

Budget Committee Meeting FY 2013-2014

April 24, 2013 BH

Present:

Budget Committee members – Commissioner Givens, Commissioner Elfering, Scott Sager, Jerry Baker and Nancy Mabry.

Others - Bob Heffner, Budget Officer, Deserae Hall, Connie Caplinger, Robert Pahl, Mary Corp, Paul Chalmers, Phil Wright and Terry Fife.

Commissioner Givens called the meeting to order at 9:04 a.m. Commissioner Givens welcomed everyone.

Commissioner Givens then opened the floor for nomination for the Chair of the committee. Jerry Baker made a motion to nominate Scott as Chair and Nancy Mabry seconded. Commissioner made a motion to close nominations and a unanimous ballot be cast for Scott Sager. Jerry Baker seconded. Motion carried.

Chairman Sager requested we keep to the timeline as much as possible. He also requested housekeeping items before getting started.

Bob stated there was one. The Board of Commissioners action on the Assessment and Taxation grant will occur Thursday at 9 am instead of later today.

Chairman Sager requested any additions, deletions, or changes to the materials previously distributed.

Bob explained the 2 minor corrections to the budget sheets.

Bob read the Budget Message into the record.

The Mission of Umatilla County is to provide public services, both legally required and locally desired, in a balanced fashion and in an efficient, effective and respectful manner, within legal constraints and available resources.

UMATILLA COUNTY

BUDGET MESSAGE  
FISCAL YEAR 2013-2014

Umatilla County continues to feel the effects of the recession notwithstanding the “recovery” of the stock market. State and federal government revenues continue to decline while demands continue to grow. And the federal sequestration has been added to the mix. With this background we have attempted to build a budget which maintains the current workforce and services level to the highest degree possible.

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Changes for the coming budget year will be introduced under the captions "Organizational Changes", "Program Changes" and "Financial Policy".

### ORGANIZATIONAL CHANGES

The major organization change has begun but has yet to be completed. We began the new calendar year with a new commissioner and shortly will add another new commissioner to the Board.

The County sold its fairgrounds with a leaseback provision to the Hermiston School District with the net proceeds distributed to the Eastern Oregon Trade and Event Center (EOTEC) Authority for the establishment and construction of EOTEC grounds under the governmental agreement between the County and City of Hermiston.

### PROGRAM CHANGES

The Court Appointed Special Advocate (CASA) program under the Health and Human Services Department has been closed as part of the State's transformation of its delivery system. The commission on Children & Families is slated to close June 30 of this year, although segments may continue into the new fiscal year until the state's plans are eventually finalized.

Other County programs involved with the State reorganization are Liquor Enforcement in the District Attorney area, Law Library in Administrative Services, Courthouse Security, and Corrections Assessment.

The federal "payment in lieu of taxes" or PILT program was last renewed for the 2012-2013 fiscal year and is not anticipated to be renewed for 2014.

Geographic Information Services, the subject of reorganization last year, has been extracted from the Assessor's department and inserted into a GIS program under the Administrative Services department.

The Health and Human Services Administration program, which was discontinued in last year's budget, has been reactivated for the purpose of participating in a prenatal expansion program.

A Nurse Family Partnership grant has been moved out of Maternal Child Health and placed in a General Fund program of its own to facilitate tracking.

Corrections Assessment Fund was discontinued last year after several months of inquiry concerning the ultimate disposition of this revenue stream in the state's reorganization. The fund was reinstated when receipts continued to be received, although at a lesser level.

### FINANCIAL POLICY

A new Fleet Management Plan for law enforcement was formalized and implemented this year. The plan allows \$150,000 to be expended in each of the five years to bring the Sheriff's fleet up 2014

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to standard and to create a secondary system which allows the remainder of the county to subsequently utilize those vehicles on a rotation basis.

A secondary plan is being developed for the balance of the County to enable those departments to maintain the existing fleet until the two plans can be unified. This plan would allow \$50,000 a year to be spent for this purpose.

