

**BOARD OF COUNTY COMMISSIONERS:**

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Park County, Wyoming  
Organized 1911

Original Park County Courthouse  
Cody, Wyoming  
Completed 1912

**Park County Budget Committee  
County Operating Budget Recommendations  
December 3, 2019**

**Situation:**

A \$2.65 million dollar deficit was encountered during the preparation of the Park County Budget for the 2019-2020 fiscal year (FY19-20). The Board of Park County Commissioners (Board) transferred \$1.2M from reserves to help balance the budget while accounting for the following one-time expenses for FY19-20.

- Park County Coroner's Building – \$442,000
- Updating Park County Land Use Plan – \$100,000
- Law Enforcement Center Security Cameras – \$238,000

When considering the above needs, certain regular maintenance and equipment replacement expenditures were delayed. For example, Park County Public Works Department (PCPWD) decided to delay regular road chip seal maintenance and planned equipment replacement to help cover the budget shortfall.

The Board established the Park County Budget Committee (PCBC) on July 2, 2019. The PCBC consists of department heads and elected officials. The PCBC was formed for the purpose of identifying potential adjustments that could be made to assist in ensuring and maintaining balanced budgets moving forward. The PCBC convened once in August and again in October of 2019. The following report provides an overview of the information compiled and conclusions reached by the PCBC. These findings are hereby provided as recommendations and/or suggestions for consideration by the BOCC while working towards the development of the FY 2020-2021 budget.

**Budget Trends:**

In recent years, Park County has seen an increase in operational costs while attempting to accommodate a greater demand for public services. Obviously, Park County is not alone as most local, state, and federal governmental entities continue work to find creative ways to serve the public while managing depleting revenue sources.

As shown in **Figure 1**, annual budgeted expenses over the past twelve (12) years have fluctuated between \$23,003,660 (FY2010-2011) and \$27,852,332 (FY 2012-2013). The current FY 2019-2020 budgeted expenses amount to \$24,974,971 which is the fifth lowest expense budget year over the last 12 years. The slope of the budgeted expense trend line is 2.63% over 12 years which works out to be about 0.22% per year. In other words, budgeted expenses have remained relatively flat when considering that annual inflation has averaged 1.78% during this same period.

Budgeted revenues for the current FY 2019-2020 are \$22,912,431. As depicted in **Figure 1**, the budgeted revenues have fluctuated between \$20,768,200 (FY 2010-2011) and \$29,571,844 (FY 2009-2010). The slope of the budgeted revenues trend line shows a decline over the past 12 years by -6.57% which amounts to an average annual decline in budgeted revenue of -0.55% per year.

At first glance, with relatively flat increases in budgeted annual expenses (0.22% per year) and declining revenues of (-0.55% per year), this would appear to explain the reason for the current budget shortfall. Also, with the falling budgeted revenues vs. relatively “flat” annual budgeted expenses, one might ask... *How has Park County been able to accumulate reserves during this same period?* In fact, the value of the reserves grew from less than \$4,000,000 in FY 2008-2009 to more than \$14,000,000 in FY2014-2015. Since that time the value of the reserves has been relatively flat at just over \$14,000,000.

The current budget shortfall can be attributed in part to the declining budgeted revenues (-0.55% per year). In addition, the differences between “actual” and “budgeted” expenses and how the budgets have been managed over the past dozen years also are contributing factors. In most years, the County has budgeted more expenses than revenue on an annual basis. Prior to FY2014-2015, there was a certain amount of “cushion” built into the budgeted expenses and the budgeted revenues. In other words, in most years, actual expenses have come in well below annual budgeted expenses. Further, it was not uncommon for actual revenues to substantially exceed budgeted revenues. This enabled previous boards the luxury of carrying unexpended dollars forward to balance subsequent year budgets. In addition, previous Commissioners were able to put excess revenues away to build up reserve accounts. During the period from FY 2008-2009 to FY 2014-15, actual annual expenditures climbed steadily from around \$18,000,000 per year to just below \$26,000,000 million per year. Since FY2014-15 actual expenses have leveled off. County departmental budgets have (by necessity) moved closer to a “zero based” accounting whereby actual expenses/revenues are very close to what is budgeted. This suggests that past practices of carrying over funds from previous years to balance a current or future year budget are no longer possible.

The obvious question then becomes, where does the annual expense budget need to be to sustain a balanced budget without relying on reserves or cash carry-over from previous years? Actual revenues in the past 5 years have generally been above \$23,000,000. Therefore, the PCBC believes an annual expense budget of \$23,000,000 would be a good and reasonable goal. Even in the lean years over the past 5 years there has been at least \$1,000,000 in cash carry-over. Cash carry-over (if any) should be used to leverage against declining revenues moving forward. The reliability (or lack thereof) from outside funding sources (State, PILT, etc.) continues to be a concern and will undoubtedly further complicate future budget decisions.

