

2021 Budget Discussion

Rio Blanco County

Projected Budget Deficit

- ▶ Property Tax expected to decrease 11.5% = \$906,000
- ▶ Highway User Tax Fund (HUTF) expected to decrease 7% = \$250,000
- ▶ Federal Mineral Lease (FML): 2019 \$1,567,000 vs. 2020 \$599,000
- ▶ Severance Tax: 2019 \$703,400 vs. 2020 Projected \$466,000
 - ▶ Expected to decrease 81% for 2021 = \$362,000
- ▶ Payment-in-lieu of taxes (PILT): unknown future funding (\$599,000 in 2020)
- ▶ FML, Severance & PILT has been needed for operations to balance the budget

	2020 Actual / Projected	2021 Estimated	Difference
Property Tax	7,880,250.00	6,974,021.00	(906,229.00)
HUTF	3,217,949.00	2,968,546.00	(249,403.00)
FML	599,000.00	599,000.00	-
Severance	447,386.73	84,556.09	(362,830.64)
PILT	599,000.00	-	(599,000.00)
Total	12,743,585.73	10,626,123.09	(2,117,462.64)

Options to Decrease Operations Budget

- ▶ All departments asked to decrease actual expenditures by 5%
 - ▶ 5% reduction in operations = \$1.0 million
- ▶ Other options being looked into for additional \$1.2 million cut:
 - ▶ Consolidating assets
 - ▶ Evaluating individual responsibilities/combining positions and/or departments
 - ▶ Assess all program services
 - ▶ What is mandatory by statute?

Employee Costs

- ▶ Employee costs = 40% operations
- ▶ To meet \$1.2 million cut without decreasing employees, 2 options:
 - ▶ Option 1: 13% decrease in wages
 - ▶ Average hourly wage = \$25.37/hour
 - ▶ 13% cut = \$22.07/hour or decrease of \$6,864/year (average)
 - ▶ Option 2: Employees pay for a portion of health insurance
 - ▶ Health insurance currently costs \$2.85 million per year: Family = \$2,100/month, Employee+1 = \$1,707/month, Single = \$907/month
 - ▶ Employees pay \$1,193/month (\$14,310/year) for family, \$800/month (\$9,600/year) for employee+1
 - ▶ How much would paying for insurance decrease “take home” wage based on \$25.37/hour:
 - ▶ Family: \$18.49/hour (\$6.88/hour decrease)
 - ▶ Employee+1: \$20.75/hour (\$4.62/hour decrease)
 - ▶ \$15.47/hour employees earns \$32,178/year, paying \$14,310 per year in health insurance means taking home (before taxes) \$17,868/year (\$8.59/hour)

Using Reserves

- ▶ As of December 31, 2019, the County has \$17.7 million of reserves in the General Fund
- ▶ Best case scenario -
 - ▶ Decrease in revenue by \$1.0 million from property tax/HUTF and County would receive Federal Mineral Lease distribution and PILT distribution at current levels for 2021 - \$21.4 million
 - ▶ Decrease in expenditure by \$1.0 million from 5% reduction asked by each department and all other expenditures stay the same (no increase in health insurance, utilities, etc.) - \$23.4 million
 - ▶ This would cause the County to use reserves in the amount of \$2.0 million each year
 - ▶ Per County policy, we require 12 months of operations (\$11 million) to be kept in reserves each year
 - ▶ We would be able to operate for 3.5 years, but then need to make major cuts

Department Consolidation, Grants, Other Employee Options

- ▶ Discussion of:
 - ▶ Consolidating Economic Development, Natural Resources, Emergency Management, Planning, GIS, and Building under a new department = eliminating 2 full time positions \$154,000
 - ▶ (Economic Development and Natural Resources departments will be eliminated, duties from both departments will be combined into other positions)
 - ▶ Combining IT and Communications into one department = eliminating 1 full time position \$49,000
 - ▶ Sales & Use Tax position being eliminated = \$85,000
 - ▶ Building inspector position moving from full time to 24 hours/week = \$35,000
 - ▶ Decrease Use Tax grants by 25% = \$44,000
 - ▶ Decrease Conservation District 25% = \$25,000
 - ▶ A furlough for County employees = \$315,000
- ▶ Moving forward with all the above options = \$707,000

Dispatch Costs

- ▶ Current budget = \$527,600
- ▶ Estimated cost contract services = \$70,000
- ▶ Amount to help make up \$1.2 million additional budget deficit = \$457,600

	Actual - 2020	Proposed - 2021	Difference
Revenue	81,000.00	-	(81,000.00)
Expenditure			
Wages	384,160.86	-	(384,160.86)
Insurance	132,508.00	-	(132,508.00)
FICA/Med	29,388.31	-	(29,388.31)
Reitrement	17,911.02	-	(17,911.02)
WC	734.00	-	(734.00)
Prch Svcs	7,500.00	70,000.00	62,500.00
Data Suppor	19,430.00	-	(19,430.00)
Travel	5,000.00	-	(5,000.00)
Training	5,000.00	-	(5,000.00)
Supplies	6,000.00	-	(6,000.00)
Uniform/Clo	1,000.00	-	(1,000.00)
	527,632.19	70,000.00	(457,632.19)

Other Information to Consider

- ▶ Health insurance could increase 7% for 2021 = \$200,000
- ▶ Proposed budgets are due September 4th - did every department meet target of 5% decrease?
- ▶ Capital projects
- ▶ SB 217
- ▶ CARES Act - COVID funds
- ▶ For RBC, 2021 is just the first year of projected revenue decreases - during 2021 preliminary budget discussion, Assessor stated to expect another decrease in property tax for 2022 greater than or equal to the 11.5% for 2021

Rio Blanco County has been very fortunate in the past, with new legislation and a decrease in energy prices, we have to be willing to operate off of less. Therefore all budgets must be seriously looked at and every possible solution to decrease spending must be brought up for discussion. Commissioners feel it is their responsibility to start making some difficult decisions now instead of just relying on reserves, as it does not provide for a long term solution.