Funding for the two plans is provided by a \$140,000 transfer to the Sheriff's plan and a \$50,000 transfer to the general County plan, both contained within the Fleet Management Fund, from the Wind Farm discretionary revenue. The balance of the funding is provided by the General Fund.

The County advance refunded its General Obligation Bonds in January 2012 to achieve a more favorable interest rate. The funding issue will achieve an estimated \$333,359 in present value savings over the life of the bonds which mature October 1, 2016.

### THE PROPOSED BUDGET

The Proposed Budget totals \$60.8 million, a decrease of \$3.7 million when compared to the current year's adjusted budget. Within the budget, the operating, the debt service, and the capitol project budgets have all decreased.

	Proposed 2014	Adjusted 2013	Change	% of Total
Operating Budget	\$54,484,250	\$58,094,363	\$-3,610,113	90%
Capital Projects Budget	1,450,134	1,550,134	-100,000	2%
Debt Service	<u>4,921,912</u>	<u>4,933,712</u>	<u>-11,800</u>	<u>8%</u>
Proposed Budget	\$60,856,296	\$64,578,209	\$-3,721,913	100%

General Fund	\$23,947,454	\$23,711,597	\$ 235,857	44%
Special Revenue Funds	<u>30,536,796</u>	<u>34,382,766</u>	<u>-3,845,970</u>	<u>56%</u>
Operating Budget	\$54,484,250	\$58,094,363	\$ -3,610,113	100%

	Proposed 2014	Adjusted 2013	Change	% of Total
General Fund FTEs	167.59	168.82	-1.23	60%
Special Revenue Funds FTEs	<u>113.88</u>	<u>113.79</u>	<u>0.09</u>	<u>40%</u>
FTE Totals	281.47	282.61	-1.14	100%

The County's major funds are the General Fund, the Road Fund, the Debt Service Fund and the PERS Bond Fund. As a group they represent 65% of the County's expenditures.

While the budget is balanced, it is built on a variety of assumptions that will require resolution as we move into 2013-2014 and future years. Key among these are:

**Sustainability.** General Fund budgeted revenues decline 2% or \$368 thousand in the Proposed Budget when compared to the current year adjusted budget. This creates a continuing pressure to control the growth of expenditures.

**State & Federal Funding.** The County receives approximately 25% of its resources from the state and federal governments. Some revenue streams continue to show weaknesses as a result of changing priorities within the federal and state governments. Backfilling reductions with General Fund discretionary resources is neither financially feasible nor consistent with county policy. An exception to this budget policy was made in the preparation of the Proposed Budget to support the Victims Witness program. As stated last year by the District Attorney, "the County is mandated through the District Attorney's Office to comply with Crime Victim's Rights. Failure to provide these legislatively required services places the District attorney's Office and the County at risk of legal action against them."

**Assessed Value.** The County's General Fund is heavily dependent on property tax proceeds as its primary discretionary revenue source. Increases in property tax revenues are dependent on growth in assessed values. The Proposed Budget assumes a 2% growth rate, down from the actual 3.7% growth rate in the current year. Should the assessed value not meet projections, the County may need to seek other solutions to balance resources and expenditures, which may include further reallocation of funding support and services reduction or elimination.

**Ending Fund Balances.** Ending Fund Balances for the current fiscal year are a key component of the 2013-2014 Proposed Budget. Maintaining an adequate fund balance is particularly important for the General Fund where the fund balance provides the foundation for discretionary resources from one year to the next. Any significant variance from projected ending fund balance will be an important factor in determining the need to make adjustments in the 2013-2014 budget.

**Public Employee Retirement System.** Public Employee Retirement System employer contribution rates increase July 1, 2013. These rates remain in effect through June, 2015. The PERS increases in the total budget amount to \$747,000 and the increases in the General Fund amount to \$440,000.

**General Cost Increases.** No cost of living adjustments are projected in the Proposed Budget unless contractually obligated. Healthcare cost increases are projected to increase \$604,000 in the total budget and \$354,000 within the General Fund.