### **Philosophical Considerations**

It is sometimes lost in the arena of public opinion that Park County elected officials, department heads, and employees are also Park county citizens. Park County proudly boasts the fact that we represent one of the most fiscally conservative corners of the country. The representatives that make up the PCBC generally have similar beliefs that are focused on a streamlined government able to “do more with less”. Elected officials and department heads are continuously trying to find new ways and more efficient ways to serve the public while keeping a watchful eye on costs. This does not mean that we cannot do better. Park County is not immune to built-in inefficiencies and even “waste” that is generally inherent with most forms of government at all levels.

The PCBC believes that Park County needs to continually strive to look for ways to improve efficiency. All department managers and elected officials must continue to take a deep look within to determine if staff, equipment, and resources are necessary and being utilized to their maximum capacity and capabilities. Park County elected officials and department heads need to also take a hard look at services provided to the public. Park County needs to clearly discern between the “needs” of the public vs. the “wants” of the public. Park County needs to be focused on the needs of the public constrained only by the given revenue streams.

If the public has additional “wants”, the public needs to be willing to pay extra for those County provided services.

It is the consensus opinion of the PCBC that Park County needs to continue to look for ways to embrace technological advances that will streamline operations while improving efficiency. In the long run this will result in more complete and reliable services, improved public access to services, and lower costs. The PCBC has identified several such areas that are outlined in the following sections.

Philosophically speaking, the County needs to continue to invest in our employees, equipment, and infrastructure. These core areas are fundamental and critical to the County’s ability to continue to provide the level of services that the public needs and expects. Investments in training, employee retention, regular renewals/replacement of equipment, and maintenance/improvement of key public infrastructure are paramount to the fiscal health of the County moving forward.

### Suggestions for Trimming the County Expense Budget:

Various Park County department heads and elected officials were asked to review and evaluate their respective operating budgets to determine expense items and associated operating practices that could be trimmed or cut completely. Below is a general compilation of the ideas that were brought forward to the PCBC.

1. **Buildings & Grounds:** Reduce staffing level through attrition in February 2020 for a savings of approximately \$60,000 per year.
2. **Courts:** No longer pay for lunches for jurors during a trial.
3. **Fair:** Maximize the utilization of temporary help during fair time to save \$12,000 each year.
4. **Library:** Return \$80,000 from their FY 2019-20 budget. This will be a one-time commitment.
5. **Library:** Will operate with one less staff position.
6. **Public Works/Road and Bridge:** Consider elimination of maintenance of subdivision roads to save approximately \$250,000 per year.
7. **Public Works/Road and Bridge:** Consider vacation or eliminate maintenance for existing county roads that serve 3 or less landowners unless the road provides public access to public lands to save approximately \$185,000 per year. Alternatively, consider taking on the maintenance of all subdivision roads while coming up with a fee system to charge individual lot owners within subdivisions for these services through designated road improvement districts.
8. **Public Works/Road and Bridge:** Divert expenditures for all significant capital improvement projects for roads and bridges to the County Road Construction Fund (CRCF) and away from the regular operating budget. This is expected to free up roughly \$500,000 per year.
9. **Public Works/Road and Bridge:** Continued implementation of a County wide pavement management program with increased emphasis on a “need based” data-driven approach for allocating equipment, resources, and materials for pavement maintenance and rehabilitation. Estimated annual savings of \$300,000 per year.
10. **Public Works/Road and Bridge:** Implement utilization of machine control for road construction projects to more efficiently and effectively utilize road materials. It is estimated that the County can save approximately \$60,000 per year by maximizing the

utilization of this technology. In addition, increased efficiency in completing road construction projects will result in more miles of road receiving improvements.

**Other expense related items to consider:**

1. **General:** Investigate bidding out health insurance each year to seek competitive rates, if feasible. Explore pooling opportunities with other entities for volume-based discounts.
2. **General:** Centralize GIS management. Clarification on how many GIS licenses are needed. Make sure licenses maintained are consistent with current needs.
3. **General:** Improve and increase public access to online applications, features and information to reduce staff time managing foot-traffic, phone calls, and emails for redundant and routine items.
4. **General:** Evaluate employee's full compensation package (wages, health insurance, retirement, etc.) to make sure we are competitive with the private sector and other governmental entities. Consider securing employee participation in paying a portion of retirement and health insurance provided that overall compensation package remains competitive.
5. **General:** Consider placing a cap on what the County will contribute to the retirement plan.
11. **General:** Evaluate the effectiveness and value to the County of the Park County Health Incentive Program. Is the County realizing a net benefit from this program?
12. **General:** Charge for the use of the EOC Room and other conference rooms in the courthouse?
13. **General:** Consider centralizing and internalizing fleet vehicle maintenance.

