

**September 14, 2009**  
**BOARD MOTION**  
**FY 2009 CARRYOVER REVIEW and FY 2011 BUDGET DEVELOPMENT**

Today the Board approves the FY 2009 Carryover Review package. The package includes additional FY 2009 revenue of \$43.5 million, just 1.3% above our FY 2009 revenue estimates. It also includes savings in County spending of \$22.6 million after adjusting for encumbrances and previously approved unencumbered commitments. This represents 0.7 % of total FY 2009 disbursements. Despite the major fiscal challenges that have impacted everyone across the country, and with prudent guidance from the Board and good management by staff, we have been able to generate some savings that will put us in a better position to address the challenges presented by both the current and FY 2011 budget.

Of the total \$66.1 million in available balance, the County Executive's recommended package sets aside more than 80% of this balance in reserves FY 2010 and FY 2011.

I believe that reserving the majority of end of the fiscal year balances is a wise course of action based on the projected County's shortfall of over \$300 million in FY 2011. In addition, we must closely watch FY 2010 revenues in light of quickly changing economic conditions and reductions in aid to localities recommended by the Governor during the current year. It is essential that County staff and agencies continue to maintain vigilance, look for efficiencies wherever possible, and hold any resulting funding balances in reserve to help address the situation.

The work ahead of the County- the Board of Supervisors, the School Board and staff, County agencies and employees, our residents and customers – will be challenging.

- I remind the Board of the difficult decisions already made and in place as part of our FY 2010 budget. In total, the Board eliminated more the \$90 million in County spending directly related to program reductions and efficiencies including the elimination of 306 positions. These difficult reductions touched nearly all county programs and agencies. I have attached a summary page of program reductions made during the FY 2010 budget for the Board's information as well as a summary of the specific reductions made. I think this information is helpful to put the additional reductions which may be required in perspective. We will need to continue to be creative and innovative as we review County government for more program changes.
- I have scheduled Board Budget Committee meetings this fall for the Board to continue work with the County Executive and staff on budget actions necessary to address our FY 2011 requirements. These meetings are in addition to the regular budget committee meetings which will be held after the County Executive releases his budget in late February
  - **September 29, 2009 at 2:30pm**: This meeting will include a presentation from both County and School staff on the latest revenue and forecast numbers as well as an update on the work of the Smart Savings Committee
  - **November 23, 2009 at 1:00 pm**: The agenda for this meeting will include an update from the County Executive on the organizational restructuring proposals being considered as well as other cross county savings initiatives
- I encourage the Board of Supervisors to attend the various Community and Employee Dialogues being held around the County and to publicize these dialogues within each district. A list of these meetings has been circulated and is also attached.
- I am impressed by the number of our County residents who have volunteered their time and talents to participate on a number of budget work groups within our districts. I am looking

forward to hearing their suggestions and recommendations about actions to address the FY 2011 budget challenge. I believe that the various groups will benefit from hearing from each other. I have asked the Department of Management and Budget to set up ways for information sharing between the groups to be promoted, including a page on the County's web site where contact information from each group and responses to questions or other information can be published. In addition, I will be hosting an **information exchange meeting on October 13<sup>th</sup> from 7-9pm in room 4 and 5 of the Government Center.** I ask that each board member encourage the chairman of their budget work group or an individual from their district interested in the budget to attend and share their work plans, questions, preliminary recommendations and other materials.

**To approve the FY 2009 Carryover Review, I move**

Board approval of the Carryover package including Supplemental Appropriation Resolution AS 10036 and Amendment to the Fiscal Planning Resolution AS 10900, including the FY 2009 Carryover Review Package as presented on August 3, 2009 which resulted in an available balance of \$66.1 million. Of this balance, \$11.4 million was utilized for Administrative Adjustments and the remaining balance of \$54.7 million, or 83 percent of the total available balance, was set aside in reserve, including:

- \$16.2 million for the Full Replenishment of the Revenue Stabilization Reserve
- \$20 million in reserve for FY 2011 Retirement Contributions. The FY 2011 projected increase for these costs based on market changes is \$35 million.
- \$5.0 million in reserve to address potential FY 2010 requirements including declines in revenue. If this reserve is not required in FY 2010, it will be held for FY 2011 requirements
- \$12.4 million in a reserve for FY 2011 Budget Requirements, and
- \$1.1 million in associated managed reserve adjustments

The available balance as a result of these actions is \$0.

As a result of actions taken by the Board of Supervisors on the *FY 2009 Carryover Review* on September 14, 2009, an administrative adjustment included in the original August 3, 2009 Carryover package to provide 9/9.0 SYE new positions for the Health Department to strengthen the current infrastructure for a sustained public health emergency was eliminated from final approved package. However, it should be noted that the Board authorized the filling of 8 limited-term positions to meet this need.