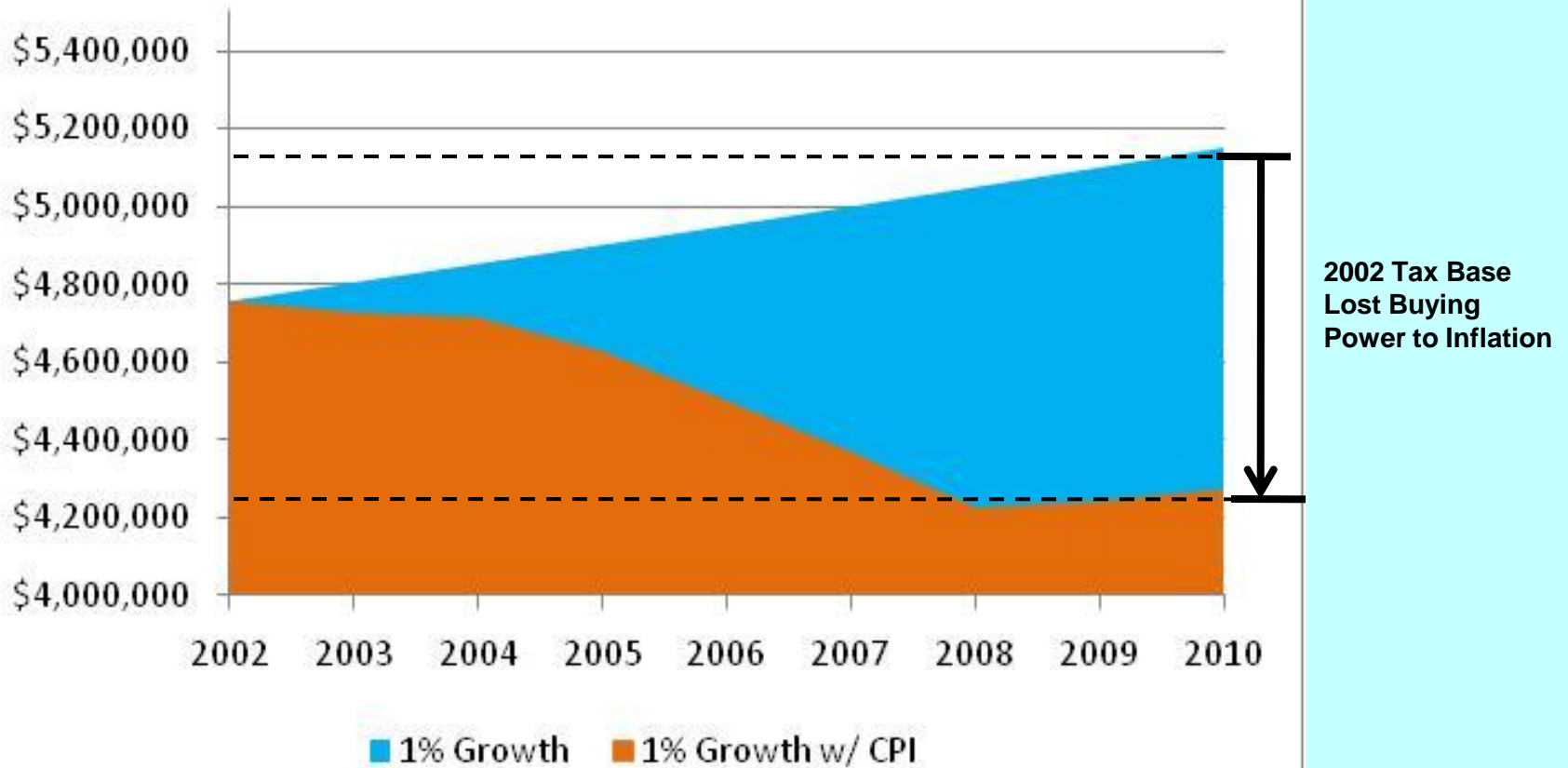
Why?

