

# Tooele County

## Financial Recovery Plan

# Financial Recovery Plan

as created during Q1 2013

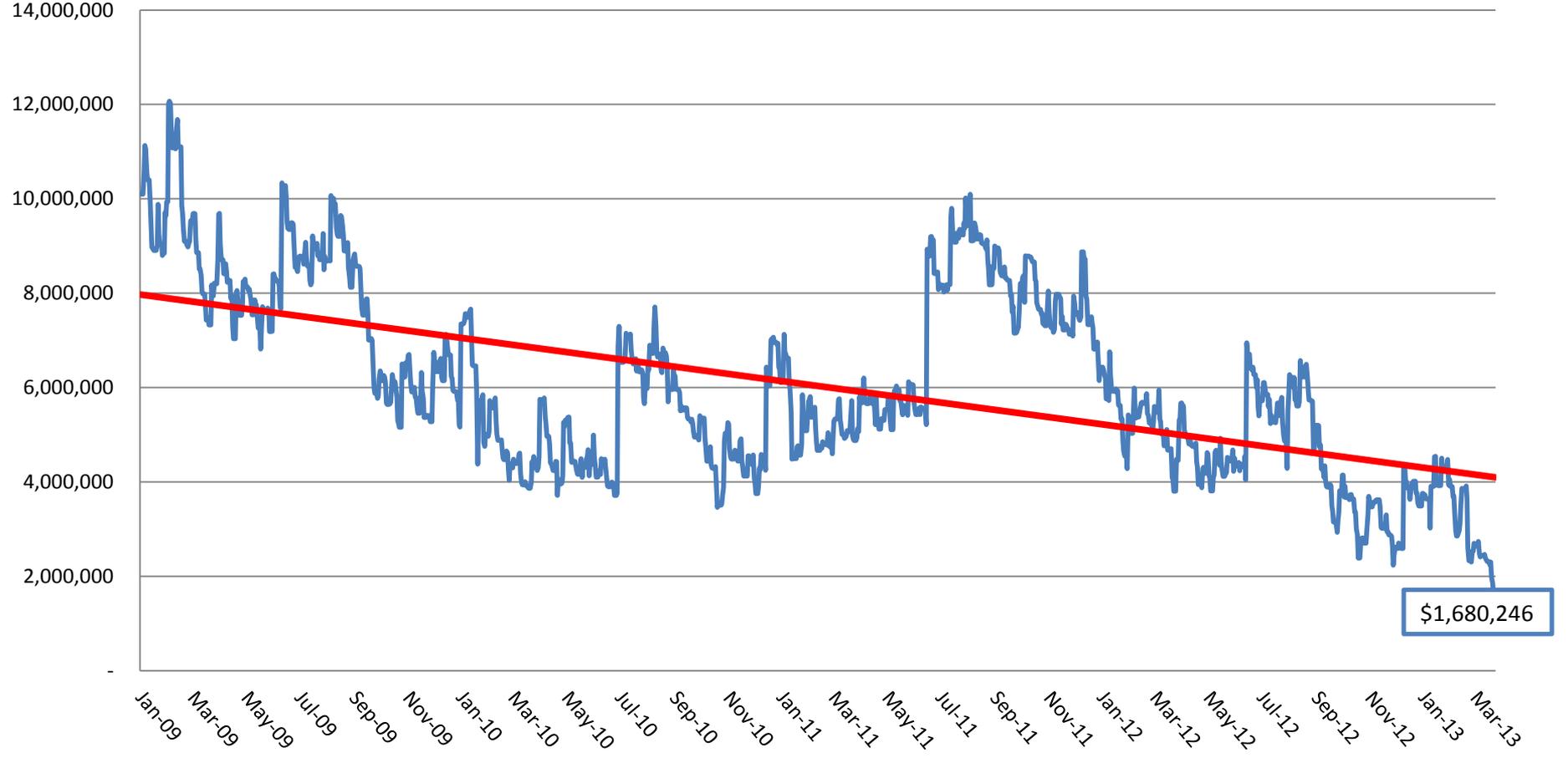
- Short Term
  - The Problem
  - The Plan
- Mid Term
  - The Problem
  - The Plan
- Long Term
  - The Problem
  - The Plan

