

Special Meeting – Informational Budget Meeting

November 19, 2018

5:30 p.m.

Present: Commissioner Fund, Commissioner Jackson, Commissioner Stamper, County Manager Erik Martin, Budget Services Manager Becky Butler, Treasurer Arny Davis, Public Works Director Josh Metcalf, Budget Citizens Group members Peggy Hammer and Bill Marshall

Guests: Various members of the public and press, including Alex Brown, Jared Wenzelburger (briefly), Dr. Lindsey Pollock, Linda Penfield-Frost, Dennis Frost, Dan Townsend, Lynn Ford, Mona Rae Fish, Fred Rider, Carol Brock, Ron Averill, Anthony (last name not legible), Peter Lahmann, Terri Larkin, Bob Bozarth (6:11 p.m.)

Recorder: Rieva Lester

Attendees introduced themselves.

The commissioners offered opening remarks.

Bill Marshall lamented the public's lack of involvement in the county's budget process.

Becky Butler gave a presentation on the 2019 budget. Following are some of the highlights:

Budget purpose: It is a legal document that gives local government officials the authority to incur obligations and pay expenses. It allocates resources among departments and controls how much each department may spend. A budget is also an evaluation tool, comparing commitments made in the previous year's budget with actual accomplishments.

Timeline

- **May:** Budget outlook, analysis and projections
- **June:** Set budget limitation, internal service rates
- **July:** Distribute call letter and budget worksheets
- **August:** Offices and departments submit preliminary requests
- **September:** Present preliminary budget to BOCC
- **September/October:** Meet with offices and departments
- **October/November:** Final review of changes and increase requests
- **November:** Final tax levy calculations
- **December:** Adopt final Budget and set Tax Levies

Challenges

- **Unfunded mandates** – Commissioner Fund discussed challenges related to unfunded mandates
- **Indigent defense**
- **Inmate medical care**

- **Increased medical insurance premiums** – Commissioner Jackson discussed increased medical costs
- **Public disclosure costs**
- **Continued increases to state retirement**
- **Investment interest income** – Treasurer Arny Davis discussed investment interest income
- **Revenue limitations**
- **Timber revenue** – Commissioner Stamper discussed timber revenue
- **Culvert replacements** – County Manager Erik Martin discussed culvert replacements

Becky outlined the various fund types:

- The General Fund (Current Expense), which relates to non-restricted revenue such as property tax and sales tax.
- Special revenue funds, which hold restricted revenue that is dedicated to a specific use and usually cannot be used for operations in General Fund.
- Debt service funds, which are transferred from other funds depending on the type of debt.
- Capital funds, which are used to track capital projects such as buildings (REET revenue is mainly dedicated to capital improvements).
- Enterprise funds, which are supported by fees from a business-type activity that cannot be used for any other activity.
- Internal service funds, which include charges to other departments/offices for services provided internally.

Becky reviewed the breakdown of county services and the costs associated with each. She said the county has 554 FTEs.

Becky reviewed revenue sources, such as taxes, licenses, service charges, etc., and county expenditures, such as supplies, benefits, salaries, etc.

Becky discussed general fund revenue, of which taxes make up 60 percent, and expenditures, of which salaries make up roughly 47 percent.

Becky discussed operating transfers from the general fund, such as those for Emergency Management, the Southwest Washington Fair, Community Development, Public Health and the Packwood Airport. For 2019, she said, operating transfers total roughly \$2.38 million.

Danette York discussed the unfunded and underfunded work her department tackles, such as tuberculosis cases, puppy mills, etc.

Becky reviewed budget increase requests for 2019, which totaled roughly \$1.5 million.

Danette reviewed the Environmental Health Specialist position and the outside funding – grants and permit fees – that may help offset the cost of the position.

Becky said the following requests, totaling roughly \$574,000, tentatively have been approved:

- Sheriff's deputy
- Jail medical – contracted registered nurse

- Jail kitchen costs
- Probation officer
- Reclassification of Juvenile Supervisor positions
- Code enforcement officer
- Environmental Health specialist
- Coroner private lab costs for toxicology tests

Commissioner Jackson left at 6:51 p.m.

Peggy Hammer asked if housing outside entities' inmates is cost beneficial. Becky said the local jail population has increased dramatically and that it's the increased local jail population that has caused costs to jump.

Commissioner Jackson returned at 6:53 p.m.

Erik Martin discussed Naphcare's increased costs. He said mental health issues in the jail turned out to be much larger than Naphcare anticipated.

Dr. Lindsey Pollock and Bill Marshall praised department heads and electeds for articulating their budget requests well and thoughtfully.

Ron Averill discussed the state Supreme Court's ruling, which decreases District Courts' abilities to collect fines and fees.

Becky noted that Lewis County District Court used to cover its own costs and now relies on a \$300,000 stop gap from the county.

Becky said the projected use of General Fund reserves is \$3.6 million. However, she said, the county budgets revenues conservatively and it budgets as though every position is filled, even though that doesn't ever happen. She said that means the county possibly won't need the full \$3.6 million.

Peggy and Becky discussed rainy day funds.

Becky said the county had \$9.4 million in reserves at the end of 2017. She discussed the close eye the Budget Office, the Treasurer's Office and the Auditor's Office keep on revenues and expenditures.

Becky reviewed some of the cost-saving measures the county already has implemented, including the following:

- Reduction in staffing in 2009
- Transition of Senior Services in 2018
- Moved to PEBB employee medical in 2018 - significant increase in WCIF rates
- Decentralized Fiscal Services reducing Administrator position
- Amortize annual leave payouts before rehiring
- Deferred building maintenance and capital projects
- Reviewed grants and other funding opportunities
- Shared WSU Extension director with Cowlitz County

Becky said some of the biggest impacts on the General Fund reserves have been the following:

- Inmate medical costs
- Indigent defense costs
- Continued restrictions on the ability to collect fines and fees in the courts
- Employee medical costs
- State retirement increases
- Public disclosure management costs
- General Liability insurance increases
- Reduced timber revenue
- Reduced investment interest income

Arny expressed concerns regarding having only two months' worth of reserves when Lewis County faces flooding. He also expressed concerns regarding infrastructure, specifically the water districts within the county.

Becky invited the public to voice any questions or concerns.

Ron Averill noted that the proposed budget includes \$50,000 for the Lewis County Seniors. He said the group wanted \$100,000 earmarked for the Lewis County Seniors. He requested a meeting.

In response to a question from Carol Brock, the group explained that Medicaid coverage halts once an individual is incarcerated.

The group discussed succession planning.

Meeting adjourned at 7:42 p.m.