- Property tax is roughly $\frac{1}{2}$ of all General Fund revenues. Washington State imposes a 1% cap on the annual growth of local property tax revenues.
 - Since 2002, the buying power of Jefferson County's 2002 property tax base has lost ground to inflation. Inflation normally exceeds 1%.
- The current Recession has cut other revenue to the county, e.g.:
 - sales tax,
 - timber harvest, and
 - investment interest.

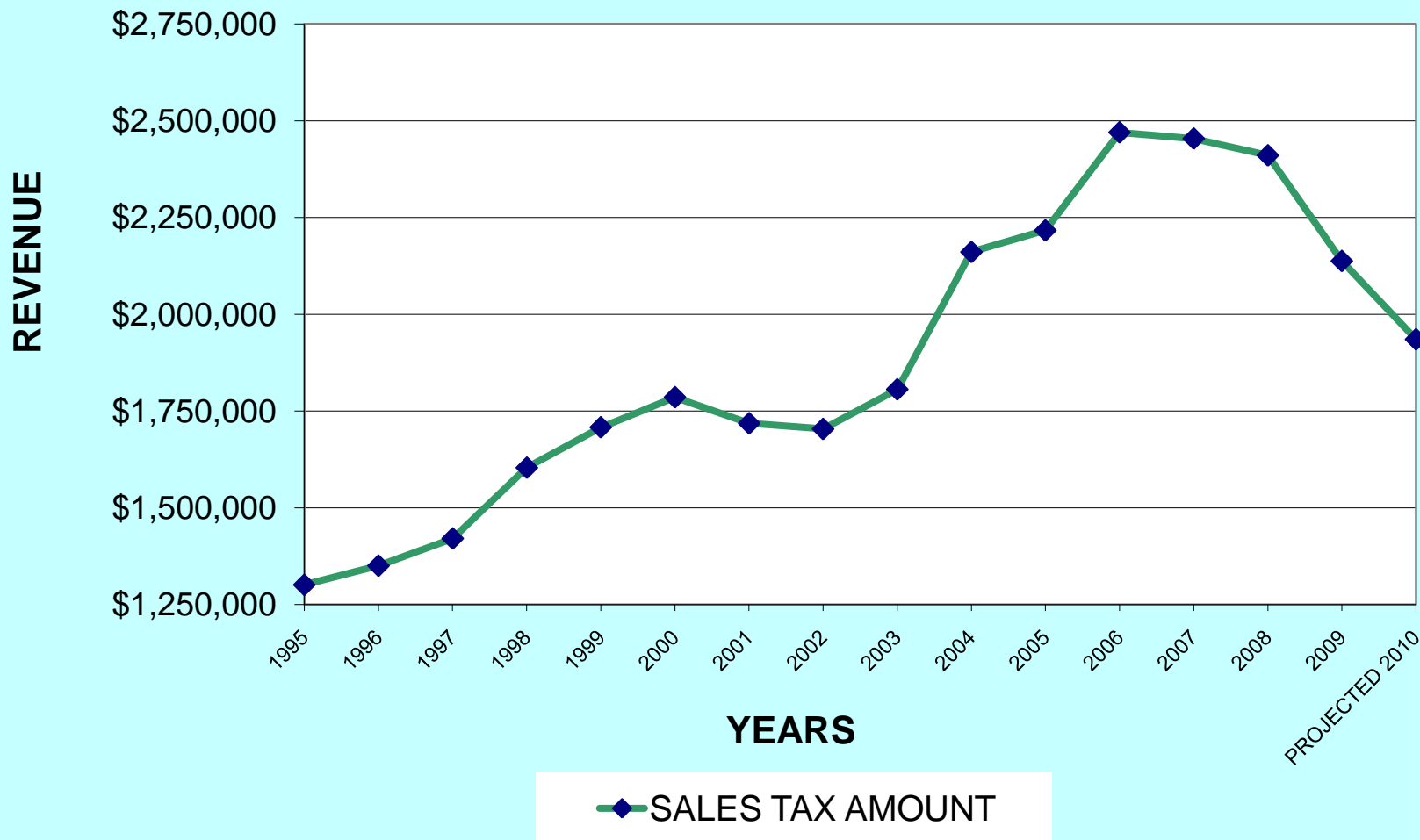
2002 Property Tax Base Over Time, @ 1% annual growth