# The Problem

- Short Term
  - Cash Flow
    - Threat of Sequestration of Federal Revenues
      - Grants
      - PILT
    - Accumulated use of Restricted Funds by Deseret Peak
    - Projected Negative Cash Balances

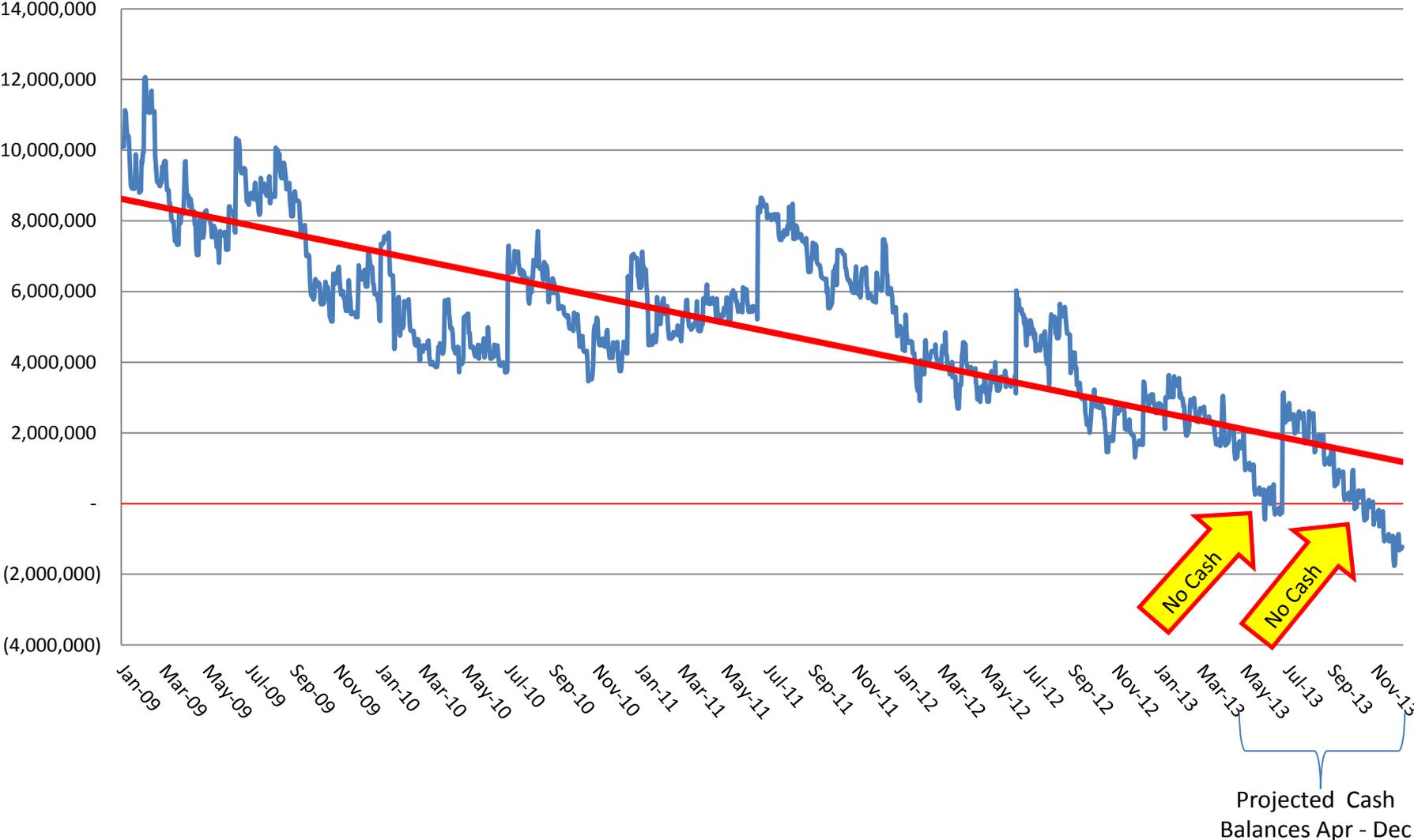
# Historic Cash Balances

## Cash Balances 2009-Mar 2013

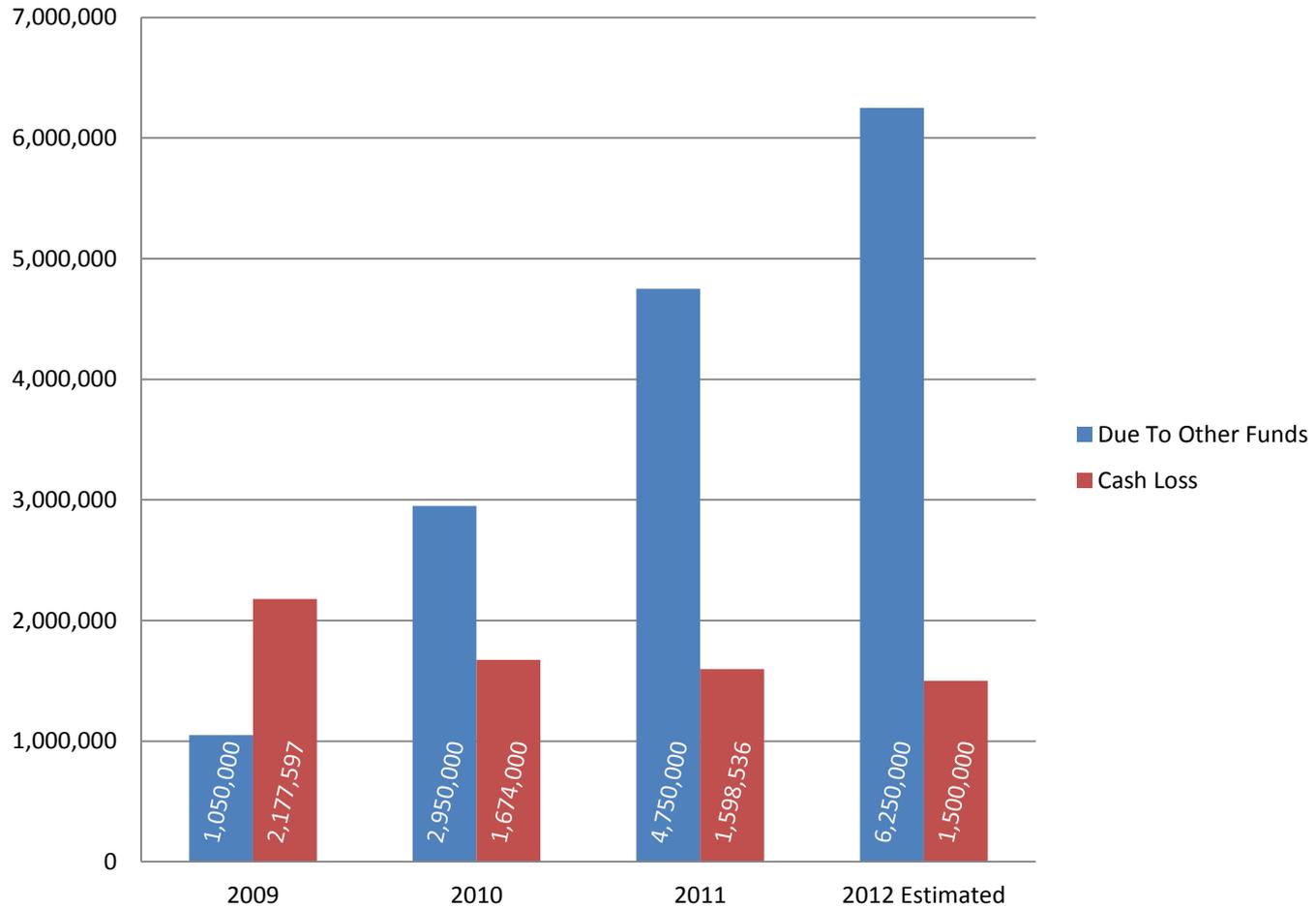


Adjustments made for large pass through amounts

# Cash Projection in March 2013



# Deseret Peak Cash Losses



# The Plan

- Short Term
  - Restrict Spending as much as possible
    - Phone Allowances
    - Travel and Training
    - Equipment
  - Review Service Level and Prioritize
    - Required vs. Discretionary Services
    - Decrease the Level of Service
    - Adjust Budgets as Necessary

