

Budget Proposal

The half-cent sales tax is a revenue to the General Fund and is subject to allocation based upon the priorities of the Board.

1. The County's General Fund and its employees are the first priority of the Board. Thus, 50% of the half-cent sales tax will be redirected to the General Fund effective March 1, 2009.

Impacts:

- ~ Will shift \$3.0M in revenues to the General Fund for FY 08/09.
- ~ Will shift \$7.2M in revenues to the General Fund for FY 09/10.
- ~ This half-cent sales tax revenue, the closure of the Prescott Jail, and a 7.5% departmental reduction for FY 09/10 will allow the County to balance its General Fund budget **without layoffs**.

Next Steps

- ~ Detail work to balance the budget can now begin.

2. The County's Capital Improvement Program is the second priority of the Board at this time. 30% of the half-cent sales tax will go to the Capital Improvements Program so that long-term planning efforts can continue. However, in order to not have debt payments for the next 20 years, the \$50M loan will be returned, and we will proceed with capital projects in a pay-as-you-go method.

Impacts:

- ~ Will incur \$500,000 in pre-payment penalties.
- ~ Capital Projects will continue. In fact, it would be possible, using cash (\$27M) and 30% of the half-cent sales tax, to place the Juvenile Detention Facility at Prescott Lakes Parkway (with associated infrastructure), and the projects identified for Commerce Drive under this method. (See attached proposal #5)

Next Steps

- ~ Staff to work with the banks to return to the loan in May 2009.
- ~ Special study sessions on capital projects will be needed as we move forward.

3. The County's Regional Road Program is the third priority of the Board at this time. 20% of the half-cent sales tax will go to the Regional Roads Program so that the debt payments on Hwy 260 can be met and so that long-term planning efforts can continue.

Impacts:

- ~ Regional Roads projects will continue, but with a slower pace, using the cash reserves (\$22M) and 20% of the half-cent sales tax.

Next Steps

- ~ Special study session on Regional Roads to make adjustments to the 5 year plan.

