

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA REQUEST

TO: Board of Commissioners
FROM: Philip Morley, County Administrator
DATE: September 20, 2010
RE: 2011 Budget Update



STATEMENT OF ISSUE:

Staff will update the County Commissioners on work to prepare the 2011 Jefferson County Budget.

ANALYSIS:

On August 2, the County Commissioners heard the most recent of a series of updates on county finances, focusing on Current Expense, the county's General Fund.

A growing gap between General Fund expenditures and revenues requires significant and difficult reductions to existing public services and programs in 2011 and beyond. The expenditure/revenue gap is perpetual and structural for rural counties like Jefferson County. State limits on how county services are financed rely heavily on a property tax base that steadily loses ground to cost inflation for existing services. Our annual property tax base collected in 2002 has lagged behind inflation in the years since then, and lost approximately \$1 million in actual purchasing value, and will continue to lose purchasing power in future years. This structural problem is made worse by our nation's Great Recession, which has reduced the County's sales tax and timber revenues, and which has lowered interest rates, eliminating most county investment income. An economic recovery continues to be late and very gradual.

The County has made significant budget cuts and adjustments in the past two years. Even so, Jefferson County faces a 2011 expenditure/revenue gap of \$900,000 that grows annually thereafter. The cuts we are required to make threaten to eliminate certain services and lower the service level of virtually all mandated services. These cuts would significantly impact the lives of citizens of the community we serve.

To give citizens a say in the depth of necessary cuts, the Commissioners on August 10 adopted Resolution 32-10, placing Proposition No. 1 on the November 2, 2010 general election ballot. Prop. 1 asks voters if they would approve or reject a 3/10th of 1% sales tax dedicated "to

maintain certain sheriff, prosecutor, other public safety services, youth programs, juvenile services, senior services, community centers, public health and basic government services.”

It is estimated that were it adopted, Prop. 1 would generate approximately \$637,000 per year to the County, and \$425,000 to the City of Port Townsend. The \$637,000 would cover about two thirds of the County’s \$900,000 expenditure revenue gap and reduce the size of necessary cuts to programs and services in 2011. County Resolution 32-10 identifies specific programs and services that would be funded and be spared from cuts. If Prop 1 is not approved, then these same programs and services would be cut. Our base recommended budget is being developed premised on Prop 1 not being approved, and will phase in the following cuts:

Dept	What	Total Amount
Sheriff	1 deputy, 1 animal control officer, 1/2 training	\$175,000
Prosecutor	1/2 deputy prosecutor	\$37,500
Juvenile Services	1 juvenile probation officer, 5 hrs support staff, \$3,700 Proctor Home & drug/alcohol services	\$75,000
Misc. Public Safety	reductions in costs in other criminal justice departments	\$19,000
subttl public safety		\$306,500
Community Services: OlyCAP	3 Community Centers & Senior Services	\$126,000
Community Services: PT Sr Association	PT Community Center	\$12,500
Community Services: Gardiner Comm Ctr.	Gardiner Community Center	\$2,800
Community Services: Jefferson County Fair	County Fair	\$4,500
WSU Cooperative Extension	afterschool programs for youth and reduction in facility space	\$20,000
Transfer to Public Health	Maternal Health Nurse (actually 56,000)	\$50,000
Transfer to Substance Abuse	Programs including "Project Alert" that serves youth in PT, Chimacum and Quilcene	\$46,600
Transfer to Jefferson County Conservation District	programs in agriculture, water quality, forestry, fish & wildlife habitat and education	\$45,600
Misc. Community Services		\$0
subttl community services		\$308,000
Misc. Core Services	Staffing in administrative departments	\$22,500
subttl core services		\$22,500
TOTAL		\$637,000

Prop 1, if approved by the voters, would fund and preserve these same services, but Prop 1 would not solve all of the County’s budget problem. Even if the voters might choose to approve Prop 1, the County will still face a remaining 2011 expenditure/revenue gap of close \$300,000. This gap continues each year thereafter and grows over time.

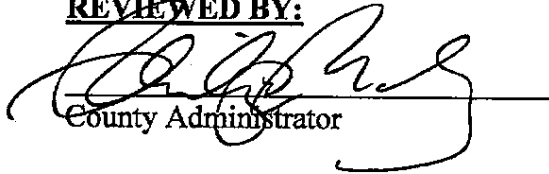
To this end, the County’s adopted 2011 Budget Goals and Objectives have determined that wages for all non-union staff and most elected officials will be frozen at 2010 levels in 2011. In negotiations with our two unions, the Teamsters and the United Food and Commercial Workers we are asking all staff to participate in this cost-saving measure. Such a measure would reduce future years’ General Fund expenditures by about \$290,000 each year, and allow the county to retain more of our valued staff and reduce cuts to programs and services. We know the County will still need to make other cuts, but this would reduce their scope.

On September 15, the Elected Officials and Department heads held a Budget Committee meeting to discuss preparations for the 2011 budget. The September 20 briefing will summarize the material discussed there and next steps.

FISCAL IMPACT: Supports development of a balance budget. No direct impact, briefing only.

RECOMMENDATION: Hear the briefing and provide staff appropriate direction on continuing budget preparations.

REVIEWED BY:


County Administrator

9/16/10
Date