

Minutes of Meeting
FY20 Budget Public Hearing
August 29, 2019
6:00 p.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 Chiaramonte, Senior Staff Accountant Mel Merrifield, Accounting Supervisor AP & Spending Lori Shaw, County Assistance Shelly Amos, Coroner Dr. Warren Keene, Sheriff Ben Wolfinger, Undersheriff Dan Mattos, Captain Matt Street, Captain John Holecek, Captain Kim Edmondson, Captain Andy Deak, Sergeant Jeremy Hyle, Deputies Alana Hunt, Kirk Kelso, Zach Sifford, Adam Zitterkopf, Matt Zirker, Jail Lieutenant Kyle Hutchison, Detention Deputy Shawn Somershoe, Administrative Assistant Tammy Exley, Prosecutor Barry McHugh, Civil Deputy Prosecutor R. David Ferguson, Human Resources (HR) Director Sylvia Proud, HR Generalist – Benefits & Compensation Dorothy Cross, Treasurer Steve Matheson, Chief Deputy Treasurer Laurie Thomas, Adult Misdemeanor Probation (AMP) Director Keith Hutcheson, Juvenile Detention Director JT Taylor, Information Technology (IT) Director James Martin, Parks & Waterways (P&W)/Noxious Weeds Director Nick Snyder, Solid Waste Operations Manager JP Phillips, Transfer Station Manager Doug Goodwin, Specialized Appraisal Manager Jeff Hurt, Assessor Administrative Manager Reba Grytness, BOCC Administrative Supervisor Leighanna Keiser, BOCC Communications Manager Nancy Jones and Deputy Clerk Ronnie Davisson. Also present was Coeur d’Alene Press Staff Writer Brian Walker, Aquifer Protection District Chair Necia Maiani, KCEMSS Chief Chris Way and multiple members of the public.

- A. Call to Order:** Chairman Chris Fillios called the meeting to order at 6:00 p.m.
- B. Changes to the Agenda (Action):** There were no changes to the agenda.
- C. Chairman’s Opening Remarks:** Chairman Fillios opened the meeting by introducing Commissioners Leslie Duncan and Bill Brooks and asked that any comments made would remain civil and respectful. He said that he heard from different employees the same statement – it had been the smoothest, most amicable budget season and he proceeded to thank the following: Finance Director Dena Darrow, Deputy Finance Director Keith Taylor, Staff Accountant – Budget Michelle Chiaramonte, Civil Deputy Prosecutor R. David Ferguson, the Elected Officials, Department Heads, and the BOCC administrative staff. Chairman Fillios then said he wanted to specially introduce Clerk Jim Brannon and explained that Clerk Brannon’s staff had worked diligently, rigorously and very closely with the Board, for which they were grateful.

Chairman Fillios pointed out that there were things within the FY20 Budget that were novel to prior years’ budgets. He explained that rather than purchasing eight or nine vehicles for the Sheriff’s Office, they were able to arrange a lease lasting for three years at \$700,000 each year wherein the vehicles could be purchased for \$1 at the conclusion. He also explained that a wage study for the employees had been performed, upon which the Elected Officials agreed. He then discussed County growth and how it affected the job market.

D. FY20 Budget Hearing Presentation pursuant to *Idaho Code §31-1605* (Discussion):

Aquifer Protection District

APD Chair Necia Maiani presented the Board with a brief history of the APD and its community partners. She explained that it had been formed in 2007 by the BOCC with the sole purpose of protecting the Rathdrum Prairie Aquifer. Ms. Maiani said the total budget for APD was just under \$555,000 and that there was no proposed fee change in the budget. She said that if there were any questions, to please direct them to BOCC Communications Manager Nancy Jones.

The Board had no questions for Ms. Maiani.

KCEMSS

KCEMSS Chief Chris Way began his budget presentation by comparing the FY20 budget to the FY19 Budget, showing that it had been reduced. He explained that the KCEMSS budget was combined 70% patient revenues and 30% tax revenues and that for FY20 they were asking \$2,940,953. Chief Way explained that they were requesting a 3% increase in taxes, which equated to \$79,548, and \$66,357 in new development, which was \$143,718 overall. He then pointed out that the patient revenues were budgeted at \$5,301,749, a decrease of \$175,890 due to a slight decrease in service calls. Chief Way said that overall, their total anticipated budget would be \$8,298,902 – a decrease of \$32,473 from FY19. He also said that if the budget were to be approved, their levy rate would decrease and that they had cut all capital projects due to the downturn of revenues. The Joint Powers had unanimously approved the FY20 Budget approximately a month prior.

