

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

REGULAR AGENDA REQUEST

TO: Board of County Commissioners
FROM: Philip Morley, County Administrator
DATE: July 22, 2013
RE: Resolution Establishing 2014 Budget Objectives and Procedures

STATEMENT OF ISSUE: On July 22, the Board of County Commissioners will consider, revise as appropriate and adopt a Resolution establishing Budget Objectives and Procedures for 2014. Once adopted, the Resolution will guide work by the branches and departments of the County to prepare a balanced 2014 Jefferson County Budget.

ANALYSIS: The proposed resolution provides guidelines for preparing the 2014 budget. It addresses the County's current financial realities and as well as supporting a continued focus on long term financial analysis as way of balancing the budget for current and future years.

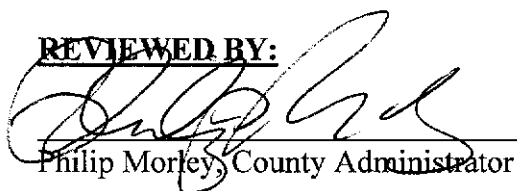
Highlights of the objectives in the 2014 document:

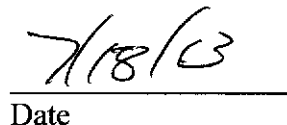
- Continue to draw down unreserved General Fund balance – propose to use no more than half of the estimated 12-31-13 unreserved fund balance to balance the General Fund budget.
- Extraordinary General Fund Revenues – continue to use certain General Fund revenues that exceed budgeted amounts for one-time costs such as Capital Improvement, Debt Service, revenue stabilization fund and other one-time costs.
- Capital Facility needs – Continue to make annual transfers from the General Fund to the capital Improvement fund as available and needed to supplement REET Revenues.
- 2014 Base Budgets
 - The Base budgets for 2014 will include all adopted collective bargaining unit increases as well as a 1.25% COLA adjustment for non-union positions and elected officials (where allowed by law).
 - General Fund Transfers to other funds and other general fund costs (not including salaries and benefits, internal cost allocations and certain non-departmental costs) will be limited to a 1% increase to the 2013 base budget. The transfer to Water Quality will be funded by one-time revenues for 2014 and 2015 as they explore other sources of program funding

FISCAL IMPACT: The Resolution supports adopting a balanced 2013 Jefferson County Budget.

RECOMMENDATION: Consider the proposed resolution, make appropriate revisions, and adopt a Resolution establishing 2014 Budget Objectives and Procedures.

REVIEWED BY:


Philip Morley, County Administrator


Date

STATE OF WASHINGTON
County of Jefferson

In the Matter of Establishing }
Objectives and Procedures for the }
2014 County Budget }

RESOLUTION NO. __-13

WHEREAS, Jefferson County's growing population continues to put pressure on the provision of public services and infrastructure; and

WHEREAS, critical county services such as public safety, public health, parks and recreation, and capital infrastructure are foundations for a sustainable economy and a healthy community; and

WHEREAS, legislation passed through initiative and by the State Legislature in the past has reduced or eliminated county revenue sources previously relied upon to maintain pace with cost inflation and to pay for services and infrastructure; and

WHEREAS, a major national economic recession has further limited county revenues, while simultaneously increasing the demand for some county services; and

WHEREAS, reductions in certain revenues from the State and Federal governments also adversely affect the delivery of county services; and

WHEREAS, inflation in the cost to maintain county services and infrastructure continues; and

WHEREAS, adequate cash reserves need to be maintained for each operating fund to provide for emergencies and for cash flow; and

WHEREAS, the Board of County Commissioners has adopted and periodically updates a Jefferson County Strategic Plan as a blueprint for marshaling the county's resources to meet challenges and enhance the quality of life of our citizens in the future; and

WHEREAS, the annual budget process provides opportunities to focus resources in support of the Strategic Plan and the issues facing Jefferson County; and

WHEREAS, in order to maximize the use of limited resources, programs and services must be strategic, effective, creative, innovative and efficient in their delivery while targeting community priorities; and

