

Minutes of Meeting
FY19 Budget Discussion
July 26, 2018
9:00 a.m.

The Kootenai County Board of Commissioners: Chairman Marc Eberlein, Commissioner Chris Fillios, and Commissioner Bob Bingham met to discuss the following agenda item. Also present were Clerk Jim Brannon, Chief Deputy Clerk Jennifer Locke, Finance Director Dena Darrow, Assessor Mike McDowell, Chief Deputy Assessor Rich Houser, Sheriff Ben Wolfinger, Undersheriff Dan Mattos, Sergeant Kevin Smart, Lieutenant Kyle Hutchison, Lieutenant Ryan Higgins, Lieutenant Scott Maxwell, Deputy Mike Douglass, Administrative Assistant Tammy Exley, Human Resources (HR) Generalist – Benefits and Compensation Dorothy Cross, BOCC Financial Analyst Nanci Plouffe and Deputy Clerk Ronnie Davisson.

- A. Call to Order:** Chairman Marc Eberlein called the meeting to order at 9:00 a.m.
- B. Changes to the Agenda:** There were no changes to the agenda.
- C. Business:**

FY19 Budget Considerations and Decisions (Action Item)

Finance Director Dena Darrow opened the meeting stating one of the things that had become known during the balancing of the FY19 Budget, were issues with the 720 Compensation Project. During the prior Budget meeting, the Board had directed Ms. Darrow to take approximately \$300,000 and disperse it before the end of FY18. From there, the money that was left would be placed back into the General Fund to help balance the Budget. She showed a copy of the Preliminary Summary and explained that the cause of the issue was that any changes done to Personnel were stopped at pay period 14. Further, any changes made to Personnel from pay period 14 to the end of FY18 would not be reflected in the FY19 Budget, making the out of balance amount much larger. She then presented several options for the Board's consideration.

There were four total options for the Board to discuss: increasing the tax rate by 0.5% or 0.75%, use Fund Balance to cover the shortfall, or abandon the 720 Compensation Project and return all the money to Fund Balance. Commissioner Bob Bingham said there were other options on the table outside of a tax increase and Commissioner Chris Fillios said the simplest solution would be to take a tax increase and said he would rather not go that route, but had no problem with doing so if the need arose. He continued, stating that they had trimmed as much as they could and the decision needed to be narrowed down to a tax increase and/or Fund Balance use. He said he believed the Board had a moral obligation to distribute more funds before the year's end.

Commissioners Bingham and Fillios discussed at length the 720 Compensation Project and how they each wished to satisfy the current Budget shortfall. Ms. Darrow suggested taking the entire amount of \$538,902 to continue with the 720 Compensation Project in FY19 and on October 1, 2018, they could begin the 720 Compensation Project again, as it would be the start of FY19. Chairman Eberlein stated they could research during the down

time so they could be ready to execute more raises in FY19. Clerk Jim Brannon said if the remainder of the funds did not get distributed at all, it would lead to a very serious morale issue within the County. Ms. Darrow said it would be more beneficial and easier to balance the Budget if the numbers were to stop now and use the personnel number that currently existed in the Budget, take the unspent funds of \$538,902 and put it into a placeholder for FY19. Assessor Mike McDowell pointed out that if they waited until FY19, it would send a bad message to all the employees. Ms. Darrow said they could also consider making each raise retroactive to October 1 if they needed more time to complete the Project. Commissioner Fillios said he would like to see a concerted effort to fix all the disparities.

Assessor McDowell said he had been through four separate pay plan fixes in his tenure and it had not taken any less than two years to resolve the issues. He then pointed out the Board did not even have a full examination of all the job descriptions and said it was unrealistic to think the Project could be completed by the end of December. Further, he noted the County was losing employees often and if they did nothing, they would be sending a negative message that they might not be able to recover from.

After more deliberations, Commissioner Bingham and Chairman Eberlein were both in favor of rolling over the entire \$538,902 to reserve for FY19, whereas Commissioner Fillios was in favor of using \$175,000 in FY18 and rolling over the rest to FY19. Clerk Brannon stated that it would be of the utmost importance to provide the employees with some type of correspondence about the status of the 720 Compensation Project. He said he would appreciate the consideration. Commissioner Bingham said he would write up a draft memo.

Commissioner Fillios asked the Board if they had any desire to increase Heritage Health, as it had already been decreased by \$30,000 in a prior Budget meeting. Commissioner Bingham also suggested cutting \$30,000 from the allocation to HARSB and returning the \$30,000 to Heritage Health. Commissioners Bingham and Fillios both agreed to make the suggested change.

Clerk Brannon said he appreciated Commissioner Bingham offering to write a memo, however, one item he wished to see in the correspondence to the employees was the acknowledgment that the 720 Compensation Project was continuing. His hope was that if the employees knew the Project was still ongoing after the start of FY19, it would help to ebb the departures the County might face.

Commissioner Bingham moved to move the balance of the 720 Compensation Project to the FY19 Budget, to reduce the HARSB donation to \$30,000 and to return the \$30,000 to the Heritage Health allocation. Chairman Eberlein seconded the motion. There being no further discussion, Deputy Clerk Davisson called the roll:

Commissioner Bingham: Aye
Commissioner Fillios: Nay
Chairman Eberlein: Aye

The motion carried.

Commissioner Fillios said his reason for voting “nay” to the motion was that he understood the reason for moving the balance of the 720 Compensation Project into FY19 and he agreed with the adjustment to HARSB and Heritage Health. However, the two concerns he had with not dispersing the money in FY18 were the commitment made to the employees, to stop the bleeding as the job market was heating up and that current employees were departing.

D. Public Comment: 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. There were no public comments.

Chairman Eberlein adjourned the meeting at 10:08 a.m.

Respectfully submitted,

JIM BRANNON, CLERK

MARC EBERLEIN, CHAIRMAN

BY: _____
Ronnie Davisson, Deputy Clerk
