

**Minutes of Meeting
Elected Officials
June 15, 2016
9:00 a.m.**

The Kootenai County Board of Commissioners: Chairman Dan Green and Commissioner Marc Eberlein met to discuss the following agenda items. Also present were Clerk Jim Brannon, Chief Deputy Clerk Pat Raffee, Finance Director Dena Darrow, Sheriff Ben Wolfinger, Undersheriff Dan Mattos, Treasurer Steve Matheson, Chief Deputy Treasurer Laurie Thomas, Assessor Mike McDowell, Chief Deputy Assessor Richard Houser, Coroner Warren Keene, Administrative District Judge Lansing Haynes, Prosecutor Barry McHugh, Civil Deputy Prosecuting Attorney Darrin Murphey, Human Resources (HR) Director Skye Reynolds, HR Generalist-Compliance Cecilia Sweet, BOCC Administrative Supervisor Nancy Jones, and Deputy Clerks Alicia Lynch and Randi Davis. Also present were citizens Bob Bingham and Russ McLain. Commissioner David Stewart was excused.

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

Fair Labor Standards Act (FLSA) Overtime Regulation Changes

HR Director Skye Reynolds provided a presentation on the FLSA overtime regulation changes. She said the biggest change was that the minimum salary threshold for exempt employees (salaried employees not eligible for overtime pay) was shifting from \$23,660 to \$47,476 effective December 1, 2016. Ms. Reynolds reported that approximately 15 employees could be affected, in BOCC, Auditor, the Courts, and the Sheriff's office, and potentially three more computer positions, and three attorney positions.

Ms. Reynolds provided three options for discussion:

- Option 1: the County could raise the salaries of exempt employees currently below the new threshold.
- Option 2: the County could change the exempt employees currently below the new threshold to non-exempt status (hourly employees eligible for overtime pay).
- Option 3: the County could set a point within the County's pay structure (such as Pay Grade M) below which all employees would be non-exempt.

Ms. Reynolds detailed the pros and cons of each scenario. She recommended Option 3 because it was a long term solution, since the federal salary threshold was slated to increase every three years. Prosecutor Barry McHugh asked if an employee paid above the threshold did not pass the duties test (proof that a salaried worker performed executive, administrative, professional, or computer duties) would they remain non-exempt. Ms. Reynolds replied that the employee would remain non-exempt.

Civil Deputy Prosecuting Attorney Darrin Murphey cautioned the Elected Officials that if employees were not properly paid for overtime the County could face penalties such as triple damages plus the complainant's attorney fees. Finance Director Dena Darrow commented that changing employees from exempt to non-exempt could negatively affect some employees' morale.

Assessor Mike McDowell stated his preference for Option 2 because it affected the least number of employees and therefore would cost the least.

Sheriff Ben Wolfinger inquired whether the FLSA changes were being challenged in court. Mr. Murphey replied that the changes were not being challenged and compared such a case to fighting the federal minimum wage standards.

Commissioner Marc Eberlein requested HR provide the following for each option:

- the number of employees affected
- the expected impact to the County's office culture
- the financial impact

Ms. Reynolds asked departments to provide an estimate of the overtime hours affected employees might work in the upcoming year based on their current work schedule.

Administrative District Judge Lansing Haynes and Mr. Murphey exited the meeting at 9:30 a.m.

Payables Responsibilities

Clerk Jim Brannon informed the Elected Officials that there were an increasing number of Purchase Card (P-Card) frauds at the County. He said that multiple card numbers were used fraudulently after purchases were made at local stores. He asked the Elected Officials to be vigilant when reviewing the payables, and in particular to watch for out of state charges.

Assessor McDowell asked if the County had insurance against fraudulent charges. Clerk Brannon replied that the County had never been held accountable for the fraudulent charges, but each case of fraud required a conversation with US Bank.

Idaho County Risk Management Program (ICRMP) Discount Program & Public Risk Management Association (PRIMA) Training

Chairman Green said he had learned from the Idaho Association of Commissioners and Clerks meeting that not all Counties applying for the ICRMP Discount Program received the discount. He noted that 38 Counties had applied and only 32 Counties received the discount. Chairman Green thanked the Elected Officials for encouraging participation, which resulted in the County receiving a \$35,000 annual discount from ICRMP.

