RESOLUTION - ACTION REQUESTED 2012-194

MEETING: April 17, 2012
TO: The Board of Supervisors
FROM: Rick Benson, County Administrative Officer
RE: Budget Guidelines for Fiscal Year 2012-2013

RECOMMENDATION AND JUSTIFICATION:
Approve the Proposed Budget Development Guidelines for Fiscal Year 2012-2013. During these uncertain fiscal times, it is prudent to adopt budget development guidelines. Please see the attached guidelines.

BACKGROUND AND HISTORY OF BOARD ACTIONS:
The Board adopted Resolution 11-156 approving budget development guidelines for Fiscal Year 2011-2012 with the following inclusions: 1) no General Fund increase to any department other than negotiated benefit increases; 2) no additional position requests for General Fund departments; 3) all departments are to prepare a five-percent step-down plan as a contingency; 4) no reduction in the Tourism Bureau contribution of $500,000 in the initial requested budget presentation.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:
Do not approve the Proposed Budget Development Guidelines for Fiscal Year 2012-2013. County departments will not receive guidelines for developing their requested budgets.

ATTACHMENTS:
Budget guideline 12-13 (PDF)

CAO RECOMMENDATION
Requested Action Recommended
Resolution - Action Requested 2012-194

RESULT: ADOPTED AS AMENDED [4 TO 1]
MOVER: Jim Allen, District V Supervisor
SECONDER: Kevin Cann, District IV Supervisor
AYES: Lee Stetson, Lyle Turpin, Kevin Cann, Jim Allen
NAYS: Janet Bibby
RESOLUTION - ACTION REQUESTED 2012-194

APPROVE THE PROPOSED BUDGET DEVELOPMENT GUIDELINES FOR FISCAL YEAR 2012-2013
COUNTY of MARIPOSA
P.O. Box 784, Mariposa, CA 95338 (209) 966-3222

JANET BIBBY, CHAIR
LYLE TURPIN, VICE-CHAIR
LEE STEETSON
KEVIN CANN
JIM ALLEN

DISTRICT III
DISTRICT II
DISTRICT I
DISTRICT IV
DISTRICT V

MARIPOSA COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

TO: RICK BENSON, CAO
FROM: MARGIE WILLIAMS, Clerk of the Board

SUBJECT: Approve the Proposed Budget Development Guidelines for Fiscal Year 2012-2013

RES. 12-194

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on April 17, 2012

ACTION AND VOTE:

8. Administration RES-2012-194
Approve the Proposed Budget Development Guidelines for Fiscal Year 2012-2013
Rick Benson reviewed the proposed budget development guidelines; and discussion was held. Supervisor Cann asked that information be brought back Board of Supervisors April 17, 2012 Page 9 on the Unfunded Liability Fund and consideration of paying PERS for unfunded liability for the safety members. Supervisor Bibby asked that information be brought back on the status of the EDUs for Yosemite West that the County owns and relative to the repayment of the costs for setting up the assessment district. She asked the County Administrative Officer to work with Building and the Assessor on being able to assess the unpermitted structures that are pending code enforcement completion. Further discussion was held relative to furloughs and the transient occupancy tax.
Input from the public was provided by the following:
Marvin Wells agreed with Supervisor Allen that furloughs should not be considered; and he stated he feels that the Board members need to set the example by reducing expenses.
Doug Binnewies/Sheriff shared his thoughts on the budget and noted the importance of maintaining public safety. He asked that law enforcement services not be minimized at this time in the County.
Bob Brown agreed with Sheriff Binnewies; and he stated he does not feel that he can prepare a budget based on the proposed guidelines and he commented on the anticipated grant funds.
Pete Judy, speaking as a citizen, respectfully disagreed with
Marvin Wells and stated he feels that the Board has shown leadership and
noted that the salaries are low for the Board members and the department
heads.
Rick Benson commented on the work the Board members do;
and he noted that some Board members have given up compensation; and he
feels the Board has shown leadership.
Marvin Wells suggested that the sacrifices that are being
made be made public; and he stated he supports an increase in the transient
occupancy tax.
The proposed budget guidelines were approved with the following amendments
to the recommendation:
- Item 2 - make this “2a” and clarify that all General Fund
departmental budgets are “requested” to be submitted without any additional
position requests;
- Add item 2b - to invite the departments to provide a
supplemental document containing their most pressing needs; and
- Add item 5 - to delete consideration of furloughs.
Further discussion was held. Rick Benson expressed concern with deleting the
furlough option.
RESULT: ADOPTED AS AMENDED [4 TO 1]
Board of Supervisors April 17, 2012 Page 10
MOVER: Jim Allen, District V Supervisor
SECONDER: Kevin Cann, District IV Supervisor
AYES: Lee Stetson, Lyle Turpin, Kevin Cann, Jim Allen
NAYS: Janet Bibby

Cc: Bill Davis, Auditor
Mary Hodson, Deputy CAO
File
PROPOSED FY 2012-13 BUDGET DEVELOPMENT GUIDELINES

The County has begun its annual budget planning process for the coming fiscal year. Our preliminary financial forecast indicates this will be similar to Fiscal Year 2011-12 which was our most fiscally challenging year ever.

