

TO: Waseca County Board of Commissioners  
FR: Bruce Boyce, Waseca County Coordinator  
RE: Further Reduction to 2010 Budget

Based on estimates from the County Treasurer, 2010 interest earnings in the General Revenue fund will be sharply down from the amounts included in the preliminary budget adopted in September. The earlier estimate of \$ 350,000 will need to be revised downward to \$ 175,000. This information will show some suggested actions to balance the budget for this \$ 175,000 loss in revenue.

Beyond this, there is a real possibility that our December 2009 payment of County Program Aid- already “unallotted” once- will be subject to further reduction. The state revenue forecast, to be released this week, is expected to show a revenue shortfall.

As we already know, further spending reductions will involve choices between a number of undesirable alternatives.

The 9/15 preliminary budget and levy was based on a preliminary tax levy increase of 1%, compared to an earlier version requiring a 4.1% levy increase. That budget was based on the following elements:

- 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.
- Elimination or reduction in hours of some currently vacant positions (3.6 FTEs)
- No new positions (law enforcement staffing increases were requested)
- Group insurance costs at estimated renewal amounts and based (per state law) on continuation of present union contract provisions.
- 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). As stated the 12/09 estimate of interest earnings from the Treasurer has dropped to \$ 175,000
- Sustaining all budget reductions adopted for the revised 2009 budget, per the 7/21/09 Board actions.
- Making reasonable reductions in requested operating expenses, based on identified needs and past spending patterns
- Including Human Services levy with 1.9% decrease, no use of fund balance
- Including a Road/Bridge levy with 3.1% increase, using 300K of state aid to cover prior county-funded project costs
- Reducing the Building Fund levy to 75K
- 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)

Balancing the budget for lower interest earnings will likely require additional spending reductions. This might include the permanent elimination of one or more of the remaining vacant positions. Below is a summary of the % reductions resulting from further elimination of vacant positions:

POSITION	ANNUAL BUDGET COST (Salary/benefits)	% OF LEVY REDUCTION
Recorder Technical Clerk (50% remaining)	24,680	.24
Highway Maintenance Worker	59,026**	.57
Diesel Mechanic	61,983*	.60

PHS Case Aide	58,298	.56
Deputy Sheriff	65,212**	.63
Human Resources Administrator (50% remaining)	32,498	.32

\*savings needs to be netted against a reasonable estimate of extra cost for contracted mechanic services

\*\* savings needs to be netted against a reasonable estimate of increased overtime for current employees

Filling the full-time vacancies on a part-time basis is another means of reducing costs, but may not be feasible in all instances. Postponing the recruitment of a position until later in 2010 also reduces 2010 costs, but it implies funding the position for all of 2011 and it is uncertain that the County can make that commitment. As noted 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 earlier remain as possibilities:

<b>ITEM</b>	<b>COST / LEVY% REDUCTION</b>	<b>CONSIDERATIONS</b>	<b>SUSTAINABILITY INTO 2011?</b>
Classification/ Compensation Implementation	\$ 140,000/ <b>1.4%</b>	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/ <b>.08%</b>	Position is budgeted @ ¾ time but presently working ½ time. Reduced hours deters Administrator planning activities.	Sustainable only as long as development is slow
Reduce seasonal parks maintenance hours	\$ 5500 @ 30 hours/week/ <b>.05%</b> \$ 11,000 @ 20 hours/week/ <b>.1%</b>	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/ <b>.07%</b>	Done in 2003/4, eventually restored. Definite impact on public service.	Could be ongoing if lower level of service is acceptable

Eliminate OT payments for previously non exempt supervisors (Chief Deputy, Assistant Engineer, Jail Administrator)	\$ 30,000 est.	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 (?) /. <b>39%</b> 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
<b>OPERATIONS:</b> Fleet maintenance tools/shop equipment	\$ 500/. <b>005%</b>	Unspent in 2008/2009	Probably, but will be needed at some point.
Eliminate Assessor mileage	\$ 500/. <b>005%</b>	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 ~ <b>.1%</b>	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?
County-funded agencies: % across-the-board reductions (not including Library)	5% ~ = \$12,000 = <b>.12%</b> 10% ~ = \$24,000 = <b>.23%</b>	Budgeted at 2009 amounts. Library funding is subject to MOE.	Small savings with large negative impact
<b>CAPITAL:</b> Defer Sheriff squad car purchases	\$ 23,000/ea./ <b>.22%</b> (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/ <b>.05%</b> (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
Road/Bridge Equipment	\$ 185,500/ <b>1.8%</b>	To some degree, urgency of replacement is related to approved staffing level	Could eliminate in 2010 but not indefinitely, requires restoration at some point
Defer Solid Waste loader purchases	\$ 20,000/ <b>.20%</b> (1) or \$ 40,000/ <b>.39%</b> (2)	Budgeted but unspent.	Has already been postponed and likely could be again.

In addition to the above ideas, the maintenance of effort (MOE) requirement for the Waseca-LeSueur Library has been revised downward per our request. The preliminary levy was set at the earlier MOE amount of \$ 241,887. The new MOE is \$ 230,052, allowing for a reduction of up to \$ 11,835.