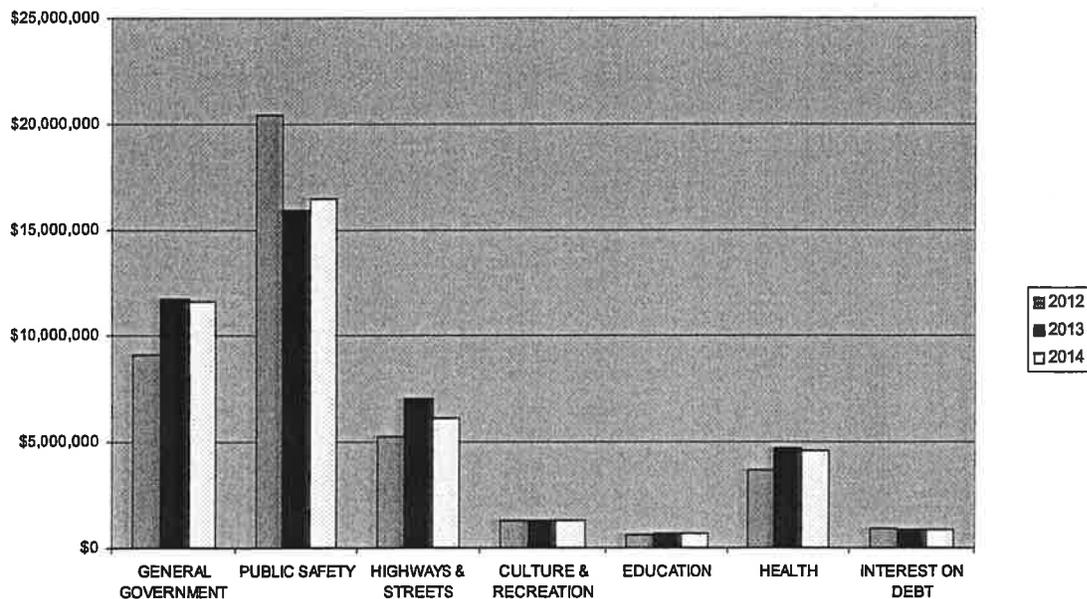
## COUNTY OPERATING EXPENDITURES

The budget summaries within the budget document, drawn on both a departmental and a fund basis, provide additional information within the individual program documents providing the

greatest level of detail. What follows is a summary of the more significant changes by service classification.

The proposed operating budget for the 2013-2014 fiscal year totals \$54.5 million, a decrease of \$3.6 million from the current year adjusted budget. The major component of the decrease is the payment to EOTEC from the Fair Improvement Fund resulting from the sale of the fairgrounds in the current year. The chart below provides a comparison of expenditures by type of service (excluding capital expenditures) between the adjusted budgets for 2012, 2013 and the 2014 Proposed Budget. See appendix A for service classifications of programs.

**BUDGETED GOVERNMENTAL ACTIVITIES**



The **General Government** expenditures decrease \$150,000 in the Proposed Budget when compared to the current budget. This result is the difference between the increase in PERS and health insurance costs and the projected reduction in Commission on Children and Families activity.

The Proposed Budget for **Public Safety** shows a net increase of \$574,000. This also reflects the PERS rate increase and projected health insurance costs.

The **Health Services** Proposed Budget decreases \$87,000 with personnel cost increases offset by a reduction in state payments passing through Subcontracted Services.

The Proposed Budget for **Highways & Streets** decreases \$911,000. Completion of the Jobs and Transportation Act grant for work on the Walker/Westland intersection results in a \$1 million reduction in requirements. The loss of PILT funding in the Proposed Budget eliminates a \$422,000 transfer from the General Fund from that source.

**Education** expenditures increase \$19,000 primarily attributed to additional PERS and healthcare insurance costs.

The **Culture & Recreation** Proposed Budget decreases \$39,000 for the coming year attributed to County Fair restructuring activities.

### **CAPITAL EXPENDITURES**

Capital Project expenditures for the fiscal year include the construction of the Milton-Freewater Head Start building, a \$1.2 million project funded through a Community Development Block Grant.

Equipment purchases through Public Works (\$677,000) and Fleet Management (\$200,000) comprise the greater part of the balance.

