

**Minutes of Meeting
FY21 Budget Kickoff
January 29, 2020
9:00 a.m.**

The Kootenai County Board of Commissioners: Chairman Chris Fillios, Commissioner Leslie Duncan and Commissioner Bill Brooks met to discuss the following agenda items. Also present were Clerk Jim Brannon, Chief Deputy Clerk Jennifer Locke, Finance Director Dena Darrow, Deputy Finance Director Keith Taylor, Staff Accountant – Budget Michelle Chiamonte, Administrative Assistant Ronnie Davisson, Court Services Director Marissa Garza, Court Services Manager Kally Young, KCSO Sheriff Ben Wolfinger, KCSO Undersheriff Dan Mattos, KCSO Captain Andy Deak, KCSO Captain John Holecek, KCSO Captain Kim Edmondson, KCSO Captain Kevin Smart, KCSO Lieutenant Ryan Higgins, KCSO Administrative Assistant Tamara Exley, KCSO Jail Administrative Assistant Alicia Lynch, Public Defender Anne C. Taylor, Client Services/Investigations Administrator Jennifer Jenquine, Chief Deputy Coroner Lynette Acebedo, Chief Deputy Assessor Joe Johns, Juvenile Detention (JDet) Director JT Taylor, JDet Assistant Director Linda Hoss, JDet Training Supervisor/PREA (Prison Rape Elimination Act) Coordinator Eric Sheffield, JDet Shift Supervisor Jeremy Roth, JDet Administrative Assistant Kathy Vannett, Parks & Waterways (P&W)/Noxious Weeds Director Nick Snyder, Adult Misdemeanor Probation (AMP) Director Keith Hutcheson, AMP Probation Supervisor Melissa Miller, AMP Administrative Supervisor Lori Dahmer, Juvenile Probation Director Debra Nadeau, Human Resources (HR) Director Sylvia Proud, Community Development Director David Callahan, Airport Director Steven Kjergaard, Administrative Assistant Linda Leigh, Information Technology (IT) Director James Martin, IT Network Administrator Grant Kinsey, Veterans Services Officer Thomas Freeman, Reprographics/Mail Center Manager David Reid, Solid Waste (SW) Principal Planner Laureen Chaffin, SW Operations Manager John Phillips, Buildings & Grounds (B&G) Operations Manager Greg Manley, Civil Deputy Prosecuting Attorney R. David Ferguson, Administrative Supervisor Carissa Cox, First Judicial District Trial Court Administrator Karlene Behringer, BOCC Communications Manager Nancy Jones, BOCC Senior Business Analyst Nanci Plouffe, BOCC Administrative Supervisor Leighanna Keiser and Deputy Clerk Tina Ginorio. Also present were Contractor Shawn Riley and Kootenai County Resident Rick Whitehead.

- A. Call to Order:** Chairman Chris Fillios called the meeting to order at 9:03 a.m.
- B. Changes to the Agenda (Action):** There were no changes to the agenda.
- C. Business (Action Items):**

Fiscal Year 2021 Budget Planning with Finance Director Dena Darrow

Clerk Jim Brannon welcomed everyone and commented favorably on the high turnout. He stated that the Auditor’s Office had sent people to different training sessions in order to bring innovation and efficiencies to the County Budget process and that Finance Director Dena Darrow’s presentation today was one result.

Ms. Darrow opened her presentation with enthusiasm and stated that the Auditor’s Office hoped to save all participants time and money. She promised to keep all participants informed throughout the process.

Ms. Darrow noted that they had already been working on the budget process for the last month. She introduced the Innovation Team, whose job it had been to develop and test new forms: Solid Waste (SW) Principal Planner Lauren Chaffin, KCSO Administrative Assistant Tamara Exley, BOCC Senior Business Analyst Nanci Plouffe, Staff Accountant – Budget Michelle Chiaramonte and Assessor’s Office Administrative Manager Reba Grytness. She thanked them all for their hard work.

Ms. Darrow stated that the goal for this meeting was to review preliminary budget projections and to have the Board to identify their priorities. She noted that, due to some uncertainty about actions the State Legislature might take, she had prepared previews showcasing a Best Case Scenario and a Worst Case Scenario of the County’s taxing authority.

Chairman Fillios reminded those present that there were two House Bills under consideration that could substantially affect the County’s taxing authority: HB 353, which would place a cap on property tax increases at 3%, and HB 355 which would freeze taxes for FY21 at the FY20 amounts. He commented that a third bill was being discussed that would eliminate property taxes completely in the State of Idaho and raise the sales tax to 11% instead. He predicted that they would know by mid-April whether any of these bills would be passed.

Identify Budget Priorities

She explained that the Best Case Scenario would feature business as usual, with the County able to access its normal revenue sources.

