



# **Strategic Budget San Juan County**

Seven-Year  
Budget Outlook  
Summary  
2010-2016



# We are not alone: Headlines from across the nation

- “Wilkes County, North Carolina, Faces Worsening Budget Problems.”
- “Madison County, New York, Sees Decline In Sales Tax Revenue.”
- “New Castle County, Delaware, Expects Economic Recovery To Be Slow.”
- “Costa Mesa, California, Looks For Solutions To Combat \$9 Million Budget Shortfall.”
- “Santa Fe Springs, California, Faces Budget Shortfall But Looks To Long-Term Goals.”
- “Minnesota Governor's Cuts Said To Be Affecting Local Governments.”
- “Gainesville, Florida, Looks For Solutions To \$7.4 Million Budget Shortfall.”
- “Steuben County, New York, Sees Record Low In Sales Tax Collections.”
- “San Clemente, California, Reviews Potential Cuts In Face Of Budget Deficit.”
- “Chesterfield County, Virginia, Downsizing To Combat Dwindling Revenues.”
- “Half Moon Bay, California, Strategizes Solutions To Revenue Shortfall.”
- “State Tax Revenues Down In Fourth Quarter Of 2009.”
- “Tampa, Florida, Explores City Layoffs, Service Cuts In Order To Trim Budget.”
- “Poughkeepsie, New York, County Executives Discuss Need To Cut Expenses.”

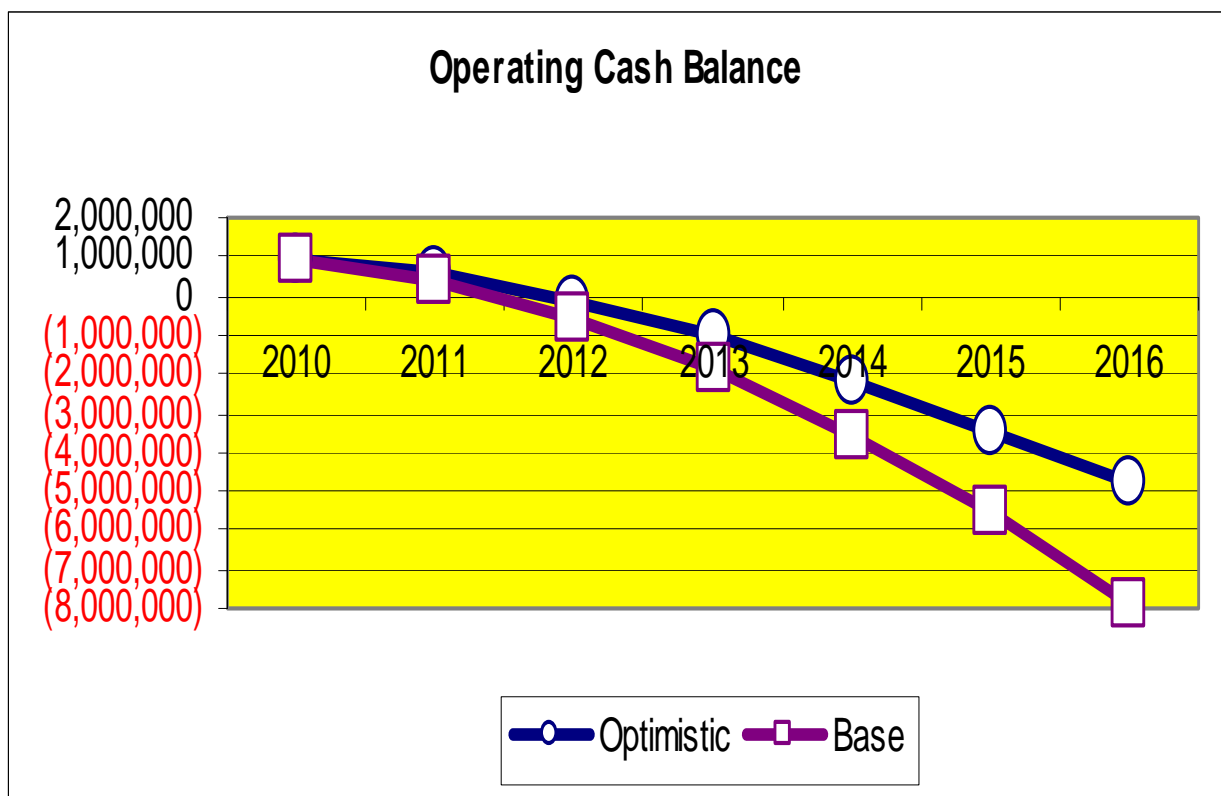
# Base Model Scenario Summary

- Economy-based revenues grow at:
  - 1% from 2010 to 2011
  - 2% from 2011 to 2012
  - 3% from 2012 to 2013 and thereafter
- Pay and benefits grows at ~4.5% per year
- Expenditures grow at:
  - 1% from 2010 to 2011
  - 2% from 2011 to 2012
  - 3% from 2012 to 2013 and thereafter

# Optimistic Scenario

- Economy-based revenues grow at:
  - 3% from 2010 to 2011 to 2012
  - 4% from 2012 to 2013 to 2014
  - 5% from 2014 to 2015 to 2016
- Pay and benefits grow at only 4% per year
- Expense growth stays at:
  - 1% from 2010 to 2011
  - 2% from 2011 to 2012
  - 3% from 2012 to 2013 and thereafter

# Comparison of Base & Optimistic Scenarios



# Conclusions

- Realistic assumptions do not significantly alter the downward curve of operating cash
  - Time frame is slightly lengthened as assumptions become more optimistic
- To significantly alter the outcome will require us to change how we do business

## So how do we achieve balance?

- Reduce expenditures by \$264,721 in 2010 (done on June 29), then reduce, additionally,
  - \$289,000 in 2011
  - \$398,000 in 2012
  - \$376,000 in 2013
  - \$368,000 in 2014
  - \$280,000 in 2015
  - \$301,000 in 2016
- Total 7-year reduction = \$2.3 million

## So how do we achieve balance?

- Alternatively, increase revenues by a comparable amount

## Some alternatives which achieve balance for 6 years

- Eliminate COLA for all employees  
OR
- Eliminate ~24 FTEs (17% of CE employees), at all levels over 6 years  
OR
- Get voters to agree to property tax increases over the next 6 years of:
  - 12% in 2011
  - 8.5% in 2012
  - 7% in 2013
  - 6% in 2014
  - 4% in 2015
  - 5% in 2016OR
- Some combination of these and other options

# Budget Subcommittee Recommendations

- Prepare 2011 budget to be \$550,000 less than 2010 budget (before today's reduction)
  - Address dichotomy between expenditure/revenue growth
  - To the extent possible, cost reductions should be structural, not temporary
  - Establish levels of service consistent with reductions
  - Present draft budget by October 1
  - Budget consistent with 6-year sustainability planning horizon
  - Include plan to reduce Road Shift to Zero \$