### **DEBT SERVICE**

The County's debt service decreases \$4,800 in the Proposed Budget.

General Fund support of debt service requirements is \$295,000 in the Proposed Budget. This support requirement will be relatively unchanged in the subsequent year.

### **GENERAL FUND DISCRETIONARY RESOURCES**

The Proposed Budget requirements for the General Fund total \$23.9 million. Requirements are primarily funded by \$19.1 million in revenues and by \$4.4 million representing the beginning fund balance. Of the \$19.1 million in revenues, \$14.7 million are discretionary revenues and \$4.4 million are program or dedicated revenues.

Dedicated revenues (revenues earned through program activity or committed for a specific purpose) decrease \$12,000 when compared to the current year's adjusted budget.

General Fund discretionary revenues account for 77% of all General Fund revenues, unchanged when compared to the current year's adjusted budget. This revenue stream is highly dependent on property taxes. As noted previously, the growth in assessed value, which generates additional property tax revenues, is projected to increase 2% for the 2013-2014 year.

### **GENERAL FUND EXPENDITURES**

General Fund expenditures in the Proposed Budget total \$20.3 million, an increase of \$863,000 compared to the 2012-2013 adjusted budget.

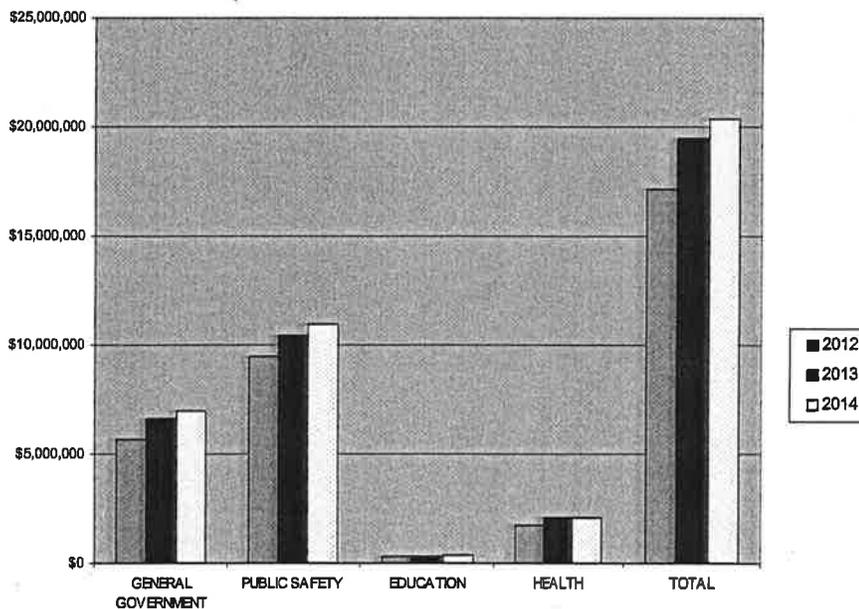
**Public Safety** expenditures increase \$515,000 when compared to the 2013 adjusted budget, primarily associated with projected food and medical contract services in the Jail in addition to the new PERS and healthcare costs.

**General Government** expenditures in the General Fund increase \$364,000. This includes a projected \$60,000 increase in legal costs plus additional PERS and healthcare costs.

**Education** services expenditures increase \$15,000 associated with additional PERS and healthcare costs.

**Health Services** expenditures are unchanged, the increase in PERS and healthcare costs offset by a reduction in activity in Family Planning.

**BUDGETED GOVERNMENTAL ACTIVITIES (GENERAL FUND ONLY)**



**GENERAL FUND BENCHMARKS**

The County has adopted three General Fund benchmarks to guide financial planning. These benchmarks relate to the relationship between Personnel Services, Contingency, and Ending Fund Balance to total General Fund requirements.

The General Fund Personnel Service benchmark has been set at 60% of total General Fund requirements. The Proposed Budget reflects a ratio of 61.4%.

The General Fund Contingency benchmark has been set at 3% of total General Fund requirements. The Proposed Budget value is 2.1% which is based on a \$500,000 need.

The General Fund Ending Fund Balance benchmark has been set at 15% of total General Fund requirements. The Proposed Budget value is 6.7% which does not include a budgeted increase of \$50,000 in a departure from County goals. The current year standard has been further reduced by \$300,000 in the Proposed Budget.

## **PROPERTY TAXES**

In May 1996, Umatilla County voters approved the issuance of general obligation bonds for the construction of a new county jail. For fiscal year 2013-2014 we propose a levy of \$995,561 for payment of bond interest and principal.

For operating purposes, we are proposing property taxes for the 2013-2014 fiscal year at the rate of \$2.8487/\$1000 of assessed valuation, the Umatilla County permanent tax rate.

## **SUMMARY**

The Proposed Budget is a balanced budget, already subjected to careful review and consideration. As with any projection, an element of uncertainty exists. Having exercised our best judgment, and being aware of the element of uncertainty, we present the Proposed Budget of Umatilla County for fiscal year 2013-2014.

## ***COMPENSATION REVIEW COMMITTEE REPORT***

Connie Caplinger read the recommendations into the record. The committee is recommending a zero percent salary increase for the 2013-2014 fiscal year. Should the fiscal picture change, consideration should be given to the recommendation of the previous Compensation Committee of a 0.5% increase to continue to mitigate the impact of compaction.

## **Department Budget Presentations**

### **ASSESSMENT AND TAXATION**

Paul Chalmers presented the proposed budget for A&T. The direction given was zero growth and he balanced within that guideline. He stated A&T is very aggressive in delinquencies, maintaining a 95% collection rate on a regular basis. There are not many large projects in the horizon that will contribute to the tax base. Staff will concentrate on field work looking for value that is not on the tax roll at this time. Looking to the future, he is in a discussion phase for tablet technology in the field that will increase efficiency.

Paul gave a brief description of the Foreclosed Property Program and the sale of public lands. Paul gave a history of CAFA grant. No changes recommended.

### **Board of Commissioners**

Connie Caplinger presented the Board of Commissioner budget stating the only significant change was to add additional funds for professional legal services. That money was a transfer in from wind farm income. 0.25 FTE was moved from BCC to Economic Development to accommodate a shift of duties. Connie also presented the Human Resources budget which proposes an increase to the training line. No changes recommended.

Hulette Johnson gave a brief description of the program and the park grounds before presenting the Harris Park budget. He also presented the Economic Development budget. No changes recommended.

Mary Corp presented Extension and Soil Probe Truck budgets. She gave the budget committee a brief background on the programs and then explained these budgets. No changes recommended.

Bob Heffner explained the Fair Improvement budget. Funds in this budget are from the sale of the fairgrounds to support the construction of the EOTEC facility. No changes recommended.

Bob Heffner explained the EOTEC Reserve are funds being accumulated to support the operational aspects of EOTEC once it is up and running. Some monies are currently being used for the administrative costs of EOTEC. The transfer in is coming from wind farm money. No changes recommended.

Peggy Clough gave a brief history of the Fair and Fairgrounds relationship prior to presenting those budgets. The Fair Board has elected to bring a portion of the staff expenses to the Fair budget from the Fairgrounds budget. Increased expense for the major entertainment line due to this being a driving force for ticket sales. She expects parking to increase in revenue due to changes on the grounds. For income the Fairgrounds uses every possible covered space for RV and boat storage in the winter. They also rent Thompson Hall every weekend. No changes recommended.

Tony Justus presented the Watermasters budget. There are no changes from the previous year's budget. No changes recommended.

Connie explained the Milton-Freewater Head start building is a Community Development Block grant the County administers.

### **Finance Department**

Robert Pahl presented the Finance budget. The only increases are due to personnel costs and the fee for the yearly audit.

Robert gave a brief description of each program as he presented Special Transportation, Nuisance Abatement, Tax Anticipation Note, Road Improvement, Corrections Assessment, and the Community Benefit plans. No changes recommended.

The Budget Committee Meeting recessed for lunch at 12:13 pm

The Budget Committee reconvened at 1:14 pm.