WHEREAS, it is recognized that the employees of Jefferson County possess great skills, knowledge and dedication, which make them the county's most valuable asset in providing services to the public; and

WHEREAS, it is recognized that citizens of Jefferson County expect both accountability from their public servants and affordability from their government; and

WHEREAS, Jefferson County together with other local government agencies recognize that collaborative efforts to provide services benefits all citizens of the county; and

WHEREAS, to grow its economy the County needs to protect and capitalize on its competitive advantages: our people, our environment, and our history; and

WHEREAS, on July 1, 2013 the Board of County Commissioners adopted Resolution No 24-13 establishing dates for the 2014 Budget;

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Jefferson County does hereby establish the following objectives and procedures to guide the development and adoption of the 2014 Jefferson County Budget:

I. FISCAL BUDGET OBJECTIVES

1. **Strategic Plan** – Continue to follow the most recently adopted Jefferson County Strategic Plan as a guide for developing the budget and work programs of the County.
2. **Balanced budget** - The budget, when adopted, will be balanced within available resources. In addition to annual fiscal objectives, there should also be a focus on long-term financial analysis.
3. **Use of unreserved Fund Balance** - The County shall continue its strategy from years 2009 through 2013 of apportioning and drawing down the General Fund unreserved fund balance, and shall plan for continuing that strategy into 2015. Consequently, the 2014 budget shall utilize no more than one-half of the 12/31/13 projected General Fund unreserved fund balance.
4. **Property Taxes** - Growth in property taxes for the General Fund, Road Fund and Conservation Futures Fund shall not exceed the 1% limit, plus taxes collected on new construction.
5. **Sales Taxes** –The county shall budget and administer General Fund sales tax revenues consistent with Jefferson County Resolution No. 38-10 (Use of Excess Sales Tax) and Resolution No. 32-10 (Special Purpose Tax levy resolution).
6. **Extraordinary General Fund Revenues** – Some General Fund revenues vary significantly year to year (e.g. private timber harvest, DNR Forest Board Trust revenue, Federal Payment in Lieu of Taxes, etc.) or are non-recurring (e.g. state extraordinary justice appropriation). If those revenues are received above the adopted 2013 and 2014 budgets, the excess will be dedicated for the following purposes: backfill for shortfalls in other GF revenues if any, debt service not covered by Real Estate Excise Tax, the county Capital Improvement Program including the Construction and Renovation Fund, other one-time costs, and a revenue stabilization reserve to backfill future revenue shortfalls from volatility.

7. Budget priorities – The County’s priorities continue to be:

- a. Support mandated services while balancing levels of service with other priority services;
- b. Support local law and justice programs, including evidence-based prevention, intervention & recovery programs;
- c. Address locally identified and defined local public health issues;
- d. Protect and enhance natural resources;
- e. Invest in community infrastructure that encourages economic opportunity;
- f. Find means to support other critical services for a healthy community;
- g. Use capital funds and other funds as necessary to meet the county’s debt service obligations;
- h. Plan for long term capital facility needs and incorporate annual transfers from the general fund to the capital improvement fund into the annual budget as available and as needed to supplement REET.
- i. Operate within a business plan based on fiscal sustainability, measured performance, and the best customer service within our means;
- j. Maintain a professional county workforce that can meet the service delivery needs of the county, including training budgets for required training and for departmental training plans to maintain a qualified workforce; and
- k. Look for cost savings opportunities - Continue to evaluate and implement where appropriate opportunities to:
 - i. Continue to seek opportunities to save costs by seeking opportunities to reduce the number of boards and commissions, consolidating their work programs, and reduce the frequency of meetings.
 - ii. Consolidate programs or services to gain efficiencies or improve customer service, where appropriate.
 - iii. Seek additional funding sources to support services through programs and grants and other funding sources.
 - iv. Continue to partner with other local agencies to improve service delivery and/or reduce costs.
 - v. Privatize and/or outsource services, programs, and functions where appropriate.