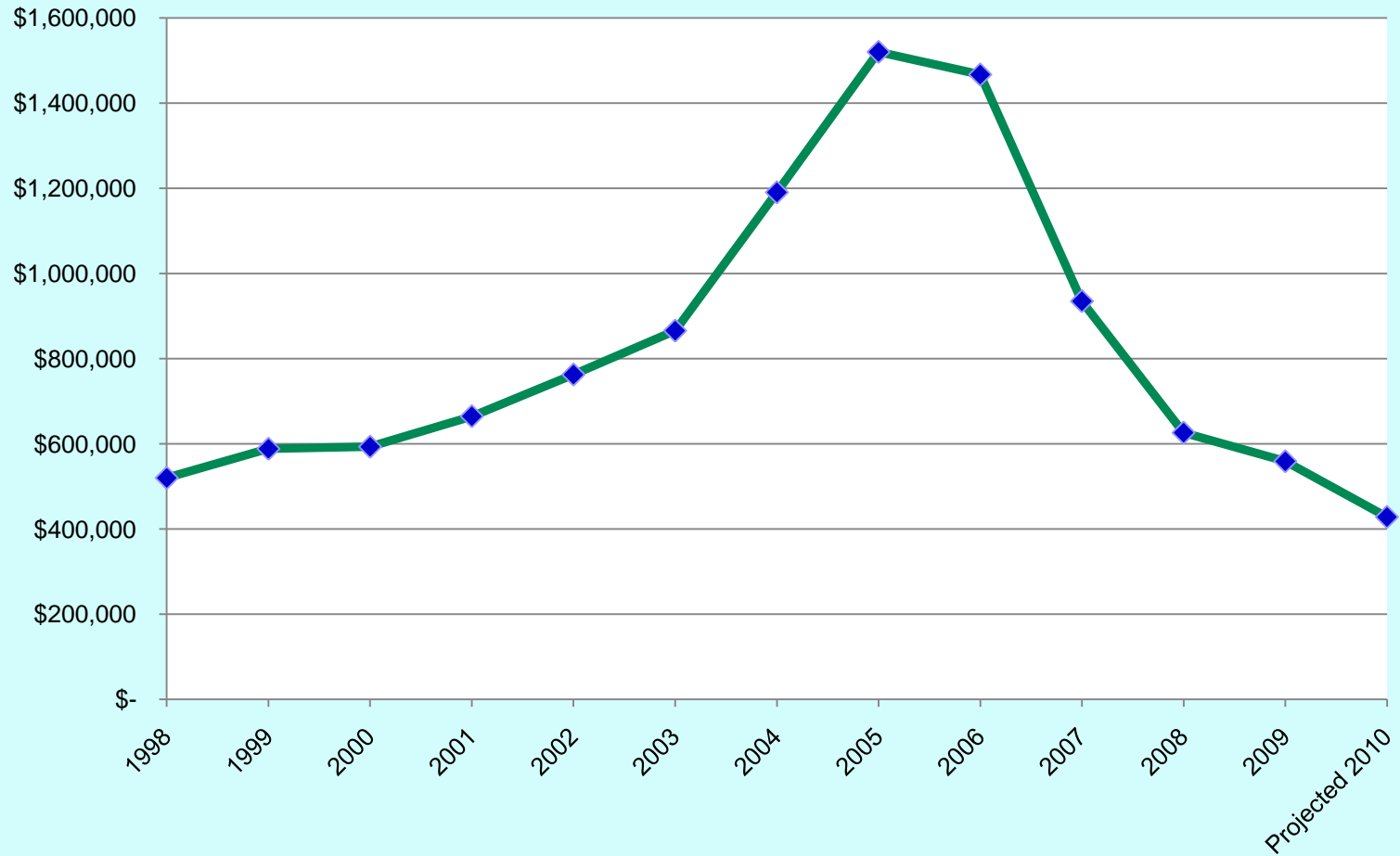
2002 Property Tax Base Over Time, & Adjusted for CPI