# The Problem

- Mid Term
  - Unbalanced Revenue Sources
    - Predictable Property Taxes are only 18% of GF
    - Sales Taxes are only 9% of Gen Fund
    - Mitigation Fees & Other One-Time Money=43% of GF
  - Must Repay Restricted Funds Loaned to DP
  - Maintaining Minimum Fund Balance Level
  - New Jail Not Running as Planned
    - Housing Rate & Number of Fed Inmates Below Budget
    - Not Staffed at Optimal Ratios

# The Plan

- Mid Term
  - Unbalanced Revenue
    - Proposed Property Tax
      - 82% of County Portion
      - \$88 per year increase for the average homeowner
  - Repay DP Loan
    - Decrease Cash Deficit by Decreased Level of Services
  - Build Fund Balance Reserve
    - Create Budget Surplus
  - Jail
    - Transition to Optimal Staffing Ratios
    - Address Rate and Population Levels with US Marshal

# The Plan

- Mid Term (continued)
  - Divest the County of Services and Assets
    - Food bank and Relief Services to VMH (May 16)
    - Exploring Dispatch Special Service District
    - Looking for Other Orgs to Assume Grist Mill
    - Looking for Other Orgs to Assume Airport
    - Looking for Other Orgs to Manage DP Venues
    - Evaluating Property, Buildings and Equip for Surplus

# The Plan

- Mid Term (continued)
  - Restructure
    - Economic Development to Commissioners
    - Emergency Management & Aging to Health Dept
    - Combine Parks and Rec & Bldg Maintenance
    - Planning and Zoning & Inspections to Recorder
  - Outsource when Feasible and Prudent
    - Engineering
    - Custodial
    - Nurses at Aging Services
    - Facilities Maintenance

# Cuts to 2012 & 2013 Budgets

## General Fund Budget

	<u>Original</u>	<u>Ammended</u>	<u>\$ Diff</u>	<u>% Diff</u>
2012	22,812,245	21,395,581	(1,416,664)	-6%
2013	20,243,158	17,358,158	(2,885,000)	-14%
			<u>(4,301,664)</u>	<u>-20%</u>
	<u>Jan-12</u>	<u>May-13</u>		
	22,812,245	17,358,158	(5,454,087)	-24%