**Suggestions for Increasing Revenues to Help Offset Increasing Costs**

As stated previously, over the past twelve (12) years, budgeted revenues have generally decreased. Elected officials and department heads were asked to identify possible ideas for increasing revenue to help offset expenses. Below is a list of the issues discussed.

1. **Clerk:** Increase Park County Liquor License. Match County liquor license fees to City of Powell fees to generate about \$20,000 per year.
2. **Clerk:** Consider generating revenue from Arca Search.
3. **Landfill:** Increase administrative fees from 5% to 10% for the general fund, if the model warrants it, to generate approximately \$87,000 per year in revenue.
4. **Planning and Zoning:** Increase the cost of permits.
5. **Public Works:** Consider charging a permit fee for County Right-Of-Way Permits which would add roughly \$20,000 per year in added revenue.
6. **Sheriff's Office:** Housing out-of-state prisoners will take in approximately \$237,000 per year.

**Other revenue related ideas to consider:**

1. **General:** Explore selling the old Game & Fish property or securing a long-term lease with a suitable tenant.
2. **General:** Explore selling the Park County Complex building while securing a long-term lease for the library portion of the building.

## Conclusions and Moving Forward:

When various County department heads and elected officials are asked about staffing within their departments, most will say that they are staffed at minimum levels to maintain the services we provide to the public. However, in many cases this position is not quantifiable. One idea that was discussed by the PCBC was the concept of implementing a waiting period for filling open positions resulting from attrition. For example, the Board with guidance from the other elected officials and department heads could evaluate openings on a case by case basis to determine whether the position is “essential”. Obviously, there would be some in-depth discussions as to what is indeed “essential”. Once clarified, non-essential position openings could require a 3-month or 6-month waiting period before filled. During the waiting period, the elected official or department manager overseeing the vacant position could monitor and report the impacts to services resulting from not filling the vacant “non-essential” position.

The PCBC believes the County should fully evaluate the complete compensation package for all employees to ensure that we remain competitive with the private sector and other governmental entities. This should be done at least every 4 or 5 years to consider changes in the local economy and work force. Assuming the County can remain competitive in total compensation, the County could look at the possibility of cost sharing certain benefits (ie, cost of health insurance) with the employees. However, if the county does not receive additional revenue in the future the County will not be able to maintain current staffing levels without cutting benefits or reducing the level of service to Park County residents. The PCBC believes that the County should strive to acquire and sufficiently compensate highly qualified people for all positions. Simultaneously, elected officials and department heads should strive to identify under-utilized employees, under-performing employees, or employees that do not add value commensurate with their compensation. These employees should be retrained, repositioned, and in some cases terminated.

As noted in the itemized lists of suggestions involving budgeted expenses and revenues, some items are difficult to quantify. Each County department should continue to work towards zero based accounting of labor, expenses, resources, and materials. We should know what our costs are to process a permit so that those same costs can be passed on to the applicant. We should know what it costs to maintain a piece of equipment or road using County resources. In certain cases, it may be cheaper to outsource certain maintenance to the private sector if it can be done cheaper without losing the level of reliable quality service that the public expects.

Park County has approximately \$14 million in general reserves. Compared to several other municipal governmental entities in the region, the County’s financial position is favorable. However, the County’s vast and diverse infrastructure consisting of public buildings, properties, roads, and bridges is aging and has many needs. Ongoing maintenance, rehabilitation, and replacement are essential investments that require large annual expenditures. For example, Park County was able to secure federal funding for major rehabilitation of County Road 6WX (Southfork Road) due in large part to the fact that the County had the necessary matching funds available. If the County is granted federal funding for the second phase of the FLAP project, the required match will be roughly \$3.5 million. Other future road, bridge, landfill, and building projects will likely not come to fruition without outside funding assistance leveraged by Park County’s solvency and ability to provide the necessary matching funds. Therefore, the PCBC believes that the value of the reserves should be maintained to levels of at least \$14 million. Separate from potential matching fund obligations, the reserves are used to help manage cash flow since several outside revenue streams are not realized until the end of a given budget year.

*Park County Budget Committee  
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Finally, the PCBC feels that the Park County budget is generally solid and sound. This is a testament to the stewardship, diligence, and leadership of past and current Commissioners, elected officials, department heads, and County employees. We feel that it is important to keep in perspective that a cut from \$24,974,971 to the goal of \$23,000,000 represents a cut of roughly 8%. In the private sector, a business would do what it needed to cut expenses or increase revenues to balance the budget. Tightening the belt is not easy but it is necessary even if it means trimming non-essential services or in some cases staff. After a thorough vetting of the itemized suggestions outlined herein, the Board should be able to come closer to balancing the budget for FY2020-21. However, if a deficit remains, the Board should require each department to cut a flat percentage of their respective budgets to make up the difference. It will be painful and it may mean cutting staff but these difficult decisions must be made and must be made fairly across all departments.