GENERAL FUND BASIC SALES TAX

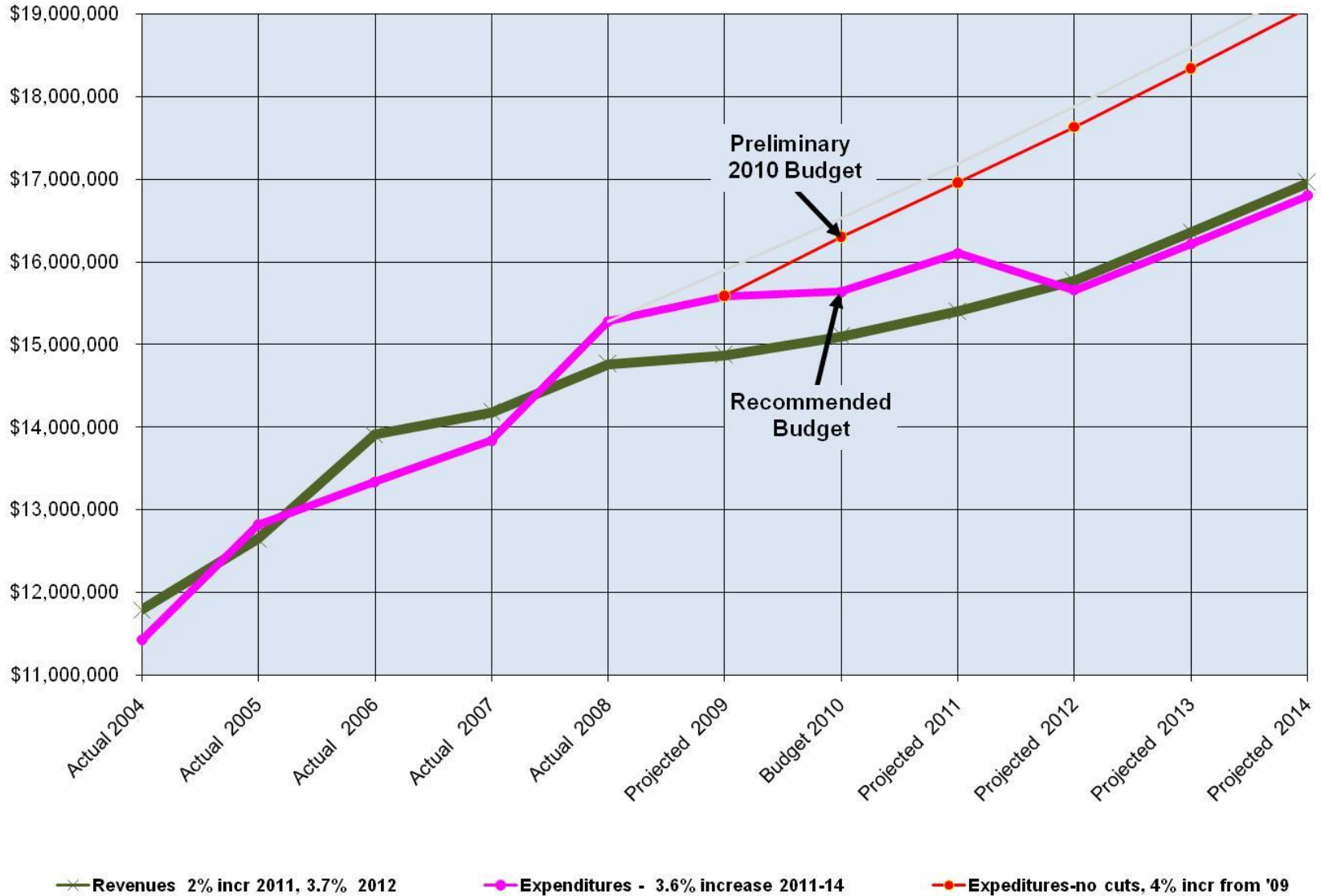


History of Real Estate Excise Tax (not in General Fund, but indicative of Recession's impact)



GENERAL FUND REVENUES & EXPENDITURES

2004 through 2014
Budget Hearing December 7, 2009



Background

- Since last December, sales tax, timber harvest and investment income have declined further. The economic recovery has slowed.
- This brings the expenditure/revenue gap forward into 2011. It is now \$900,000.
- The gap grows each year after that.
 - 2011: \$ 900,000 gap
 - 2012: \$1.36 million “
 - 2013: \$1.5 million “
 - 2014: \$1.6 million “
 - 2015: \$1.7 million “

Background (cont.)