## Employee Count

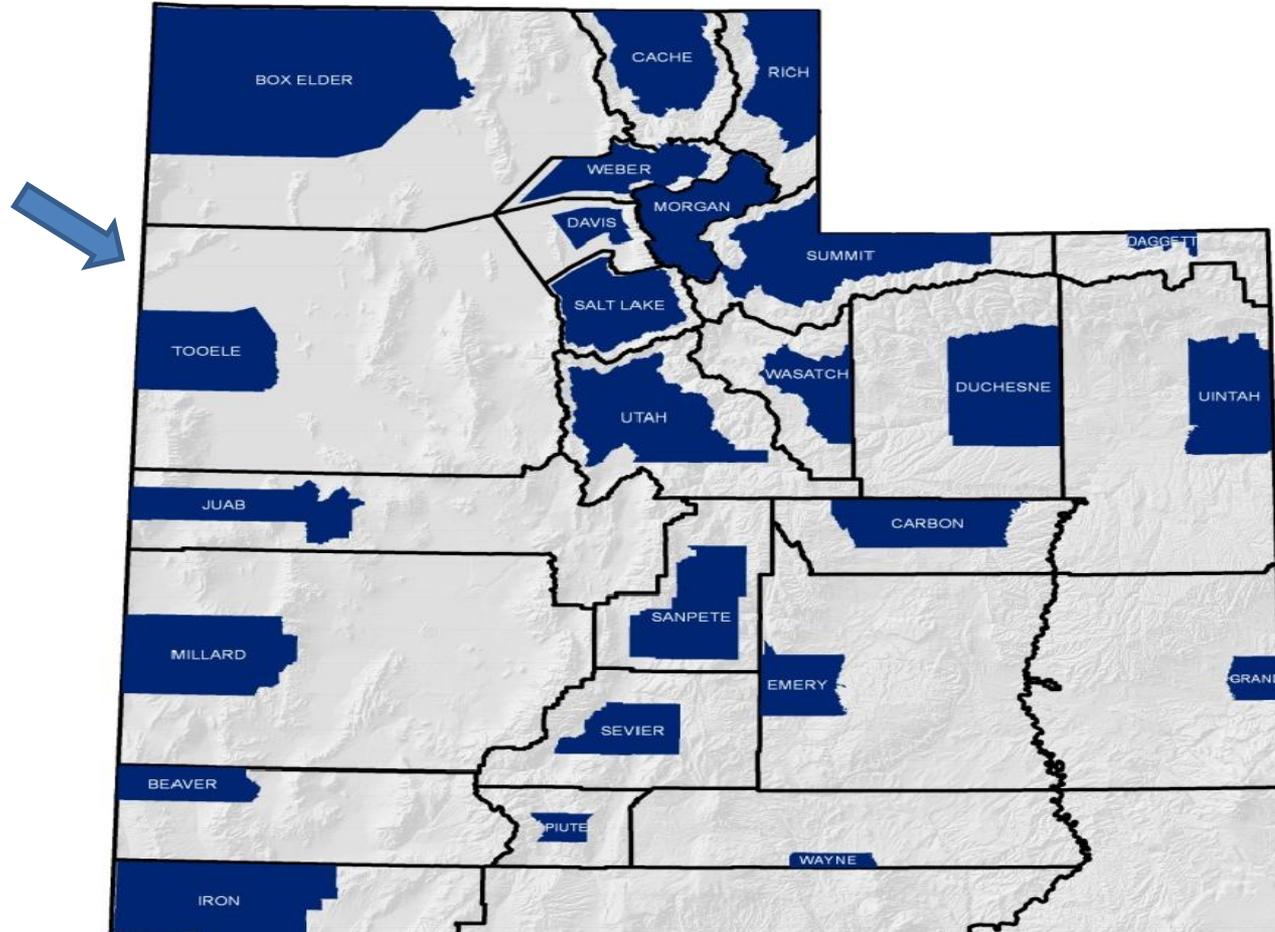
May-12	418	
Jan-13	351	
May-13	300	
Jul-13	295	estimated

