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Board of Supervisors Considers Budget Plan for FY 2012-13

Relatively Flat Budget Anticipated; Longer Term Options to Be Discussed

San Rafael, CA - On Monday, the Board of Supervisors will begin planning workshops on options to balance the County's FY 2012-13 and future budgets. With the continued slowdown in revenues, the County expects a relatively flat operating budget next year, compared to the current year's General Fund budget of \$372 million. The budget shortfall for next year is \$2.5 million, or less than 1% of the General Fund operating budget. Final hearings for approval of the FY 2012-13 County budget will be held in June.

"By being proactive over the past few years, the County has made substantial progress toward closing our structural budget gap," said County Administrator Matthew Hymel. This budget marks the fourth year of a five-year long-term restructuring effort to reduce County expenses. So far, the County has reduced over \$30 million and reduced its workforce by over 200 positions, or 10 percent of the workforce.

"Although we've made significant progress, we project future shortfalls for the next three years largely because of continued slower revenue growth and higher pension and retiree health costs," said Hymel. "Our goals in preparing the budget continue to include being open and transparent, making recommendations consistent with our long-term priorities, and being fiscally responsible to the residents we serve," said Hymel.

The latest General Fund projections show a \$2.5 million gap in FY 12-13, which could grow to \$11.6 million in FY 13-14 and \$15.4 million in FY 14-15 if no mitigating actions are taken. However, specific cost-saving measures to be discussed before the Board next week would eliminate the budget gap next year and significantly lower the gap in future years.

The establishment of a trust fund to pay for retiree health benefits would save an estimated \$2.5 million next year, and more than \$5.0 million annually beginning FY 2013-14, thereby significantly reducing the projected budget gap to \$5.7 million in FY 13-14

and \$9.6 million in FY 14-15. The creation of the trust would reap greater investment earnings than the County currently gets on the funds it sets aside for retiree health costs. It would also create a mechanism to ensure financial sustainability. With the trust fund, the County would be able to fully fund its “actuarially required contribution” - or the annual, recommended amount needed to meet and pay down the County’s long-term retiree health liability, which stands at \$382 million today.

Due to the state’s realignment of Children’s Mental Health Services, as well as federal cuts to the Women, Infant and Children’s (WIC) program and some program restructuring, the Proposed Budget in June will also recommend some layoffs. Through a combination of freezing some vacant positions, as well as attempts to reprogram staff, the County has mitigated reductions in force to the extent possible, resulting in approximately 11 position eliminations that would involve layoffs.

The workshops will also include discussion of 28 long-term policy options to address the County’s future budget shortfalls. The options will require future staff analysis and would only be implemented by subsequent actions of the Board. Some of those options include increasing rental revenue from private lessees, implementing new ticketing software at the Marin Center, and identifying ongoing revenue sources to support parks, open space and agriculture. “County departments and employees have helped us stay ahead of the curve by identifying how we can change the way we do business over the next few years,” said Deputy County Administrator Daniel Eilerman.

“We want to engage the public and County staff to help us think creatively about our budget challenges and how we can address them while staying true to our values,” said County Administrator Matthew Hymel. Public participation in these budget workshops is encouraged and invited. Questions about the budget or suggestions can be made at caobudget@marincounty.org.

The Board of Supervisors will hold public hearings on Monday, April 16th at 9 a.m. The hearings will continue to Wednesday, April 18th and Thursday April 19th at 9:00 a.m. in Board Chambers, located in Room 330 at the Marin County Civic Center at 3501 Civic Center Drive in San Rafael, and will be webcast from the County’s website at www.marincounty.org. Materials are available online at the County’s website at <http://www.co.marin.ca.us/depts/AD/Main/budgetinfo.cfm>, along with other information about the County.

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