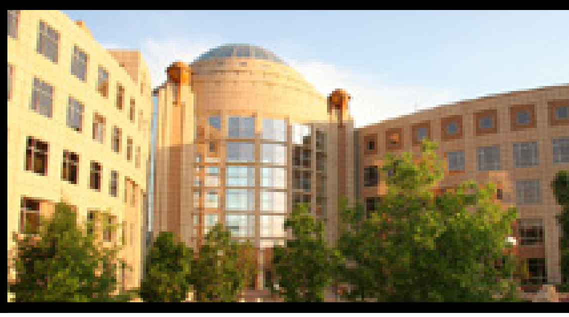
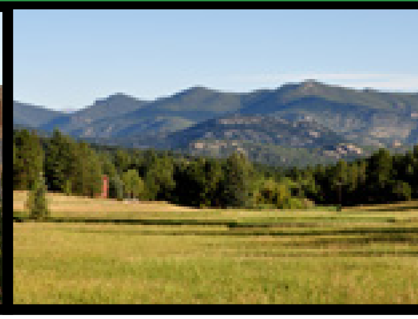
Seven Years of Belt Tightening More to Come





With tight budgets for the last several years, and expectations for flat revenues to come, Jefferson County Commissioners and department directors started work on the 2015 budget in January 2014.

The goal of the early start to the budget year is to find additional ways to prioritize programs and services and reduce spending. This is easier said than done, as the county already has been creating efficiencies and trimming programs and staff for several years.

Ensuring services and programs are the ones citizens most want and need

The reductions began in 2007 with the beginnings of the national recession. Housing prices across the country began plummeting and foreclosures reached record rates. As real estate values fell, property tax revenue – the main source of funding for county services – declined dramatically. County governments were affected more than cities, as municipal services are primarily funded by sales taxes.

In 2014, Colorado's economy is doing better, yet Jefferson County's revenues will continue to be flat at least through 2015. The reason: Colorado real estate reassessments are only carried out every two years, so the revenue anticipated for 2015 will be at approximately the same level as 2014. With inflationary increases in the cost of fuel, asphalt and other essentials, Jeffco's dollars aren't expected to stretch any further in 2015 than in 2014.

The county commissioners are committed to finding new ways to do more with less, and making sure the services and programs provided are the ones citizens most want and need. At the same time they must provide programs required by state and federal law that often don't come with the funding to do so. These unfunded mandates continue to grow, particularly in Human Services, which has had record breaking numbers of participants in food and housing assistance along with other social programs.

Additionally, natural disasters, such as the devastating September 2013 floods and the Lower North Fork Fire, require swift action and drain resources.

Jefferson County's belt tightening began in earnest in 2007 and has continued every year since. Here are a few of the ways that Jeffco departments have held budget increases in check.

2007: Internal services funds created

The county began targeted spending reductions through a process to identify the true cost of providing services. This resulted in the creation of internal service funds. The county looked at how much it costs to provide information technology (IT) services, accounting, purchasing and other countywide functions to each individual department, rather than putting it all into one fund. While each department and division had its own budget, they had never been asked to look closely at how much time they required from the IT, Facilities or other internal department staffs.

2008: Retirement benefits reduced, vacant positions not budgeted

The first big reductions came in 2008, when reductions were made to employee retirement benefits; and vacant positions were not budgeted. This reduced the operating budget by $4.5 million.

2009: Departments absorb cost increases; capital budget reduced

Some building maintenance and construction programs were deferred as the county made reductions to the five-year capital improvements plan. All county departments were asked to absorb any increases in costs within their existing target budgets. The Human Services Department instituted a process with the courts to use electronic monitoring in lieu of jail time for some offenders, saving approximately $70 per day per offender or $74,000 per month.

2010 : Sheriff's Office budget trimmed, Human Services makes changes

The Sheriff's Office is the county's largest department, with more than 800 employees. Its major maintenance and repair budgets, fleet and computer replacement programs were reduced 20 percent and have been maintained at that level since 2010.