- The County must make significant budget and service cuts to balance expenditures to available revenues.
- In addition to the cuts we have already made, the County has been responding in many ways.
- We've made economic development a priority. A healthy economy helps everyone.
 - The county adopted an interlocal agreement and is doing Joint Economic Development planning with the City and the Port.
 - We added 24 light industrial acres to the Airport.
 - Work to design the Port Hadlock Wastewater System continues.
 - We pursued & received a \$3.6 Million Broadband stimulus grant.
- We adopted a 2010 Jefferson County Strategic Plan:

Adopted a 2010 Strategic Plan

Strengthening our Capacity to Manage

Includes:

- **Mission, Vision and Values**
- **Goals & Strategies for the longer term**
- **2010-2011 Priorities:**

- **Maintain Key Public Services Within Our Means**
- **Strengthen the Efficiency & Quality of County Services**
- **Put County Government on a Sustainable Financial Footing**
- **Strengthen Our Local Economy**
- **Plan for the Future**
- **Support our Unique Communities**

2010 Jefferson County Strategic Plan

The 2010 Jefferson County Strategic Plan is an updated blueprint for how the county will marshal its resources to preserve and improve the quality of life for county residents. It has been developed in recognition of the county's strengths, opportunities, challenges and budget concerns. The Strategic Plan includes:

- **Mission, Vision and Values**
- **Goals & Strategies for the longer term: 2010-2011 Priorities**

CORE VALUES

- Integrity
- Professionalism
- Accountability
- Prudence
- Transparency
- Innovation
- Empowerment
- Service

MISSION STATEMENT
Enhancing the quality of life for present and future generations.

VISION STATEMENT
The future of Jefferson County is in the hands of its citizens. We envision a variety of sustainable communities offering high quality of life and personal opportunity. We picture a strong economy with a healthy environment, where people are safe, well, and have the public and private services necessary to thrive.

Government and citizens partner together; public needs guided by legal mandates and community aspirations. Citizens and decisions are fact based, and government match the resources its citizens provide.

Jefferson County is a great place for all stages of life.

GOALS AND STRATEGIES (5-10 years)

Justice and Safety
Support the health and safety of all residents. Maximize the public peace and safety by providing efficient and cost-effective services for all residents and visitors. Use evidence based practices and innovation as a means to improve public safety services. Enhance law and order through justice systems. Create citizens engaged with crime prevention, and community based organizations. Increase the number of law enforcement agencies and personnel. Decrease the number of law enforcement agencies, and improve the quality of law enforcement services.

Health and Quality of Life
Enhance the health and quality of life of individuals, families and communities. Provide emergency and disaster relief services to protect residents. Encourage environmental conservation, and provide healthy behaviors. Provide services, advice and resources to prevent harm and support for children, youth, substance use, aging, families and communities.

Economic Prosperity and Strong Communities
Encourage a diverse economy with vibrant and sustainable communities that drive regional development. Support a strong, diverse and sustainable economy through the entire region of our county. Support the private sector consistent with existing community plans. Increase the number of jobs, including seasonal, contract, and part-time. Encourage local business development, including seasonal, contract, and part-time. Encourage local business development, including seasonal, contract, and part-time. Encourage local business development, including seasonal, contract, and part-time. Encourage local business development, including seasonal, contract, and part-time.

Public Engagement
Increase public participation in county decisions, and improve Jefferson County citizens and communities. Increase the number of meetings, staff, and board members. Increase the number of meetings, staff, and board members. Increase the number of meetings, staff, and board members. Increase the number of meetings, staff, and board members.