Best Case Scenario

Input

Ms. Darrow explained that, if they worked on the assumption of taking a full 3% tax increase, the revenue from property tax would be \$51,424,426, with Solid Waste removed from the equation. She estimated that new growth would be about \$1,182,643 and non-tax forms of revenue would total about \$28,217,219. She added that we already planned to use about \$1,400,000 from Fund Balance to cover capital items, so the total resources the County had to work with would be about \$82.2 million, starting out.

Output

Taking into account current personnel costs, the current B Budget without Solid Waste or EMS (Emergency Medical Services), Ms. Darrow estimated a total starting expense requirement of about \$80.9 million. She noted there would be an adjustment of about \$2,406,670 for grant funded positions. After all that was covered, she said there would be working capital available of about \$3.7 million.

Known increases

Ms. Darrow reported that the County’s current annual medical cost was about \$10.8 million dollars. She said they traditionally allowed for a 7% increase each year, which would result in about \$754,000 more for insurance in FY21. She noted that she had built in \$750,000 to cover County cost for the Medicaid Expansion Plan, as well.

Ms. Darrow said that it would cost around \$250,000 to complete the Wage Study adjustments. Beyond that, she stated that including COLA (Cost of Living Adjustment) to employee's pay packages would cost about \$1,218,000 and including additional Merit Pay Increases, a Wage Step Plan and Matrix movement could cost another \$2,131,605. She pointed out this would result in a known increase to the output of around \$5.5 million.

Ms. Darrow listed the major items that might be taken from Fund Balance: initial fees for the architect for a new building at \$500,000, software required by Community Development at \$200,000 and payment number two on the three year lease term for vehicles of \$700,000, for a total of \$1.4 million.

She said that, if those figures were all summed up, it left the County with a deficit of about \$3.2 million. She noted that this figure could be reduced to a deficit of about \$1.7 million if positions that had been open for 80 or more days were frozen.

Ms. Darrow pointed out that an amount of \$400,000, or 2%, had been added to the current B Budget to cover contract increases and similar things. She suggested that just building that 2% in to the B Budget allowances for all the departments would be a time saver. She said that individual departments could then ask permission from the Board to move part of that money around to use somewhere else.

Ms. Darrow concluded that money would be very tight even in the best case scenario.

Treasurer Steve Matheson entered the meeting at 9:18 a.m.

Worst Case Scenario

Ms. Darrow stated she had also calculated the basic budget numbers if the State limited the County to a 0% tax increase and no new growth taxing authority. She explained she left the fees, Fund Balance Use, personnel, medical insurance increase of 7% and B Budget figures the same. Additionally, she said she put Medicare Expansion costs to \$1 million, cut almost everything else and froze some positions, which yielded a deficit of about \$1 million.

She concluded that she believed the County could deal with this situation, if it occurred.

To help the departments function more efficiently during the Budget process, Ms. Darrow said they would see reduced paperwork. She said people would receive forms for personnel, capital, and B Budget, with the cost/benefit analysis formulas included, to allow staff to really think about what was being requested and how to present those requests to the Board. She offered special thanks to Ms. Chiamonte, who created the online forms and to the Innovation Team which tested them. She explained that once the online form was completed, it would go right to the Auditors for the next step in the streamlined process.

Board direction on key budget inputs to include forms, timelines, revenue, personnel, operating expenses, capital expenses, medical insurance, analysis/support and budget hearing

Ms. Darrow asked the Commissioners to list their priorities for the FY21 Budget.

Commissioner Leslie Duncan said she would like to see the County finish work on the Wage Study Project, address wage compression in the Prosecutor's Office, and consolidate the Snowgroomers into Parks & Waterways. She stated that she would ask that no capital requests be made for items unless they could be covered by restricted funds and no new software unless it would help reduce personnel demands.

Chairman Fillios voiced his support for completing the Wage Study Project. He said he would like to refrain from making any increases to B Budget or C Budget.

Commissioner Bill Brooks stated that he would be against any suggestion of taking forgone taxes. He said he would like to see employees receive the appropriate COLA increases and the hiring of a second Veterans Services Officer. He asked that all departments enter the budget process with the understanding that it would be a lean year and refrain from asking for anything that they did not truly need.

All three Commissioners voiced their approval of the 2% index increase to the B Budget suggested by Ms. Darrow.

Commissioner Brooks noted that there would be some personnel requests that could be considered critically important. He called attention to the need to improve wages in some Community Development positions so the County would not lose more employees to other entities.

There was general agreement expressed that Community Development's situation was serious. Commissioner Duncan pointed out that the department was fee based and suggested that the additional fees collected as the result of an additional person being added to the workforce could fund the additional expense.

Commissioner Brooks said he would like to see the disparity between Patrol and Detention Deputies addressed.

Ms. Darrow asked if departments should factor in an amount for promotions and succession planning. The Commissioners agreed.

Ms. Darrow asked if the Auditors should review the sick leave/termination pool, based on difficulties encountered previously. The Commissioners agreed.

The Commissioners expressed different positions about including COLA in the budget. Chairman Fillios suggested that the 2% COLA estimate be included in the budget and, if necessary, they could eliminate it later.

Ms. Darrow asked if the Commissioners wished to consider implementing a step formula or a merit/bonus pool for the General Pay Plan.

The Commissioners again expressed mixed feelings on these topics and indicated they would discuss them further as more information became available. There was general agreement that the normal Matrix steps would be funded.

The Commissioners directed that the departmental Overtime Pools would be rolled back to the figures from the previous budget.

Commissioner Duncan asked that departments which offered on-call duty pay reexamine their positions based on the recent update to County Policy.

The Commissioners expressed general agreement to leave holiday buy back levels as they were for now.

Ms. Darrow reminded the Commissioners that the Information Technology (IT) 5 Year Plan and the Buildings & Grounds (B&G) 5 Year Plan were normally covered from Fund Balance.

Commissioner Duncan reminded those present that if they needed vehicles, they should request them through the Fleet Management Team unless their department had restricted funds available.

Ms. Darrow remarked that she would see that Fleet Management Request forms were sent out in addition to the Budget Forms.

Ms. Darrow moved on to medical insurance. She asked whether the Board wished to include the average amount for its increase and whether they wished to consider increasing employee contributions to the plan.

Commissioner Brooks stated he would like to see additional investigation made into a sole source medical plan to help control cost.

Ms. Darrow and the Commissioners also discussed the benefits and drawbacks of changing to a high deductible plan with health savings accounts offered.

Ms. Darrow warned that the stop loss premium might also be increased for FY21, based on demands made in the current year. She explained the purpose of a stop-loss plan in response to a request from Commissioner Brooks.

Ms. Darrow inquired whether the Commissioners would like \$500,000, \$750,000 or \$1 million included in the initial budget to cover Medicaid Expansion. The Commissioners settled on \$750,000 tentatively.

Ms. Darrow explained the services provided by the County's risk management insurance, ICRMP (Idaho Counties Risk Management Program).

Human Resources (HR) Director Sylvia Proud remarked that there was a 2% or 3% increase in that premium this year and suggested Ms. Darrow include that in the calculations.

In closing, Ms. Darrow asked the Commissioners what sort of analysis and support they would prefer and reviewed the projected timeline of the Budget Process.

- D. Public Comment (Discussion):** This section is reserved for citizens wishing to address the Board regarding a County-related issue. Idaho Law prohibits Board action on items brought under this section except in an emergency circumstance. Comments related to future public hearings should be held for that public hearing.

Treasurer Matheson cautioned against considering the Budget in terms of best case/worst case scenarios. He urged the Commissioners to focus on doing what was needed and, if a shortfall occurred, turn to Fund Balance. He added that the Legislatures' decisions on the House Bills should be available in March, so there would still be enough advance notice to alter the direction they chose.

Clerk Brannon expressed his agreement with Commissioner Brooks' request that budget requests be need-based, not want-based. He added that having to identify and cut unnecessary requests could waste staff's time.

Information Technology (IT) Network Administrator Grant Kinsey voiced his support for restricting budget requests as much as possible. He also said he would be pleased to see a high deductible health plan receive further investigation.

Court Services Director Marissa Garza thanked Ms. Darrow and her team for their hard work and said she found the presentation very helpful.

Parks & Waterways (P&W)/Noxious Weeds Director Nick Snyder asked the Board to review fees and make sure they were keeping up with the costs of offering services.

KCSO Sheriff Ben Wolfinger expressed concern that the timeline Ms. Darrow had outlined was too ambitious. He pointed out that statute required departments to present their actual expenditures and revenues by the second Monday of April, but in the plan she showed that was the date the budget was to be submitted.

Chairman Fillios suggested that the due date be reviewed. Ms. Darrow agreed.

Sheriff Wolfinger added that KCSO lost about \$231,000 on the Driver's License Department budget because the fees they were allowed to charge did not cover the expenses. He predicted that the loss would be greater this year. He explained that they did not have the statutory authority to increase the administrative fees set to allow them to break even and suggested that the Board consider that issue.

Treasurer Matheson pointed out that the County was also losing about \$3.2 million annually from URDs (Urban Renewal Districts). He remarked that this would continue into the foreseeable future, unless changes were made.

Chairman Fillios urged everyone to contact their representatives and tell them not to support the three House Bills previously described.

E. Adjournment (Action): Chairman Fillios adjourned the meeting at 10:22 a.m.

Respectfully submitted,

JIM BRANNON, CLERK

CHRIS FILLIOS, CHAIRMAN

BY: _____
Tina Ginorio, Deputy Clerk