8. Departmental Preparation of Preliminary Budgets - Departments should prepare preliminary budgets with the following guidelines:

- a. Prepare departmental preliminary budgets following steps listed in Section II. Budget Preparation of this document.
- b. For the Preliminary Budget, union staff personnel costs (salaries, wages, & benefits) will be adjusted based on the rates of ratified labor agreements; including annual step increases.
- c. In a similar fashion as the adopted UFCW collective bargaining agreement, non-

union wages and elected official salaries (where allowed by law) in 2014 will reflect a 1.25% general wage (COLA) adjustment and shall include annual step increases pursuant to the step wage matrix.

- d. Any FTE Increase proposed above the FTEs included in the 2014 salary schedules must be accompanied by corresponding new revenues and/or cost reductions, or will require a substantial justification and a funding source within the 2014 proposed budget.
- e. Target base budget numbers will be given to all General Fund departments for the preliminary budget on August 2, 2013. The target number will be the 2014 Base Budget. The target number will be developed using:
 - 2014 Salary schedules (overtime and clerk hire line items will be calculated at the 2013 budget level)
 - Facility, Information Services and ER&R cost allocations for 2014
 - Other costs will be limited to a 1% increase to the 2013 levels (except certain externally-given costs in non-departmental).
 - Transfers from the General Fund to other operating funds will be targeted at a 1% increase to the 2013 base budget level.
- f. General Fund departments are encouraged to collaborate to achieve budget targets.
- g. Budgets for other funds shall be prepared as balanced budgets.
 - All increases, including any wage and benefit increases, will be absorbed within available resources or offsetting cost reductions within that fund.
 - Transfers from the General Fund to other operating funds will be a 1% increase to the 2013 base budget levels except as noted below:
 - Water Quality fund – One time revenues will be used to provide transitional support from the General Fund to Water Quality for 2014 and 2015. By 2016, alternate funding will need to be found to support water quality programs. During the budget process, the amount of transitional one-time funding to be provided will be determined.
- h. Reserves shall be maintained for each Fund as established by resolution. Where fund reserves are below targets, departments shall submit a plan and schedule to restore reserves as soon as practicable.
- i. Fees - Set fees at levels that recapture the cost of the service being provided, where possible.

II. BUDGET PREPARATION

1. Budget requests shall be prepared in a consistent, citizen friendly format that clearly identifies the resources needed and the services to be provided by each program.
2. Departments shall prepare budgets following the standard format and schedule provided to them in the 'Call for Budgets' from the County Auditor.

3. Each department and each major division or program within each department shall prepare a narrative, which shall include:
 - a. The department's mission statement in a clear concise statement explaining the purpose of the division or program.
 - b. The department's staffing requirements for the coming year clearly indicating which staff positions, or portions thereof, are grant supported.
 - c. Departmental and program revenues and expenditure summaries and impacts anticipated by increased or decreased funding.
4. Preliminary Budget process:
 - Preliminary department budgets shall be transmitted to the County Auditor on or before September 3, 2013. Once the preliminary department budgets are transmitted by the Auditor to the County Administrator and Board of County Commissioners, proposed revenues and expenditures for each Fund or Department shall be reviewed for their impacts on the county's financial health for the next five years.
 - As necessary to balance the budget, the County Administrator will consult with independent elected officials and department directors and shall establish additional countywide budget targets and strategies as needed.
 - The County Administrator will meet with each department to review departmental budgets. As necessary, Departments will be asked to propose revisions to their preliminary departmental budgets.
 - The County Administrator shall prepare a Draft 2014 Budget for review, a public hearing and action by the Board of County Commissioners.

APPROVED this 22nd day of July, 2013:

SEAL:

JEFFERSON COUNTY
BOARD OF COMMISSIONERS

ATTEST:

John Austin, Chairman

Phil Johnson, Member

Carolyn Avery
Deputy Clerk of the Board

David Sullivan, Member