Quality Workforce
Develop and engage Jefferson County government's employees. Develop and engage Jefferson County government's employees. Develop and engage Jefferson County government's employees. Develop and engage Jefferson County government's employees.

2010-2011 PRIORITIES:

- During the Recession Maintain Key Public Services Within Our Means
- Strengthen the Efficiency & Quality of County Services
- Put County Government on a Sustainable Financial Footing
- Strengthen Our Local Economy
- Plan for the Future
- Support our Unique Communities

Justice and Safety

- Review law and order services to ensure efficient and cost-effective delivery
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Health and Quality of Life

- Review health and safety services to ensure efficient and cost-effective delivery
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Economic Prosperity & Strong Communities

- Review economic development services to ensure efficient and cost-effective delivery
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Public Engagement

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Quality Workforce

- Review human resources services to ensure efficient and cost-effective delivery
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Environmental Sustainability

- Review environmental services to ensure efficient and cost-effective delivery
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Background (cont.)

- The County's adopted 2011 Budget Goals and Objectives include a wage freeze at 2010 rates wherever allowed for elected officials and non-union staff.
- Negotiations are underway with our unions to re-open all existing labor agreements. We are seeking a 1-year freeze of wages at 2010 rates to save costs there too.

Still:

- A substantial gap remains between expenditures to continue existing programs and levels of service, and reasonable revenue projections.
- The gap is permanent, and on average, grows over time.

2010-2015

Budget Projections 2010-2015

Prepared 08/01/2010

GENERAL FUND	2010 Budget	2010 Projected	2011 Proj Incr	2011 projected Budget	2012 Proj Incr	2012 projected Budget	2013 Proj Incr	2013 projected Budget	2014 Proj Incr	2014 projected Budget	2015 Proj Incr	2015 projected Budget
Beginning Cash and Investments	2,415,665	2,381,014		2,209,883		1,463,505		268,361		(1,032,831)		(2,426,940)
Revenues	14,879,052	14,888,199	1.0%	15,037,081	2.3%	15,379,840	3.3%	15,881,727	3.4%	16,419,962	3.3%	16,959,148
New Revenues (From Rd levy shift)	216,000	216,000	1.5%	219,240		0				0		0
Additional Revenues		197,000								0		0
TOTAL REVENUES	15,095,052	15,301,199		15,256,321		15,379,840		15,881,727		16,419,962		16,959,148
% change from prev. year												
Expenditures at current level	(15,636,626)	(15,636,626)	3.4%	(16,164,343)	3.6%	(16,742,408)	3.7%	(17,356,484)	3.7%	(17,994,011)	3.7%	(18,655,905)
Extraordinary costs		(93,000)										
Transfers, Efficiencies, Program Reductions												
Across the Board Dept Cuts												
Projected Expenditures	(15,636,626)	(15,729,626)		(16,164,343)		(16,742,408)		(17,356,484)		(17,994,011)		(18,655,905)
Fund Equity Transfer In												
Interfund Loans		100,000										
Estimated carryover	156,366	157,296		161,643		167,424		173,565		179,940		186,559
Ending Cash & Investments	2,030,457	2,209,883		1,463,505		268,361		(1,032,831)		(2,426,940)		(3,937,138)
Reserves - Required 10% of Expend.	1,563,663	1,572,963		1,616,434		1,674,241		1,735,648		1,799,401		1,865,590
Unreserved Cash & Investments	466,794	636,921		(152,929)		(1,405,880)		(2,768,480)		(4,226,342)		(5,802,729)
Target Unreserved Fund Bal	366,000	466,794		318,460		159,230		400,000		800,000		1,200,000
Over (under) target	100,794	170,127		(471,389)		(1,565,110)		(3,168,480)		(5,026,342)		(7,002,729)
Expenditures in excess of Revenue				\$ (908,022)		\$ (1,362,568)		\$ (1,474,757)		\$ (1,574,049)		\$ (1,696,757)

- The county will adopt a balanced budget for 2011 and each year thereafter. We are forced to downsize county government and the services it provides to match available revenues.
- With the cuts we have already made, new cuts will significantly affect important public programs and levels of service in departments that receive funds from the General Fund.
- After consulting with our other county elected officials, the Board of County Commissioners placed Proposition No. 1 on the November General Election ballot to give the public the choice to provide funding avoid some - but not all - of these cuts.