BOCC Administrative Supervisor Nancy Jones gave a brief presentation on the merits of PRIMA training and its certification program. She said that each one-day session cost \$35 per person with lunch included, and the next session was at the Coeur d'Alene Inn on October 20, 2016. Sheriff Wolfinger said that he liked the program because it was

taught by locals with real-world knowledge. He said he had used the knowledge he'd gained at the trainings and he thought it was a great price.

Chairman Green noted that he recently learned that ICRMP now advocated "at will" policies over "for cause", due to high dollar payouts on "for cause" terminations.

Idaho Association of Counties (IAC) Board Position

Chairman Green reported that since Kootenai County's population has now reached 150,000 so a County Elected Official was eligible to join the IAC Board. He noted no other Northern County was represented on the IAC Board. Chairman Green asked that the Elected Officials think about which colleague would fill this role next year.

Assessor McDowell stated that the IAC Board was comprised of IAC executive members, representatives from each district, and representatives from each association. He said he was on the Board representing the Assessors of Idaho. Prosecutor McHugh asked what the commitment entailed. Assessor McDowell replied that it was primarily email polling; there were several ad hoc phone meetings, and a few conferences throughout the year.

Internal Audit Committee: Committee Purpose & Meetings, Procedures, and Open Meeting Requirements

The Elected Officials discussed the draft Resolution to create an internal audit committee and establish its scope and authority.

Sheriff Wolfinger said he did not believe the committee should report to the Board. Treasurer Steve Matheson said that a resolution implied the audit committee would be an advisory board to the Commissioners, which would mean all meetings would be clerked and recorded, and all decisions would go through the Commissioners. He suggested what was needed instead of a resolution was a Memorandum of Understanding (MOU) signed by all of the Elected Officials. Assessor McDowell agreed. Chairman Green said he also favored a MOU over a resolution.

Commissioner Marc Eberlein said he favored a member of the public on the audit committee to promote transparency. Prosecutor McHugh inquired whether Commissioner Eberlein would accept the committee's decision if they chose not to include a member of the public. Commissioner Eberlein said that the majority vote would decide, but he would personally advocate for a citizen on the committee.

Sheriff Wolfinger questioned the merit of having all of the Elected Officials on the committee, noting that he did not have a financial background and did not believe he could contribute to a financial audit. Chairman Green clarified that the audit committee would not be overseeing financial audits.

Treasurer Matheson said in his opinion the committee would have brief meetings, perhaps only 15 minutes, for a high level conversation to prioritize audits, direct staff resources, and to verify that audits were going in the direction agreed upon.

Undersheriff Dan Mattos said that he did not think there was a consensus regarding what the committee would do. He asked if the committee would be advisory only. Chairman Green said that no Elected Official had the authority to order another Elected Official so the committee could only operate in an advisory capacity.

Chairman Green requested an Elected Official volunteer to draft a MOU. Treasurer Matheson agreed to draft a MOU. Chairman Green said he would schedule a meeting with the Elected Officials after Treasurer Matheson distributed the draft MOU.

Treasurer Matheson asked Clerk Brannon whether the Clerk's office would continue to offer an internal audit function if an audit committee were not formed. Clerk Brannon replied that he was undecided. He stated that the draft resolution was a reasonable response to the CliftonLarsonAllen recommendation that the internal audit team report to the highest governing authority.

Treasurer Matheson asked whether the Elected Officials were in agreement that an internal audit function was desirable, and all attendees agreed the function was needed. He asked whether the Elected Officials believed the internal audit function ought to report to a committee or to a single Elected Official. Treasurer Matheson stated his preference was for a committee. Chairman Green said he thought the internal audit function was working well structured in the Clerk's office, and that the function had provided value, but if the Clerk no longer wanted that reporting structure, then it needed to be changed.

Assessor McDowell said he was not certain full time internal audit employees were needed. He also suggested that appointed designees be allowed to vote in an Elected Official's place on the audit committee. The Elected Officials agreed that the Assessor's concerns would be addressed by the committee once it was formed. Chairman Green said a MOU signed now would not obligate future Elected Officials, so it would need to be re-signed when new Elected Officials took office.

- 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 Green adjourned the meeting at 10:15 a.m.

Respectfully submitted,

JIM BRANNON, CLERK

DANIEL H. GREEN, CHAIRMAN

BY: _____
Alicia Lynch, Deputy Clerk
