



Legislation Text

File #: 09-0210, **Version:** 5

Chief Administrative Office recommending the Board:

- 1) Authorize the Chairman to sign the budget transfer revising the Fiscal Year 2008-2009 budget reducing revenue in Department 15, adjusting contingency and revising various department budgets to account for mid-year projections;
- 2) Support Chief Administrative Officer recommendations setting parameters for department FY 2009-10 proposed budget submissions; and
- 3) Take action on any related recommendations or discussion relative to managing the County budget in the current fiscal year or subsequent fiscal year. (Cont'd 3/17/09, Item 14)

Fiscal Impact/Change to Net County Cost: The attached budget transfer captures department mid-year savings projections. The majority of these savings are offset by reductions within Department 15 revenue, primarily in supplemental property taxes, sales tax, and interest.

Background: On February 23, 2009, the Chief Administrative Office presented the FY 2008-09 Mid-year report. This report included detailed revenue and expense projections by department. The Board requested that the Chief Administrative Office return with a budget transfer that included the changes identified through the Mid-year process.

On March 2, 2009 the Board of Supervisors deferred the discussion regarding departments' Net County Cost targets for FY 2009-10. The Chief Administrative Office has been meeting with department heads asking for input on the process for creating these targets. The Chief Administrative Office is recommending that the following parameters be set for the department FY 2009-10 proposed budget submission:

- 1) Hold salaries and benefit costs based on the proposed FY 2009-10 210 report data. The 210 report data includes the current staffing levels for each department with projected payroll data. This recommendation assumes no new positions in FY 2009-10. This projection only takes into account a 5% increase in health insurance. The health insurance number could change based on the final health insurance rates. Also built into these numbers is the current Worker's Compensation estimate from the Auditor-Controller and approximately \$1.5M for the pay-as-you go retiree health costs.
- 2) Hold all other costs at FY 2008-09 Mid-year projection estimates adjusting for any one-time expenses.
- 3) Assume department revenues equal to FY 2008-09 Mid-year projection estimates adjusting for any one-time revenues.

Reason for Recommendation:

Budget Transfer

The County will have a shortfall in Department 15 revenues. These revenues substantially support departments' budgeted Net County Cost (NCC).

BOS Policy B-1 states that "it shall be the responsibility of the Chief Administrative Officer to determine when, or if, the shortfall of department revenues requires budget changes." Normally departments would be independently submitting budget transfers to adjust their budgets when shortfalls exist. However, due to the fact that the shortfall is in Department 15, departments would not see the shortfall. Consequently, it is the CAO who has the responsibility to adjust the overall distribution of NCC and to manage the overall County budget by "submitting a transfer request to the Board of Supervisors to reduce the revenue estimate, with offsetting appropriation decreases or adjustment to the appropriate contingency fund".

Modifying departments' NCC ensures that the projected fund balance we are expecting, barring further revenue erosion, is more likely to be achieved.

Budget modifications will provide a more accurate historical record of what the actual departmental budget was and whether departments successfully achieved their targets. Performance will be evaluated by how departments end the fiscal year in relation to their modified budget and, if different, why.

BOS Policy B-1 is still in force and allows departments to come to the Board if they are not meeting their modified budgeted NCC.

Parameters for department FY 2009-10 budget submittal

The County is still projecting a deficit situation for FY 2009-10. Setting parameter for departments to follow for their proposed budget submittal provides a consistent methodology to begin budget discussions. Once the initial budget submittal is received by the Chief Administrative Office in early April, analysis of department budgets will begin and recommendations will be made during the budget workshop in June to close the budget gap, currently estimated at approximately \$3 million.

Action to be taken following Board approval: Board chair to sign budget transfer and forward to the Auditor-Controller for processing. Chief Administrative Office and departments will move forward with FY 2009-10 proposed budget submittals based on the parameters noted above.

Contact: Laura Schwartz x6541

Concurrences: