

Minutes of Meeting
Elected Officials FY14 Budget Workshop
April 22, 2013
9:00 a.m.

The Kootenai County Board of Commissioners: Chairman Pro Tem Dan Green and Commissioner Jai Nelson met to discuss the following agenda items. Also present were Treasurer Tom Malzahn, Chief Deputy Treasurer Laurie Thomas, Clerk Cliff Hayes, Chief Deputy Clerk Pat Raffee, Prosecutor Barry McHugh, Finance Director David McDowell, Undersheriff Travis Cheney, Assessor Mike McDowell, Chief Deputy Assessor Rich Houser, Administrative Assistant Kathy Lankford, Administrative Supervisor Patti Surplus, Staff Accountant Randi Bain, and Deputy Clerk Nancy Jones. Chairman Todd Tondee was excused.

A. Call to Order: Chairman Pro Tem Green called the meeting to order at 9:02 a.m.

B. Introductions: There were no introductions made.

C. Changes to the Agenda: There were no changes made to the agenda.

D. Old Business: There was no old business discussed.

E. New Business:

Finance Director Dave McDowell informed the group that the cost of the scheduled PERSI rate increase is now fixed at \$283,277 for FY14. In addition, the anticipated five percent (5%) cost increase for insurance benefits is estimated at \$338,376. Chairman Pro Tem Green shared an opinion that a tax increase is not out of the question at this time, and initiated a conversation about use of foregone taxes. Chairman Pro Tem Green also shared that funds for large, long-term projects will be allocated in FY14, in accordance with the fund balance policy, and he presented concerns about using fund balances for ongoing operations (versus one-time expenditures). Currently, undesignated funds in the amount of \$11,000,000 exist within the Fund Balance. Prosecutor Barry McHugh asked questions about these planned fund allocations, including what projects are being considered and what amount that the Board intends to designate to them. The Board responded that an exact amount has not been determined, and that funds could be committed to any number of projects, including individual components of the Facilities Master Plan. Commissioner Nelson agreed with the opinion that a tax increase could be considered at this time.

The group discussed the anticipated FY14 increases in medical insurance expenditures. Commissioner Pro Tem Green stated that Healthy Measures participants should see no out-of-pocket cost increase, but that there is a good chance that the insurance structure will be changed to re-institute a single-tier deductible policy. Under this structure, those who do not participate in the Healthy Measures program will pay a higher premium than participating members. The group debated the benefits of the Healthy Measures program. The Board shared that they are also considering replacing Blue Cross as the County insurance administrator, in order to save money, and that Mercer is exploring all available options.

Assessor Mike McDowell asked the Board to consider that the PERSI contribution rate, even after the pending rate increase, will not be at an all-time high. Assessor McDowell noted that when PERSI rates decreased about ten (10) years ago, County employees saw no out-of-pocket savings, and he asked the Board to keep that in mind as they contemplate higher employee contributions in association with the PERSI rate increase that will take effect in July, 2013.

Finance Director McDowell reviewed information regarding the FY14 Base Operating Budget. A multi-year budget comparison report reflected an anticipated "B" budget increase of approximately \$1,341,069. Commissioner Nelson informed the group that Panhandle Health District (PHD) is asking for a three percent (3%) increase, part of which would be paid for by Kootenai County. Clerk Cliff Hayes inquired about the mandated costs that are associated with PHD, and about the effects that the impending Affordable Healthcare mandates will have in regard to the Indigent Program. Chief Deputy Clerk Pat Raffee stated that reports regarding this issue are contradictory.

Mr. McHugh asked if the Board had any input on the budget ranking process. The Board questioned what items should be considered "mandatory" under the ranking process, and the group worked together to define this term. Mr. McHugh suggested that any costs controlled outside of the County should be considered mandatory. Treasurer Tom Malzahn and Mr. Hayes agreed that no expenditures by non-mandated departments should be classified as mandatory. Undersheriff Travis Cheney shared an opinion that mandatory expenses should include any item that is not discretionary for daily operations. Chairman Pro Tem Green informed the group that the Board has concerns about attempting to rank the needs of all eighteen (18) Board departments into a single report, but that the Board will plan to have a comprehensive report ready for presentation at the next workshop meeting on Monday, May 6, 2013.

F. Staff Reports: There were no staff reports.

G. Public Comment: This section is reserved for citizens wishing to address the Board regarding a County related issue. There was no public comment.

The meeting was adjourned at 10:02 a.m.

Respectfully submitted,

CLIFFORD T. HAYES, CLERK

BY: _____
Nancy A. Jones, Deputy Clerk