**BY JENNIFER MONTGOMERY,
CHAIRWOMAN OF THE PLACER COUNTY BOARD OF SUPERVISORS**

Placer County's budget picture has changed dramatically since I joined the Board of Supervisors in January 2009.

When I arrived, the budget news was dire, the result of the persistent and growing economic slowdown.

At my second board meeting, we approved four mandatory unpaid days off for most County employees and several other budget adjustments to eliminate a mid-year $9.5 million revenue shortfall. The following month, we received a report that predicted the County would continue to face operating deficits for several years.

Today, many fiscal challenges remain, but we see light at the end of the tunnel. Revenue is beginning to bounce back, though not fast enough to keep pace with projected cost increases. As staff likes to say, we are tiptoeing, rather than sprinting toward recovery.

As board chairwoman, I am pleased to present this state-of the-county series to give the public a clear picture of where Placer County has been in recent years, where it stands today and how we are planning for a stronger, more stable future.

The last four years have been extremely challenging for the County and I want to be sure everyone fully understands the magnitude of the issues we've faced, and will continue to face.

In hindsight, there are things that we might have handled differently, but we did learn from our mistakes along the way and succeeded in preserving the County's fiscal health, protecting core services to the public and avoiding the large-scale layoffs that many nearby local governments experienced.

I am particularly pleased at how well the board, management and staff worked together to move Placer County through tough times. We struggled at times—we did not rehire unfilled positions, we had to cut hours to certain services and had to put many projects on hold because of budget constraints. But through hard work, commitment to serve the public, internal compromise and sacrifice, we are in a better place than we might otherwise have been.

A few statistics help tell the story.

Property tax revenue, the County's leading source of discretionary revenue, is projected to drop by about 1 percent this fiscal year. If the projection proves accurate, annual revenue from that source will have dropped $16.4 million, or 12.4 percent, since 2007-08.

Since 2007, during a time that demand for services remained the same or grew, the size of the County workforce has fallen 15.4 percent to approximately 2,150 filled positions largely because of a hiring freeze. On the other hand, the County has laid off only about 25 employees during that period.

One of the keys to the County's ability to stay above water while dealing with the economic slowdown has been a far-sighted approach to budgeting, service delivery and infrastructure planning.

In 2003, for example, the board adopted policies that place a high priority on budgeting conservatively to give the County flexibility to handle revenue and cost fluctuations; using one-time revenues for one-time costs, rather than ongoing expenses; and relying on a pay-as-you-go approach as much as possible to keep the County debt load light.

When the recession appeared on the horizon, Placer County acted quickly and decisively.

The board approved a hiring freeze as part of a drive to cut costs and avoid layoffs. It asked employees to pay larger shares of their pension and health premium costs, and created a two-tier pension system that pays new hires less generous benefits, but ensures that benefit costs can be sustained in the long term. People are staying healthy, living longer and collecting benefits longer, which add long-term costs to the County's retirement projections.

The County tried new innovative, cost-effective approaches to providing services and has implemented almost 150 suggestions from a County Cost Savings Task Force.

While Placer County has put some road, building, equipment maintenance, and other projects on hold, our success in dealing with the recession is particularly impressive because we continue to provide all mandated public services, have found ways to handle increased demand for many optional services, and made progress on badly needed construction projects. Those achievements will be my focus in part two of the series.

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