Human Services, the county's second largest department with more than 700 employees, consolidated five Head Start classroom sites into one, saving approximately $132,000 a year; and made many internal changes in processes to reduce staff and improve services throughout the department.

2011: Prioritization process initiated

The county initiated a budget prioritization process that was praised by the International City/County Management Association (ICMA) and has since been copied by many counties across the country. All county programs were scrutinized to ensure that funding went to programs that are the most essential to citizens. As a result, there were five to seven percent reductions to internal service groups including IT Services, Facilities and Fleet, which totaled more than $1.3 million. Reductions for General Fund programs totaled $750,000; and all departments reduced their travel and training budgets by 10 percent.

2012: Reserve funds needed to balance budget; zero-based budgeting introduced

For the first time, the county created a zero-based budget process with the Human Services Department and the Library, where the actual costs of delivering every single program and service were analyzed. As a result, the Library made significant budget reductions while at the same time was able to restore library services on Mondays and continue service in a mountain community.

To balance the 2012 budget, the county commissioners reluctantly continued to offset the decrease in property tax revenue by dipping into the fund balance of the General Fund in order to maintain service levels to citizens. To help in the streamlining, 51.5 vacant full time equivalent (FTE) positions were eliminated.

2013: County-wide efforts retard budget growth

Human Services reallocated its budget to match its funding streams, resulting in necessary but controversial reductions to the funding for non-profit organizations, and the deferring of necessary maintenance and IT replacements.

The Road & Bridge Division reduced its ongoing operational budget by $1 million. The Sheriff's Office ongoing operational budget was reduced by $0.5 million.

The county refinanced a series of Open Space Sales Tax Revenue Bonds and a series of Certificates of Participation (COPs), which will bring in significant savings to the county – in the millions of dollars. The savings on the COPs – which were used to fund capital projects like the detention facility upgrade and energy saving improvements to several county facilities – is estimated at $1.57 million. The Open Space bond savings are about $1 million.

Through competitive bidding, cost leveraging, negotiations, purchasing programs and other methods the Purchasing Division saved the county $9 million in 2013.

During these lean years Jefferson County continued to receive outstanding ratings from Standard & Poors, Fitch Ratings and Moody's Investor Services. Fitch, the global rating agency with headquarters in New York and London affirmed its "AA" rating by concluding that their "rating reflects the county's strong general credit characteristics evidence by a history of large financial reserves, conservative budgeting and effective cost controls."

Multi-year streamlining efforts

In addition to those mentioned above, there have been many operational belt-tightening efforts occurring over several years including the following:

- Streamlining the organization by consolidating positions and in some cases merging divisions and departments
- Conducting an energy efficiency audit resulting in projects aimed at saving thousands of dollars in utility payments
- Implementing a new library service model and transitioning to automated book sorting in order to reduce budgets
- Lobbying the State Legislature by the Clerk & Recorder for a transition to all mail balloting to decrease the costs of elections and reduce the need for expensive voting equipment
- Moving to more web-based software and other innovative IT solutions to increase efficiencies and decrease costs
- Creating an all-new, county-wide website, which had more than 12 million unique visits in 2013. The new site has a robust search engine that makes it easier for citizens to do business with the county, saves staff time, greatly reduces paper costs and improves transparency
- Analyzing county vehicle usage to reduce capital costs and maintenance
- Reducing rent payments, utility and facility costs, and improving customer service by combining operations into multi-functional facilities including the new Sheriff's South Precinct and Clerk & Recorder's Motor Vehicle Office, now in one county-owned building.
- Human Services began utilizing volunteers, interns, non-profit collaborations and no-cost mediation services to augment its staff in a variety of areas, saving staff costs.

Budget goals for 2015

As work on developing the 2015 Budget is underway, the county is focusing on aligning expenditures with revenues so the fund balances can remain at a healthy, sustainable level to handle any contingences that could occur. The county cannot continue to spend fund balance dollars to fund daily operations. This is the equivalent of a family buying groceries and paying for utilities out of a savings account.

Creative and strategic solutions will still be needed to keep the county fiscally sound in the coming years.

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