Kootenai County

Clerk Brannon thanked the audience for attending the meeting and then introduced Finance Director Dena Darrow. Ms. Darrow began by thanking the Auditor's Office staff she worked with and agreed with Chairman Fillios that it had been the best budget season yet. She then thanked the employees and said that she appreciated all the hard work and detail they had provided.

Ms. Darrow began discussing the budget by showing that the FY20 Budget amount was approximately \$101,598,129, with \$49,926,627 in property taxes. She listed some of the key areas in the budget were relative to capital and personnel: salary, pension rates, and health insurance increases, fleet vehicle leases, technology investments, and a new Admin campus building. She pointed out that Operating Expenses had decreased from FY19.

Ms. Darrow pointed out high and low points of the County's growth: the County grew \$2.8 billion in property value in the last year and the tax per \$100,000 of property value decreased, but also meant that the demand for services would grow; some services were

paid by fees rather than taxes, but would require more personnel to manage higher volume; and mandated services must be provided regardless of funding levels, which in turn caused required staffing levels.

Ms. Darrow then discussed the County's Fund Balances and the types the County utilizes. She pointed out that the County was debt free and had a savings account, which the County used to pay for things. She explained there were Restricted, Committed, Assigned and Unassigned Fund Balances – essentially the County's Fund Balance was their "savings account". Restricted Funds were mainly earned by fees, Committed Funds were earmarked for specific purposes, Assigned Funds would be used in the case of long-term planning and Unassigned Funds were funds that would ensure there were enough funds to have a strong cash flow.

Ms. Darrow then showed an example of a Property Tax bill and explained that Kootenai County represented about 12% of that specific tax bill, with Coeur d'Alene Urban Renewal District and Coeur d'Alene City and School District making up a large portion of the tax bill. She briefed the audience on how the property tax, new growth and levy rate numbers were calculated and explained that the levy rate was the rate with which the County would tax. She said there were two reasons why the property tax would increase: the property value increased or there might be other districts that raised taxes. Ms. Darrow added that Solid Waste had lowered their annual fee by \$5.

Ms. Darrow showed a graph that depicted the five funding sources, pointing out that property taxes made up roughly 49%, while grants (1%), state funds (14%), fund balance (9%), and fees, charges and interest (27%) made up the remainder. She then showed a graph that depicted the expenditures, pointing out that Personnel made up 63%, while Capital and Operating were 26% and 11%, respectively.

Ms. Darrow outlined the eight new positions and five temporary positions that had been approved in the budget, pointing out the District Court Collections Clerk would be paid for by fees and the Public Transportation Manager would be paid for using grant funds. She then showed the major capital expenditures to take place in FY20, such as a new justice building, the leased fleet vehicles, elections machines and IT investment.

Clerk Brannon said it was his pleasure to present the budget to the BOCC for their consideration.

Ms. Darrow pointed out to the audience that there were bonus materials in the budget packet that had been prepared. She said there was not only a letter from Clerk Brannon, but Property Tax Valuation & Budget Trends, a Levy Sheet by fund, and more information for them to review.

Before beginning Public Testimony, Chairman Fillios introduced the new Human Resources Director, Sylvia Proud and explained that she and HR Generalist – Benefits & Compensation Dorothy Cross produced the recommended wage increases for the Wage Study. He also introduced BOCC Communications Manager Nancy Jones and explained that she had been doing a great job at keeping the public engaged.

E. Public Testimony

Chairman Fillios asked for public testimony.

Commissioner Leslie Duncan called the names of Nancy and Charles Rieben, who stated they did not wish to speak, but were opposed to the County Budget.

Mr. Jeff Tyler, 5892 Harbor Drive, Coeur d'Alene, said that he was the Chair of the NWPOA (Northwest Property Owners Alliance) and said that he noticed all the employees of the County were great and were trying to keep the costs down. He also said that many people he knew felt as though they were being taxed out of their houses and that the taxpayers needed someone who would toe the line on taxes. Mr. Tyler recognized that the County portion was minimal and that the Urban Renewal Districts affected the taxes. He said that one thing that was concerning was an 8% increase in the budget, pointing out that the Founding Fathers wanted a limited government, not an expanding government. Further, he would prefer to see the government get smaller, not bigger.

Commissioner Bill Brooks asked Mr. Tyler what services he would like to see eliminated or reduced in the County, to which Mr. Tyler responded that he mainly disagreed with the 3% tax increase but agreed that a person should be paid what they are worth. He suggested cutting some of the positions to help recoup some of the costs.

