



March 24, 2014

Matthew H. Hymel
COUNTY ADMINISTRATOR

Marin County Board of Supervisors
3501 Civic Center Drive
San Rafael, CA 94903

Marin County Civic Center
3501 Civic Center Drive
Suite 325
San Rafael, CA 94903
415 473 6358 T
415 473 4104 F
CRS Dial 711
www.marincounty.org/cao

SUBJECT: FY 2014-16 Budget and Performance Plan Workshop

Dear Supervisors:

RECOMMENDATION: Conduct workshop and provide direction to staff

OVERVIEW

The FY 2014-16 Budget and Performance Plan Workshop is an informational presentation and does not require formal action. The purpose of the workshop is to: (1) provide a budget update and an overview of the goals and long-term issues facing the County; (2) receive public input and Board direction regarding policy issues; and (3) discuss proposed department performance plans for the next two years.

BUDGET UPDATE – FINANCIAL OUTLOOK IS STABILIZING

After five years of long-term restructuring to reorganize and refocus our services, we've reduced spending by over \$30 million and reduced our workforce by 11%. In addition, your Board has accelerated payments to pay down our unfunded retiree liability, which reduced our ongoing costs by approximately \$3 million annually, and the improving economy is beginning to increase General Fund revenues. As a result, we are projecting a balanced baseline operating budget over the next two years and service reductions will not be required. However, new ongoing spending requests will need to be offset with reduced spending in other areas or increased ongoing revenue sources.

Despite the improving fiscal outlook, there are still significant long-term risks, primarily related to pension rate uncertainty and potential state and/or federal impacts. There are also significant Countywide needs such as road infrastructure maintenance, homeless and mental health services, and technology improvements. Additional details about the County's long-term priorities will be provided by individual departments at this workshop. Allocations of one-time funds that address these types of needs will be considered at the June Budget Hearings.

PERFORMANCE PLANS

Performance Management is a key strategy in the County’s Strategic Plan, adopted in 2001. Your Board implemented Managing for Results (MFR) to achieve the long-term vision of a “well-managed county” and MFR is a tool that helps the County “do the most important things well”. Performance plans are an integral part of the MFR program as they highlight important issues, provide data regarding service delivery and outcomes, and identify priorities to inform resource allocation and operational management. Individual department performance plans are posted in the Performance Management section of the County Administrator’s website: www.marincounty.org/mfr

TWO-YEAR BUDGET

Greater financial stability at the federal and state level has resulted in a more predictable local revenue stream, and best practices suggest that long-term planning is becoming a vital aspect of municipal budgeting. Furthermore, the annual budget process requires a significant time commitment and consumes valuable resources that would otherwise be used for long-term planning and strategic visioning. To encourage longer-term planning, we are preparing our first two-year budget for your Board’s consideration. In June, your Board will be asked to formally adopt budget appropriations for FY 2014-15 and a plan for FY 2015-16.

NEXT STEPS

We will return to your Board in April with a more detailed mid-year projection, including a confirmation of the projected FY 2013-14 year-end fund balance. The FY 2014-16 Proposed County Budget will be presented to your board on June 3rd and formal public hearings will be held on June 16th and 18th to obtain public input, receive Board direction, and determine one-time funding allocations.

Please let me know if you have any questions or concerns.

Sincerely,


Bret Uppendahl
Principal Administrative Analyst

Reviewed by,


Matthew H. Hymel
County Administrator