

TO: Waseca County Board of Commissioners
FR: Bruce Boyce, Waseca County Coordinator
RE: Preparation for 2010 Preliminary Budget and Levy Adoption

At its meeting on September 15th, the County Board will need to approve a preliminary budget and property tax levy for 2010. State law requires this action by 9/15. The preliminary budget and levy will need to comply with an overall levy limitation set by the legislature. The formula for the levy limit is the lesser of 3.9% or the current rate of inflation. Since inflation according to the state's measure is currently at 0.83% that is the maximum % increase allowable for most aspects of the levy. As usual however some parts of the levy are designated as "special levies" and are exempt from the levy limit restrictions. We need to file our claim for special levies by September 30th.

Also at the September 15th meeting, the Board will need to specify the date and time of a meeting and hearing for discussion and adoption of the 2010 budget and levy. This meeting must be held between November 25th and December 26th after 6:00 pm.

As it stands as of 9/1, the "working version" of the 2010 Waseca County budget would call for a 4.1% levy increase. Even though the general levy limit is <1%, this increase would be permissible due to special levies allowed to make up for state budget cuts. At previous meetings, the Board has expressed its desire to adopt a levy at a lesser %. This information will show some of the actions that might be required to accomplish this. Containing the levy will involve choices between a number of undesirable alternatives.

The “working” budget and levy are based on the following principles:

- No across-the-board % change from 2009 salary amounts, but continuation of a \$140K lump sum amount for implementing a new pay plan based on the adopted classification/compensation study.
- Continuation of all positions included in the 2009 budget (even those that are currently vacant), and no addition of new positions (the law enforcement staffing increases are not included)
- Group insurance costs at current best estimate of medical trends and contract language. Updated information will be available by 9/15.
- A loss of \$275,372 in County Program Aid, compared to the originally certified 2010 amount (from \$1,095,309 to \$ 819,937)
- A \$100,000 decrease in interest earnings (from \$450,000 to \$ 350,000)
- Sustaining all budget reductions adopted for 2009
- Making reasonable reductions in requested operating expenses, based on identified needs and past spending patterns
- Including Human Services levy with 0.36% increase, no use of fund balance
- Including Road/Bridge levy with 3.1% increase, using 300K of state aid to cover prior county-funded project costs
- Maintaining Building Fund levy at 100K
- Increases in Library (2.2% based on MOE required) and Debt Service (1.8% based on repayment schedule) levies. These are “special” levies exempt from the levy limit.
- Maintaining allocations to county-funded agencies at 2009 levels (including SWCD and MAIC, which had requested increases)

Changes in any of the above principles will mean a change to the levy amount. Reducing the preliminary levy below 4.1% will require additional spending reductions. One likely method would be a reduction in work force and the permanent elimination of one or more of the currently vacant positions. Below is a summary of the % reduction in the levy resulting from elimination of vacant positions:

POSITION	ANNUAL BUDGET COST (Salary/benefits)	% OF LEVY REDUCTION
Recorder Technical Clerk	49,359	.48
Financial Worker	34,087	.33
Highway Maintenance Worker (2)	59,026	.57
Diesel Mechanic	61,983	.60
PHS Senior Services Supervisor	66,885	.65
PHS Case Aide	58,298	.56
Deputy Sheriff	65,212	.63
Human Resources Administrator	64,995	.63

Of course, any of the above positions could be continued on a part-time basis, resulting in a lesser levy reduction. Postponing the recruitment of a position until later in 2010 is another means of reducing the 2010 levy, but that would require funding the position for all of 2011 and it is uncertain that the Board can make that commitment. The other thing to bear in mind is that the net savings may be less than the numbers shown above if the elimination of the position causes other increased costs, such as contracted services or overtime, or a loss in revenue.

Some of the budget reductions which were reviewed but not adopted for 2009 remain as possibilities for 2010:

ITEM	COST / <i>LEVY</i>% REDUCTION	CONSIDERATIONS	SUSTAINABILITY INTO 2011?
Classification/ Compensation Implementation	\$ 140,000/ 1.4%	If cut, any pay plan implementation would need to be cost-neutral.	If cut, how would any \$ targeted for class/comp pay adjustments be added back in future years?
P/Z Tech. Clerk @ 50%	\$ 8560/ .08%	Position is budgeted @ ³ / ₄ time but presently working ¹ / ₂ time. Reduced hours deters Administrator planning activities.	Sustainable only as long as development is slow
Reduce seasonal parks maintenance hours	\$ 5500 @ 30 hours/week/ .05% \$ 11,000 @ 20 hours/week/ .1%	Schedule at 40 hours/week April to October. Parks are generally well-maintained and reduction in hours would be visible.	Could be continued indefinitely if lower level of maintenance is acceptable.
Reduce License Bureau part-time hours	\$ 7000 if cut 8 hrs/week/ .07%	Done in 2003/4, eventually restored. Definite impact on public service.	Could be ongoing if lower level of service is acceptable
Revise Solid Waste work schedule: open Mon.-Sat. w/no OT	\$ 10,000/ .1%	Would require renegotiation of labor agreement and/or no use of union labor on Saturday	If done would carry forward- new baseline cost for future budgets. However Solid Waste budget involves neither CPA or tax levy.
Eliminate OT payments for previously non exempt supervisors (Chief Deputy, Assistant Engineer, Jail Administrator)		Positions are FLSA exempt per adopted class/comp study. If study results are implemented positions are not entitled to overtime	Yes, results in a lower baseline salary cost for future years
Auditor/Treasurer Consolidation	\$ 40- 50,000 (?) / .39% differential if no staff replacement, less if there is	Consolidation is allowed by Board action if one of the positions leaves office during term.	Yes, results in a lower baseline salary cost for future years