Formal Amended 2013  
Budget is Forthcoming

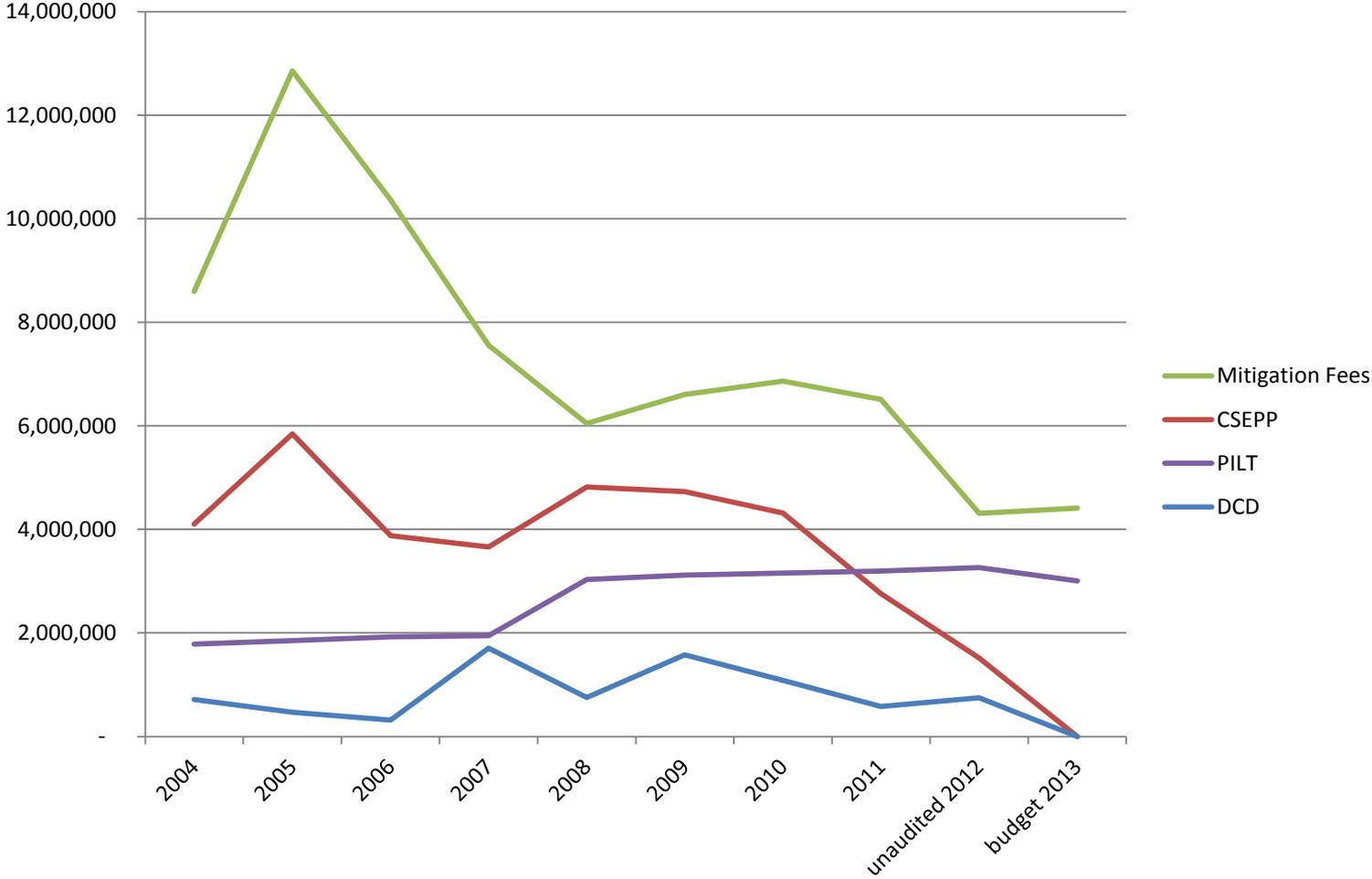
# The Problem

- Long Term
  - Unbalanced Revenue Sources
  - Property Taxes do NOT adjust for Inflation
    - Truth in Taxation Required to increase \$
  - 89% of County is Owned by Government
  - Unfunded Mandates by Federal and State Gov
  - Growing Unfunded Liability for OPEB
  - Growing Unfunded Liability for Accrued Leave

