

Minutes of Meeting
Preliminary FY22 Budget
May 3, 2021
1:00 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 Assessor Bela Kovacs, Assessor's Office Administrative Manager Reba Grytness, Treasurer Steve Matheson, Prosecutor Barry McHugh, Human Resources (HR) Director Sylvia Proud, Finance Director Dena Darrow, Deputy Finance Director Keith Taylor, Staff Accountant – Budget Michelle Chiaramonte, BOCC Communications Manager Nancy Jones, BOCC Senior Business Analyst Nanci Plouffe and Deputy Clerk Tina Ginorio.

- A. **Call to Order:** Chairman Chris Fillios called the meeting to order at 1:05 p.m.
- B. **Changes to the Agenda (Action):** There were no changes to the agenda.
- C. **Business (Action):**

Review of FY22 Preliminary Budget

Finance Director Dena Darrow commented that all the contributing groups had done a great job on their preparations for budget season. She opened her presentation with a graph which illustrated the relative proportions of the County's projected expenses. She noted that 58% of the expense was generated by personnel, with operating expenses at 37%. She explained that operating expenses showed as larger this year because the BOCC had moved up the capital expense threshold up to \$10,000. She added that capital expenses were low in comparison, but the graph did not include any building project expenses.

Ms. Darrow reported that everyone had made efforts to achieve zero-based budgets for operating expenses. She called attention to the requirement for the County to shoulder the cost of the Medicaid Expansion in 2022, which was predicted to be about \$850,000. She stated there would be an increased cost for employee medical insurance and added that they had used an estimate of \$2.5 million to cover raises.

Ms. Darrow stated that the proposed budget showed a total increase of 8.4% for FY22, including everything. She said that groups were asked to provide predictions on their capital needs over the next five years: what will probably need to be repaired, replaced or upgraded. She provided estimates of those figures for the different departments.

Ms. Darrow explained that some of the challenges facing the County right now were the need for increased space, maintenance of facilities, management of fleet resources and upgrades needed in technology to promote efficiency. She urged the Board to work toward a proactive, rather than reactive, approach to these issues.

Ms. Darrow moved on to Personnel and reviewed the information currently available regarding proposed new positions, position changes, increases in compensation,

potential COLA (Cost of Living Adjustment) and movement through the General Pay Plan Matrix and the Sworn Officer Matrix. She reported there was about \$2.4 million for requested new positions and a possible COLA of 2.1% had been calculated based on the regional CPI (Consumer Price Index).

Ms. Darrow commented that groups had worked very hard to find non-tax dependent methods of increasing revenue, including raising fees, creation of new fees, review and renegotiation, of contracts and possible service reductions. She said they also were evaluating the tax potential of new growth, URD (Urban Renewal District) return and forgone taxes. She reviewed the amounts in Assigned Fund Balance of \$11.8 million, Restricted Funds of \$11.4 million and the \$2 million of COVID Relief Funds anticipated to be returned by the State of Idaho shortly. She noted that these were all sources the Board could tap to offset one-time purchases.

Ms. Darrow gave a final overview of the proposed figures and ended with the information that the Board needed to find about \$9,553,059 in cuts to balance the new budget.

In response to a question from Chairman Fillios, Ms. Darrow confirmed that the Medicaid Expansion expense could be offset by the Indigent Fund Balance for the year. She added that the State was still reviewing the issue. She predicted that Indigent Fund Balance could be used to cover both the Medicaid Expansion and County Indigent Expenses this time, but that would probably exhaust the balance. She confirmed that Fund 40 currently held about \$2.9 million.

Ms. Darrow reminded the Commissioners that the Indigent operations would not immediately vanish; the department would have ongoing cases and collections for some time into the future. She said the legislation regarding the transition had not yet been completed.

Ms. Darrow stated they had set the property tax at 4% of last year's figure, as a starting point for their calculations. She remarked that they also did not know yet what the legislature was going to do in this area. She added that new growth had not been included in the figures she provided.

Ms. Darrow reminded the Board that these figures did not include anything for the proposed new building and that every area would be affected by the legislature's decisions.

There followed a more detailed analysis of the projected expenses under "A" (Personnel), "B" (Operations) and "C" (Capital) budgets. Personnel requests, salary increases and overtime for different departments were discussed.

In closing, Ms. Darrow briefly reviewed the contents of the Budget Binders provided to each of the Commissioners.

Assessor Bela Kovacs exited the meeting at 1:32 p.m.

The Commissioners and Ms. Darrow discussed the potential implications of different actions that the State Legislature could take regarding limiting the County's tax revenue. They also briefly touched on some specific requests from certain departments: personnel, overtime, vehicles and other items.

Ms. Darrow sketched out the timeline for the budget process; she said the meetings with the other Elected Officials would be finished by the end of May and then the BOCC could begin deliberations.

Prosecutor Barry McHugh asked if there was an estimate of how much money would be left unspent at the end of the fiscal year.

Commissioner Duncan said it was difficult to predict, since they were only half way through the year at this point.

Prosecutor McHugh asked that the Elected Officials be provided with the budget documents the BOCC received, so that they could better follow the proceedings.

Chairman Fillios indicated that would not be a problem.

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.

E. Adjournment (Action): Chairman Fillios adjourned the meeting at 1:56 p.m.

Respectfully submitted,

JIM BRANNON, CLERK

CHRIS FILLIOS, CHAIRMAN

BY: _____
Tina Ginorio, Deputy Clerk