### **Public Works Department**

Dan Durfey presented the Weed Department budget. He explained the weed department's budget that includes pest control. Other agencies contract with the Weed Dept. for weed control on their property.

Tom Fellows explained each of the Public Works, Bicycle Path, Surveyor and Public Land Corner Preservation (PLCP) budgets to the committee. 2 years ago the Budget Committee recommended an FTE change from the General Fund to the Non-General Fund. That is a potential problem as the weed contracts will not get serviced properly resulting in a loss of income. Tom requested the .5 FTE go back. Bob stated he would get the requested information to the committee.

### **Health & Human Services Department**

Connie explained the reappearance of HHS Administration fund. This is a dollars in/dollars out to administer grant money.

Connie described the CARES program and its budget. No County General fund dollars support this program.

Peggy Raines presented the Veterans and Veterans Expanded services budget. The Veterans Expanded Services budget is one half time position and state funded. Peggy requested a few increases to her budget for utilities, office supplies and activity/program supplies.

Connie presented the Mediation Services budget. This program is now contracted.

Connie explained the Commission on Children and Families program. This program is being discontinued. The final closure date is to be determined.

Melvalee Carter explained the Great Start budget.

Kim Weissenfluh presented the Youth Services budget. She explained the budget and what the Juvenile department does. There is an increase to grant money received that is from the Commission on Children and Families program. Melvalee presented the RAAP, Safe Kids and UCCRUD budgets. These are programs that were previously under the Commission on Children and Families.

Connie explained the Human Services program with a handout on services. She explained the budget to the committee.

Genni Lehnert-Beers handed out a 3 page synopsis of Public Health programs. She described each of those programs as she presented those budgets.

No recommended changes.

### **Administrative Services Department**

Dan Lonai presented the Administrative Services budget. He provided a brief description of Admin Services, Building Maintenance, West County Facility Maintenance, Records & Archives, Law Library, Computer Information Services, Communication & Information, GIS, Elections, and Printing. GIS was restructured into Admin Services Dept. from Assessment & Taxation. There was a change to the janitorial contract which has resulted in better service. No recommended changes.

### **Land Use Planning Department**

Tamra presented the budgets for Land Use Planning and Code Enforcement. She provided maps for the committee and she talked about several of the current projects.

No changes recommended.

The Budget Committee Meeting recessed for day at 4:32 pm

The Budget Committee reconvened at 8:07 am on Thursday April 25.

### **Community Corrections**

Mark Royal gave a brief description of Community Corrections. He presented the Community Corrections budgets. There are some challenges with his budget due to State funding. No changes recommended

### **Assessment & Taxation**

Paul Chalmers presented to the committee the CAFFA grant.

Commissioner Givens made a motion to approve the CAFFA application resolution from the Taxation Department and Jerry Baker seconded. Motion carried 5-0.

Budget committee recessed at 8:34 am

Commissioner Givens convened the Board of Commissioners at 8:35 am.

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Commissioner Elfering made a motion to approve the grant application and for Chair signature on grant application and seconded by Commissioner Doherty. Motion carried.

Commissioner Givens adjourned the Board of Commissioner meeting at 8:37 am.

Budget Committee reconvened at 8:38 am.

### **Debt Services**

Robert presented the Debt Services consisting of DEQ Loan Set-Aside/Reith Water, Reith Wastewater Project, ODE Boiler Loan, PERS Bond, SHGC Bank of America Note, and EOAF Building loan. No recommended changes.

### **Law Enforcement (Sheriff's Office)**

Sheriff Rowan introduced his new Undersheriff, Jim Littlefield. He briefly described the new direction of the Sheriff's office. He provided a binder of supplemental information to the committee. He appreciates the new fleet management program.

Lt. Kathy Lieuallen presented the Dispatch budget. There are some increases due to the redistribution of utilities due to the CSEPP closure. Lt. Lieuallen gave a brief description of the services provided.

Sheriff Rowan and Lt. Stewart Harp gave a summary of the change to the 36 hour mandatory hold in the jail before presenting the Jail budget. There was a staffing proposal in the supplemental binder for consideration. The staffing request is due to an increase in the average jail population.