Your Board will recall that during the budget process last year the decision was made to avoid furloughs in order to maintain services. This was accomplished by utilizing some "one time" funding sources, deferring some vehicle maintenance, and by decreasing the unfunded liability designation. Those sources of funding accounted for $490,000 of last year's budget.

In order to get the 2012-13 budget process started, this office has requested that all departments submit budgets without an increase in General Fund contribution other than the increase dictated by the adjustment to employee benefits and salaries as part of the Memorandum of Understanding (MOU) with Mariposa County Managerial Confidential Organization (MCMCO). Departments have also been instructed that no additional position increases will be considered unless they are fully funded with non-General Fund revenues. Any position requests not involving the General Fund must be submitted with adequate documentation, per County policy.

We have also requested that each department prepare an internal plan to allow for a 5-percent reduction in their General Fund cost. The Budget Step-Down Plan will assist in identifying relative priorities below the established Net General Fund Cost target. Step-Down Plans identify options for making budget changes if the County's financial condition worsens as well as the specific service impacts related to those options. These Step-Down Plans may also prove to be useful should your Board choose to shift discretionary funds from one program to another. The Budget Step-Down Plans will not be required to be submitted at this time but should be completed by the end of May. These Step-Down Plans will be essential in evaluating service impacts and consequences of decreased funding levels in each department.

Some departments have the capability to generate additional program revenues, or to increase cost applied charges to other departments where appropriate. Therefore, absorbing potential cost increases does not necessarily equate to a like reduction in appropriations, or spending authority.

It should be understood that since other costs are increasing, developing a budget within these parameters will, most likely, necessitate reductions in services. Fuel costs, insurance costs and the cost of supplies have been increasing.

As always, we are facing several uncertainties in developing our budget. We do not know what actions the State will be taking. Many State actions are predicated on the success of the Governor's ballot initiatives. This uncertainty leaves a number of issues unresolved.
Our costs for retirement benefits will be approximately $140,000 higher than last year. While we will not see an increase in the cost of providing medical benefits to employees, we will see additional compensation increase of approximately $40,000 as a result of our negotiated contracts. At a minimum, we anticipate that by keeping a status quo budget we will have a $500,000-$750,000 budget imbalance. The Department heads and this office are working together to bring a recommendation to your Board as how best to address this imbalance.

One step taken last year was a requirement that all requests to recruit or fill positions be brought to your Board for approval. Although no requests have been denied, I believe this requirement assures that departments give every position request additional consideration. This action was accompanied by careful review of Extra-Help positions which were also substantially reduced. Other options which were contemplated last year and which should continue to be considered include:

- Furloughs
- Departmental layoffs
- A moratorium on vehicle replacement charges
- Eliminate discretionary expenses

While none of these solutions are desirable, they may become necessary in order to avoid more drastic actions later.

**Furloughs**
It is estimated that one furlough day will yield approximately $50,000 in General Fund savings. If the County were to close between Christmas and New Year’s we could see a $200,000 reduction in our General Fund expense. Additional furlough days could also be considered.

**Departmental Layoffs**
Across-the-board layoffs would be extremely difficult to implement given the small size of many of our departments. While no Department would be considered “off-limits,” layoffs would appear to only be practical in the larger, General Fund departments.

**Vehicle Replacement Charges**
Placing a moratorium on vehicle replacement charges could yield in excess of $300,000 if fire engines are included. This would ultimately lead to a reduced fleet size as an analysis of County vehicle needs would be part of the overall solution.

**Discretionary Expenses**
There are very few expenses within the Mariposa County budget that could be deemed discretionary. The $66,000 provided to community groups can be deemed entirely discretionary while $150,000 could be recovered if the County were to not provide for the Visitors’ Centers.

The development of the FY 2012-13 County Budget will again be extremely challenging. As is often noted, Mariposa County is generally in a better financial condition than most other California counties. As discussed during the Mid-Year budget review, Transient Occupancy Tax (TOT) revenues continue to be extremely strong and we have not seen a major reduction in our other funding sources. This may help us to once again, maintain services at the current level although it is too early in the process to make a reasonable projection.

Despite strong TOT revenues, the County is again faced with many uncertainties and significant unfavorable developments regarding the fiscal outlook. Major factors impacting next year’s budget are still unknown, such as actual assessed valuation, carryover fund balance, possible effects of continued
reduced economic activity on tourism, and final State budget impacts. The proposed budget development guidelines will provide this office and departments with a preliminary planning framework to develop a balanced recommended budget for the coming year.

This office is developing the budget with the understanding that any or all of the above actions may be considered. It is also understood that it is the desire of the Board that no reduction in the Tourism Bureau contribution of $500,000 is to be considered.

Although it provides a challenge to departments and staff, we are once again recommending that your Board consider addressing the budget in August. As was experienced last fiscal year, by doing so certain estimates will be necessary which may cause additional changes later in the year.

Therefore, it is recommended that your Board affirm FY 2012-13 Budget Development Guidelines to include:

1. No General Fund increase to any department other than to account for negotiated compensation increases or funding requests for maintenance issues especially those relating to health and safety.
2. All General Fund departmental budgets are to be submitted without any additional position requests.
3. All departments are to prepare a 5-percent step down plan as a contingency for internal use.
4. No reduction in the Tourism Bureau contribution of $500,000 is to be considered.