



AGENDA ITEM SUMMARY

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

Department: BOCC

WORK SESSION Meeting Date:

REGULAR AGENDA Meeting Date: 12/02/2014

Required Originals Approved and Attached? ☒

Will be provided on:

Item Summary:*

- ☐ Call for Hearing
- ☐ Resolution
- ☐ Draft Ordinance

- ☐ Contract/Agreement/MOU**
- ☐ Proclamation
- ☐ Final Ordinance

- Contract #
- ☒ Budget Item
- ☐ Other

Documents exempt from public disclosure attached: ☐

Executive Summary:

The 2015 Draft Budget is hereby presented for the final public hearings, on Dec 2nd and adoption no later than December 09, 2014.

General Fund Revenues are expected to decline, slightly, from the \$33,200,000 projected for 2014 to \$32,455,353 in 2015 even though a BARS number change at the state level moves \$1,265,000 of Criminal Justice monies into the General Fund, out of Other Funds where it has been for the last dozen years or so. State grants, reimbursements and sales taxes are projected to be reduced, while major economic indicators and property taxes for the whole County 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 not budgeting for an "automatic" 1% increase in general property taxes this year, and so expect that to stay flat at \$10,200,000. In other funds, 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 expecting state and federal project reimbursements to be down significantly, and little to no increase in gas taxes being collected as more convert to electric, hybrid and high mileage vehicles.

On the expenditure side, we continue to maintain good control of our spending, living within our means by cutting back wherever we can and by reducing staff through attrition as each year's inflationary pressures continue even though revenues remain essentially flat. Seven out of our eight bargaining units have signed long-term agreements that limit future exposure to large inflationary changes 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), will stay at the 37.5 hour work week and do not get any COLA increases during 2015. Total General Fund Expenditures are

* Submit original and 5 copies

** Submit 3 originals and 5 copies

budgeted to go down, slightly, from the 2014 projection (\$33,200,000) to \$33,162,881, anticipating a use of reserves in the amount of \$707,528 to balance the budget (including \$321,304 worth of new, one-time departmental asks for equipment and capital improvements spending). The Road Department projects spending \$15,395,370 for 2015, using \$2,646,423 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 \$12,949,919 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 a 2013 murder trial and \$300,000, or so 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 \$12,000,000 (\$7,500,000 of which are specifically restricted) leaving \$4,500,000 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 Draft 2015 Budget

Recommended Action : (Does the Board need to act? If so, what is the department's recommendation?)

Ask questions, hold hearings and suggest any changes for final budget approval.

County Official Signature:  _____

Date Submitted: 11/19/2014