

Placer County adopts tentative \$720 mil. budget

Placer County Board of Supervisors adopted a proposed 2011-12 budget to ensure the county has a spending plan in place when the next fiscal year begins July 1.

The \$720 million budget is down 4.9 percent from the final 2010-11 budget. The county budget has dropped by 16.8 percent since the 2008-09 fiscal year.

Board Chairman Robert Weygandt noted the decline of the construction industry has had a major impact on Placer County, one of the state's fastest growing counties over the last decade.

The county budget team expects property tax revenue, the county's largest revenue source, to drop by \$4.8 million next fiscal year.

The size of the county workforce will be 13.5 percent smaller next fiscal year than in 2007-08, largely as a result of a hiring freeze approved by the board in 2007.

The hiring freeze has helped Placer County avoid the large-scale layoffs experienced by many counties and cities. Over the last three years, Placer County has laid off 17 employees due to reduced workloads or insufficient state funding, representing 0.6 percent of the workforce. Most were land-development staff whose workloads dropped significantly in response to the construction industry slowdown.

A small number of layoffs may be necessary during the 2011-12 fiscal year due to reduced workloads and funding reductions.

Adopting the proposed budget completes the first phase of the county's two-phase budget-approval process.

The two-phase approach allows the county to adopt a final budget after final estimates of available funding have been determined. The board plans to hold budget workshops in August and is tentatively scheduled to adopt a final budget Sept. 13.

Placer County still could face substantial revenue shortfalls and service disruptions if the state reduces funding for mandated county programs and shifts responsibility for some state programs to counties without accompanying funding. The budget team estimates the county has from \$30 million to \$60 million at risk in the state's budget battles.

Placer County still does not know whether its Redevelopment Agency will survive the state budget battles. Gov. Jerry Brown has proposed eliminating local redevelopment agencies throughout the state.

In a report to the board Tuesday, Finance and Budget Operations Manager Graham Knaus said the proposed budget maintains critical services to county residents, aligns service demands with available resources, and is balanced without reliance on general fund reserves. In addition, the proposed budget preserves additional mitigation options to address state budget impacts that will be presented to the board during the August workshops.