Chairman Fillios agreed with Mr. Tyler that there was an 8% increase; however, he said that if you looked at the tax component, it was roughly a 1% increase. Mr. Tyler said that he would have liked to have seen a 0% tax increase, to which Chairman Fillios pointed out that there were programs in place to help those who needed tax relief and the biggest increase most would experience would be the increase in valuations of their homes, which the BOCC could not regulate as they were bound by statute. Commissioner Brooks said he would like to see an initiative like California's Prop 13 in Idaho, because that may be the only way to achieve any long term property tax relief. Mr. Tyler agreed and said that he was working with a few legislators on something to that effect.

Mr. Michael Wilhelm, 216 N. Bruce Dr., Coeur d'Alene, said that he was opposed to the 3% tax increase and that his property tax assessment had gone up 65% in two years. He said that he already paid for more than his fair share and did not feel like he would see any improvement in services that he received.

Ms. Deborah Rose, 27145 Dove Haven Lane, Athol, said she had lived in Kootenai County for 20 years, and in those 20 years, she has had many opportunities to interact with County employees. She said each one she had worked with had been friendly, knowledgeable and had gone out of their way to be helpful. She then addressed Chairman Fillios and Commissioner Brooks and commended them on taking a stand to ensure County staff would receive a fair pay increase. She told Commissioner Duncan that by not agreeing to move the budget forward for approval, it would increase staffing costs and turnover. Ms. Rose said that like everyone else, she did not enjoy paying taxes or seeing them increase; however, the proposed budget would remedy the pay concerns without a significant increase in tax rates. Ms. Rose further pointed out that Idaho relies so heavily on property tax and it would be better if more tax revenues came from Income Tax.

Mr. Jerry Johnson, 6903 N. Valley St., Dalton Gardens, introduced himself as the Chair of the North Idaho State Fair Board, and said that a record setting number of 97,000 people attended the State Fair. He pointed out that they were able to put on the Fair with only 4% of their budget from Kootenai County and that the small amount of money the BOCC gives does not cover the utilities, employees' wages and benefits, or routine maintenance on their equipment. Mr. Johnson said he did not understand the BOCC's spending priorities and pointed out the Admin building and Elections parking lots, saying they were both in good condition and felt they did not need to be repaved. He then pointed out that there were many parts of the parking lots at the Fair that needed to be paved, as there were always many mud puddles, making it difficult to maneuver.

Mr. Richard Whitehead, 3060 N. Slice, Post Falls, said he had attended multiple budget meetings and applauded the Board's efforts, especially with the Wage Study. He said he felt that the \$101 million budget benchmark was reasonable for a county our size and commended the wage study and subsequent increases.

Mr. Shawn Somershoe, PO Box 3496, Post Falls, said he had been employed for 13 years at the Jail as a Detention Deputy. He said with the population increase, more people are likely to have criminal records, which greatly increases their workload. Further, when the Jail becomes short staffed, the work environment become more vulnerable. Mr. Somershoe said if the Wage Study were to be approved, there would be large gaps in the pay – for example, there would be a 16% pay difference between a Patrol Deputy and a Patrol Sergeant, but a 37% pay difference between a Detention Deputy and a Jail Sergeant. He also said that he and the other Detention Deputies were frustrated at seemingly being passed over each year for pay raises.

Commissioner Brooks asked Mr. Somershoe why he stayed at the Jail if there was such a pay disparity. Mr. Somershoe said that he liked where he was, the coworkers, and planned to retire with Kootenai County.

Chairman Fillios recessed the meeting at 7:19 p.m.

Chairman Fillios reconvened the meeting at 7:37 p.m.

Mr. Richard Perini, 2865 N. Sugar Pines, Coeur d'Alene, said he was a mayor in California when Prop 13 was enacted and highly advised against enacting it in Kootenai County because it bankrupted the county he lived in and nearly bankrupted his city. He said since he had moved to Kootenai County, the assessed valuation of his house had increased 36.4%. He warned the Board not to get too comfortable with the increasing assessed valuations because they would have excess employees. Mr. Perini then commended the Board for opting to lease the vehicles.

Mr. Robert White, Athol, said that he had lived in Kootenai County for 10 years and said that his property taxes were \$5000, but now they had increased to over \$8000. Mr. White asked to see what he was receiving for the \$8000 he paid and said he would like to see everything that was not required to be eliminated, like Snowgroomers. He also said that public transportation was not needed in Kootenai County, but appreciated the Board's hard work to save the taxpayers money. Mr. White said he had spoken to many people

that said they were moving out of the County because they could no longer afford it and that he did not want that to happen to him.