# 89% of Tooele is Government Owned



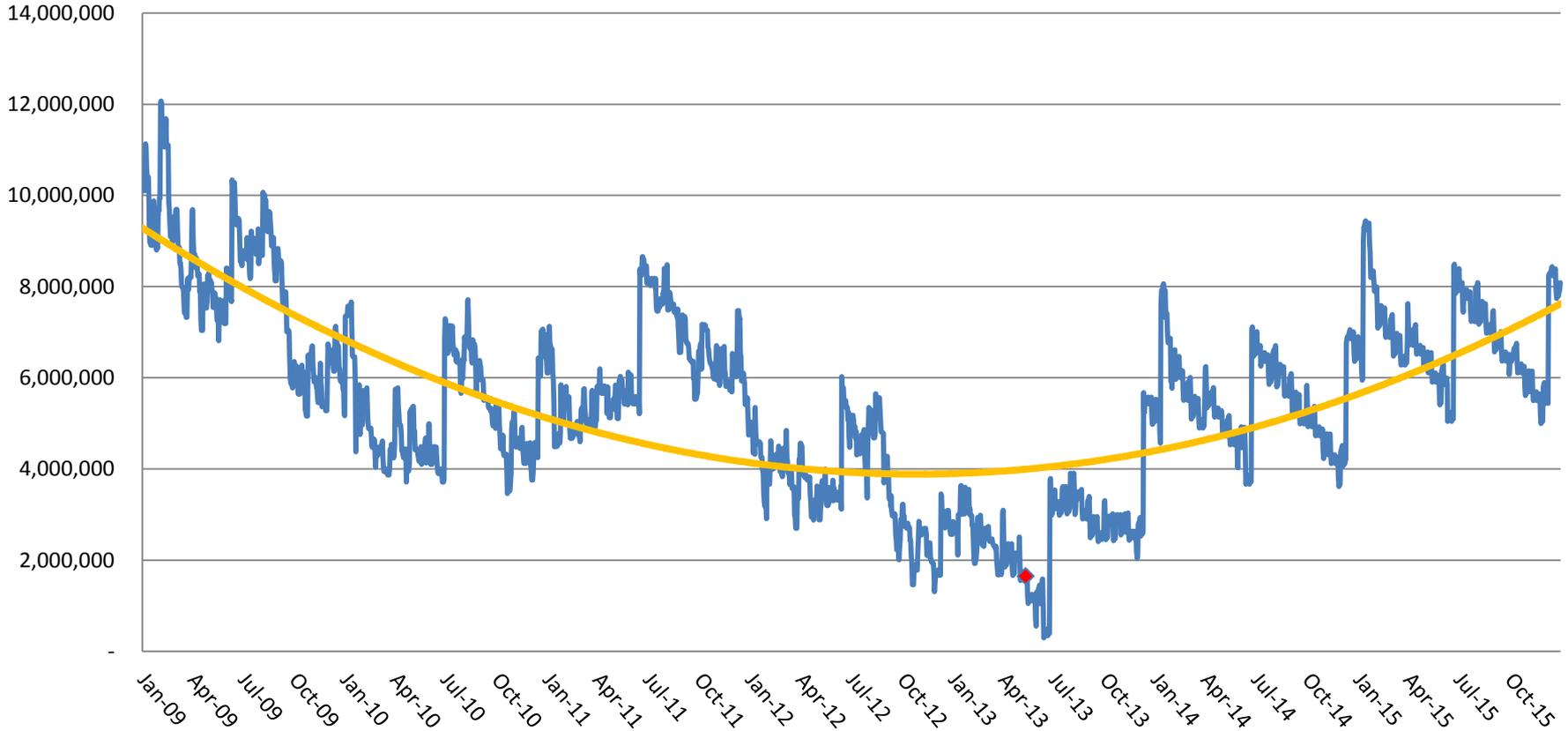
# Uncontrolled Revenue



# The Plan

- Long Term
  - Focus on Diversifying Revenue Sources
    - Economic Development
    - Participation in Legislative Process
    - Consideration of More Frequent Tax Increases
  - Focus on Required Services
    - If it is not required, it needs to be justified
  - Focus on Matching Costs to Fees and Taxes
    - Regular evaluation of fee schedules
    - One time money should pay for one time costs
  - Phase Out Post Retirement Benefits
  - Convert from Current Leave Plan to PTO

# Recovery Cash Balance Projection



# How did we get here?

- Decrease in Federal Funds for DCD
  - Mitigation Fees went from \$1.7M to \$0 in 2013
  - CSEPP went from \$4M to \$1.5M in 2012 to \$0 in 2013
- Decrease in Fees from Energy Solutions
  - Fees went from \$12M to \$6M to \$3M in 2012
- Accumulated Cash Deficits at Deseret Peak
- New Jail
  - Increased Operational and Debt Costs \$2.5M
  - Shortfall of Anticipated Rev for Fed Inmates \$750K

# How will Deseret Peak Repay Loan?

- Turn a profit
  - Not Practical
- Liquidate Assets
  - Last Resort
- Transfer of Equity from Other Funds
  - Plan is to accumulate cash surplus in Gen Fund
  - Replenish the “Rainy Day Fund”
  - Then Transfer the Equity to the DP fund

# How will the Gen Fund Produce a Surplus?

- Reductions in Services
- Reductions in Employees to Provide Services
- Increase Fees Where Applicable
- Property Tax Increase
- Multi-year Recovery

# Please Contact us with Questions

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Historical Financial Statements and Budgets are available online <http://sao.utah.gov/lgReports.html>