Proposition No. 1 – Sales & Use Tax

- Authorized by RCW 82.14.450, amended this year
- Up to 3/10^{ths} of 1% = 3 cents on a ten-dollar purchase
- Countywide. Tourism would help pay. Food & prescription drugs are exempt.
- Split 60/40 between the County and Port Townsend
 - Approximately \$637,000 to fund Jefferson County services
 - Approximately \$425,000 to fund City services
- At least 1/3 must be for Public Safety purposes
- If approved in November, implemented April 1, 2011
- State would begin passing through revenue to County and City in June, 2011
- Many of the cuts we must make have been identified. County services that will be funded and retained by Prop 1 have been defined and adopted by Resolution:

County budget & services

With & without Prop 1:

Public Safety Service:	Annual Budget	Without Prop 1	With Prop 1
Sheriff: 1 deputy sheriff, 1 animal control officer, 1/2 safety training	\$ 175,000	Cut	Retained dedicated funding
Prosecutor: 1/2 deputy prosecutor (property crime, domestic violence and DUI prosecutions)	\$ 37,500	Cut	Retained dedicated funding
Juvenile Services: 1 juvenile probation counselor, reduce support staff (local restorative justice/community restitution; diversion for 1st time offenders; intervention for at-risk youth; pre-trial offender supervision services)	\$ 75,000	Cut	Retained dedicated funding
Public Safety: Misc. public safety reductions	\$ 19,000	Cut	Retained dedicated funding
subttl Public Safety – 48%	\$ 306,500		

County budget & services (cont):


Other Public Services:	Annual Budget	Without Prop 1	With Prop 1
OlyCAP: 3 Community Centers & Senior Services (Tri-Area, Quilcene, Brinnon)	\$ 126,000	Cut	Retained dedicated funding
Port Townsend Senior Ass'n: Port Townsend Community Center & senior services	\$ 12,500	Cut	Retained dedicated funding
Gardiner Community Center Board: Gardiner Community Center	\$ 2,800	Cut	Retained dedicated funding
Jefferson County Fair: County support for the County Fair	\$ 4,500	Cut	Retained dedicated funding
WSU Cooperative Extension: Funding for afterschool programs for youth & other Cooperative Extension services	\$ 20,000	Cut	Retained dedicated funding

County budget & services (cont):

Other Public Services:	Annual Budget	Without Prop 1	With Prop 1
Public Health: 1 Maternal Child Health Nurse (home visits to prenatal women and families with newborns, child abuse prevention visits and education to families)	\$ 50,000	Cut	Retained dedicated funding
Public Health: Substance abuse recovery programs in Port Townsend, Chimacum and Quilcene middle schools (best-practice program involving parents, teachers & students to decrease early substance use)	\$ 46,600	Cut	Retained dedicated funding
Conservation District: Programs in agriculture, water quality, forestry, fish & wildlife habitat, and education	\$ 45,600	Cut	Retained dedicated funding
Misc. Departments: Support for basic County operations	\$ 22,500	Cut	Retained dedicated funding
subttl Other Public Services	\$ 330,500		
TOTAL	\$ 637,000		

City:

- The City of Port Townsend & County have signed an Interlocal Agreement dedicating ½ of City share (roughly \$212,000) for 4 years to:
 - Restore normal maintenance of Memorial Field
 - Reopen & maintain the Rec Center, restore drop-in programming
 - Help fund capital improvements to these facilities
 - This also helps the rest of County Parks and Recreation
 - County & City agreed to work together during this time to find long-term sustainable & efficient delivery & funding for our region's parks, also recreation programs
- 1/3 of City share must be spent on Public Safety.

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- Tonight's public hearing is to hear whether or not the Board of County Commissioners should also vote to endorse passage of Proposition 1 and encourage voters to approve it.
 - The Commissioners look forward to testimony on all sides of this issue.

- END-

QUESTIONS?