F. Deliberations (Discussion)

Commissioner Duncan moved to exit Public Testimony and enter into Deliberations. Commissioner Brooks seconded the motion. There being no further discussion, Deputy Clerk Davisson called the roll:

Commissioner Brooks: Aye
Commissioner Duncan: Aye
Chairman Fillios: Aye

The motion carried.

The Board entered in to Deliberations at 7:44 p.m.

G. Adoption of FY20 Budget (Action)

a. Motion Regarding Aquifer Protection Budget

Commissioner Duncan moved to approve the Aquifer Protection District Budget as presented. Commissioner Brooks seconded the motion. There being no further discussion, Deputy Clerk Davisson called the roll:

Commissioner Brooks: Aye
Commissioner Duncan: Aye
Chairman Fillios: Aye

The motion carried.

b. Motion Regarding KCEMSS Budget

Commissioner Duncan moved to approve and accept the KCEMSS Budget as presented. Commissioner Brooks seconded the motion. There being no further discussion, Deputy Clerk Davisson called the roll:

Commissioner Brooks: Aye
Commissioner Duncan: Aye
Chairman Fillios: Aye

The motion carried.

c. Motion Regarding Kootenai County Budget

Commissioner Brooks said the budget went very smoothly and had heard from a number of employees that it was one of the smoothest budget cycles, to which he then gave credit to Clerk Brannon, Chief Deputy Clerk Jennifer Locke, Ms. Darrow and their staff. Commissioner Brooks said there were some intense discussions and they did not always agree, but they all agreed to not take forgone taxes and to take a 3% property tax increase. He said they worked very hard on employee wages and personally felt they missed the Detention Deputies because they had been equated to prison guards, which were not the same. Further, he explained he wanted to retain the good employees and pointed out that the brave thing to do was to take the full 3% taxing authority and was proud to be a part of the Budget process.

Commissioner Duncan said she learned a lot through the process, but was not in favor of the budget the way it was because she believed there were serious flaws in the Wage Study. She commended the HR department, saying they did a great job of applying the information they were given, but she felt it was more of a blanket approach and would rather look at each department and job descriptions individually. Commissioner Duncan said that the employees were a priority for her and wants to pay them what they are worth; however, she thinks there may be a better way. She said there was a 5% cap on Department Heads but there were also Department Heads that were severely under what the Wage Study showed. She also said she would like to see the Sheriff's Office Matrix fixed as she recognized the Deputies had an ever-changing world and explained that it was unfortunate the Detention Deputies came in low on the Wage Study, but said they need to focus on retaining employees. Commissioner Duncan addressed Mr. Johnson's concerns about the parking lot projects saying that the Admin building parking lot was not only about adding 11 new spaces, it was about the deterioration of the lot and also to fix the approach to make it safer. She said one other concern she had with adopting the Budget was that they were already over \$2 million into the FY2021 Budget over what was budgeted in FY20, which would almost guarantee another 3% tax increase. She also said she was looking at workforce reductions and seeing how technology could be leveraged.

Commissioner Brooks added to Commissioner Duncan's statement on the parking lot projects saying that he voted against the projects, but only because he was not in favor of repaving the Admin Parking lot. He explained that he believed in parking across the street and asked that employees would do the same.

Chairman Fillios spoke to the Wage Study, explaining how the Wage Study was researched and that they had only used BDPA data sets because it was exclusively governmental agencies. He said that if private industry agencies were to be used, they would have to give higher raises; however, the Board and the other Elected Officials agreed to use BDPA data. Chairman Fillios explained the breakdown – 75% of the employees would only receive a 2% pay raise, but the other 25% would get a different amount. Chairman Fillios then spoke to workforce reductions, saying that he would favor pay cuts over layoffs if it came down to that.

Commissioner Duncan clarified that she was not interested in firing or laying people off, she was suggesting leveraging technology so they do not have to replace once attrition happened.

Commissioner Brooks moved to adopt the FY20 Budget increase of \$2,625,090 as followed: \$1,193,350 in New Growth and \$1,431,740 of a 3% tax increase for a total budget of \$101,598,129. Chairman Fillios seconded the motion. There being no further discussion, Deputy Clerk Davisson called the roll:

Commissioner Brooks: Aye

Commissioner Duncan: Nay

Chairman Fillios: Aye

The motion carried.

H. Adjournment: Chairman Fillios adjourned the meeting at 8:18 p.m.

Respectfully submitted,

JIM BRANNON, CLERK

CHRIS FILLIOS, CHAIRMAN

BY: _____
Ronnie Davisson, Deputy Clerk