Sgt. Sterrin Holcomb presented the Civil budget. Sgt. Holcomb presented a proposal to increase 1 FTE to be offset with the increase in revenue from Concealed Handgun Licenses.

Jack Remillard presented the Emergency Management budget. The one change is to move .5 FTE from the Dispatch division to Emergency Management to cover the requirement for a PIO.

Sheriff Rowan and Lt. Glen Diehl discussed with the committee the appreciation for the Fleet management program to replace patrol vehicles before presenting the Criminal budget. Lt. Diehl discussed the increases for Fuel, Training, Telephone, and Advertising to reflect actual costs. Sherriff Rowan spoke a bit about Search and Rescue and what those volunteers contribute to the Sheriff's Department

Lt. Diehl presented a proposal to increase the number of deputies in this division. The option of a "COPS" grant was discussed.

The Budget Committee requested Sheriff Rowan return at 1:30 for the Crime Committee discussion.

The Budget Committee Meeting recessed for lunch at 11:46 am

The Budget Committee reconvened at 1:07 pm.

### **District Attorney Department**

DA Dan Primus presented the budget for the District Attorney's office. He stated his budget is very similar to last year. He did have a salary increase for the DDA's union. He gave a brief overview of his staff.

DA Primus presented the Victim Witness Program budget. He has worked with Bob to add General fund money to replace the loss of grant funding. There will be a need for additional monies the following budget year. It is a state mandated program.

No changes recommended.

### **Budget Committee Deliberations**

#### Crime Committee Discussion

DA Primus spoke about the history of the Guardian Care Center. Commissioner Doherty stated there was a need for special considerations for the Center when thinking about a Public Safety Levy.

Commissioner Elfering gave a history of how the Crime Committee came about. Through discussions they identified the needs of the community and the options for funding a solution.

Sheriff Rowan gave some insight from other counties on how they have gotten levies passed. He also discussed the options for short term fixes for his office. He spoke more of the "COPS" grant. Sheriff Rowan provided some of his vision for the department to be proactive instead of reactive.

There is still research to be done before going out for a levy. Commissioner Elfering wants to be sure they have everything covered ahead of time. Paul Chalmers advised the committee of the options available for a tax levy.

Commissioner Elfering brought up Sheriff Rowan's previously presented option for a grant to increase staffing. Much discussion surrounded the "COPS" grant and where the 25% cash match could come from.

Scott Sager inquired of the possibility of \$100,000 from contingency into the Law Enforcement budget.

Commissioner Elfering stated he would rather pass on the grant and continue with a levy.

Bob Heffner suggested, for the committee's consideration, take \$100,000 from contingency and use it to fund 1 FTE; thus lowering contingency to \$400,000.

Commissioner Doherty stated he could not commit the County to the financial requirements the grant would require. Commissioner Givens agreed.

Commissioner Givens moved to change the budget to take \$100,000 from contingency for an additional position in the Sheriff's Budget. Nancy Mabry seconded. Motion carried with a unanimous vote.

Bob Heffner had a housekeeping issue that needed to be resolved prior to adoption. On the request of Tom Fellows, he reduced the Road Department Personnel costs by 0.5 FTE and added the difference to contingency. No change in the requirements for the Road Department. The Weed Department adds \$45,654 to Personnel Services. The transfer in came from the General Fund in the same amount by increasing the beginning cash. The total requirement is increased to \$60,947,604.

Commissioner Elfering motioned to approve the transfers. Jerry Baker seconded the motion. Motion passed unanimously.

Commissioner Givens moved to accept the Compensation Committee recommendation of 0% salary increase for Elected Officials. Commissioner Elfering seconded. Motion carried unanimously.

Commissioner Doherty motioned to approve tax levy of \$995,561 for payment of bond interest and principal, and the operating levy of \$2.8487/\$1,000 of assessed valuation, the Umatilla County permanent tax rate. Commissioner Givens seconded. Motion carried 6-0.

Commissioner Doherty motioned to approve the proposed budget of \$60,947,604 including all changes made and approved by the Budget Committee. Commissioner Elfering seconded. Motion passed unanimously.