Layoffs	Varies. Almost 50% of savings from laying off a \$30K position is offset by unemployment during the first ½ year. For a \$50K position, the figure is more like 30%.	Little restriction by union contracts, except Road/Bridge. County policy is directed at least senior employees- impact would fall disproportionately on lower paid employees. Net savings is offset by U/C costs, need to pay portion of continued insurance under COBRA	If layoffs are required they should be done with the expectation that the position <u>would not be replaced</u> for the foreseeable future. Would certainly impact upcoming contract negotiations
Furloughs (involuntary unpaid leave)	Annual payroll for eligible employees is ~\$ 7.91M- this exempts ~\$ 670K for elected officials. ~\$7.91M/year = \$30.4K/day or \$3803/hour.	Many employees share in modest impact, rather than some employees being effected extremely (layoffs). Some may perceive greater fairness, but negative impact is spread among many employees rather than just a few. High potential for grievances unless provisions are negotiated. Exemption of elected officials may be seen as unfair. Difficult to do in law enforcement- reduced hours for essential positions would likely be made up with overtime.	If all the issues related to furloughs were overcome they could be continued. It would become a major labor relations/morale issue and would certainly effect upcoming contract negotiations
OPERATIONS: Fleet maintenance tools/shop equipment	\$ 500/.005%	Unspent in 2008/2009	Probably, but will be needed at some point.
Eliminate Assessor mileage	\$ 500/.005%	2010 request is reduced.	Could be eliminated.
No Attorney contingency fund	Up to \$3000/.03%	Unlikely to be spent in 2009	Difficult-could be required in future years.
Reduce Road/Bridge fuel costs	Each \$10,000 ~ .1%	Gas, diesel budgeted at 295K each w/gas@ 3.54/gal., diesel @ 3.93. Assuming same quantities, a 10K reduction implies 12 cent lower gas prices, or 13 cent lower diesel prices.	Who knows?

Discontinue Court Services vehicle lease	\$ 7000/year/.07%	Would result in one less “dedicated “ vehicle for Court Services, more reliance on “marked” County fleet cars	Could be ongoing-increases need to upgrade/maintain fleet
Rebid Solid Waste MSW disposal contract	\$ 50,000/.48%	Contract expires and likely bidders are landfills at lower cost than current contract.	Yes, for duration of contract. However Solid Waste budget involves no CPA or tax levy.
County-funded agencies: % across-the –board reductions (not including Library)	5% ~ = \$12,000 = .12% 10%~=\$24,000 = .23%	Budgeted at 2009 amounts. Library funding is subject to MOE.	Small savings with large negative impact
CAPITAL: Defer Sheriff squad car purchases	\$ 23,000/ea./.22% (2 cars budgeted)	Not yet purchased for 2009. If cut from 2010 budget future restoration becomes a problem.	Not sustainable on a long-term basis
Defer Sheriff squad car equipment	\$ 5,000/car/.05% (2 cars budgeted)	Not yet purchased for 2009. If cut from 2010 budget future restoration becomes a problem.	Not sustainable on a long-term basis
Defer Sheriff’s filing system	\$ 20,000/.2%	Currently on hold, added storage is being created in former HS building	Could eliminate if added HS building storage is adequate and continues to be available.
Road/Bridge Equipment	\$ 185,500/ 1.8%	To some degree, urgency of replacement is related to approved staffing level	Could eliminate in 2010 but not indefinitely, requires restoration at some point
Reduce Building Fund levy	\$ 25,000/ .24%	Levy was raised by 25K for H/S demo costs, which were not needed in 2009.	Very questionable. Sustaining the reduction indefinitely would not allow for major remodeling or major unforeseen repair needs.
Defer Solid Waste loader purchases	\$ 20,000/.20% (1) or \$ 40,000/.39% (2)	Budgeted but unspent.	Has already been postponed and likely could be again.

