

Minutes of Meeting
FY23 Budget Deliberations
May 25, 2022
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 item. Also present were Clerk Jim Brannon, Chief Deputy Clerk Jennifer Locke, Deputy Finance Director Keith Taylor, Staff Accountant – Budget Brandi Falcon, Court Services Director Marissa Garza, Court Services Manager Kally Young, Administrative Assistant Ronnie Davisson, Coroner Warren Keene, M.D., Treasurer Steve Matheson, KCSO Sheriff Robert Norris, KCSO Undersheriff Brett Nelson, KCSO Captains Andy Deak, Kevin Smart and Stuart Miller, KCSO Lieutenants Mark Ellis, Ryan Higgins and William Klinkefus, KCSO Sergeant Zachary Sifford, KCSO Patrol Administrative Assistant Stephanie Drobny, Prosecutor Barry McHugh, First Judicial District Trial Court Administrator Karlene Behringer, Solid Waste (SW) Director John (JP) Phillips, SW Business & Finance Manager Angela Burgeson, BOCC Senior Business Analyst Nanci Plouffe, BOCC Communications Coordinator Jonathan Gillham and Deputy Clerk Tina Ginorio. Commissioner Brooks and Ms. Behringer were present via teleconference.

- A. Call to Order:** Chairman Chris Fillios called the meeting to order at 1:03 p.m.
- B. Changes to the Agenda (Action):** There were no changes to the agenda.
- C. Business:**

FY23 Preliminary Budget (Action)

Clerk Jim Brannon introduced Auditor’s Office Staff Accountant – Budget Brandi Falcon. He stated that adjustments would be made to the draft Budget documents as the Commissioners directed during each Budget meeting.

Ms. Falcon said that her presentation today would be a preliminary summary of the budget elements: revenue, current expenses, new requests and a timeline for the budget process.

Ms. Falcon described two potential scenarios for tax revenues in FY23, one taking a 0% property tax increase and 0% M & O (Maintenance and Operating) and two taking the full 3% tax increase and 0% M & O, with the deficit amounts in each case. She explained that M & O related to the use of forgone taxes and confirmed that this would yield about \$560,000. She remarked that she could provide projections to the Board for other options, if they wished.

Ms. Falcon moved on to discuss County Revenues, noting that the Board could decide the percentage increase to property tax that would be taken, whether to use forgone and how to utilize URD (Urban Renewal District) return increments. She listed challenges this year’s process would present.

- House Bill 735, in which the State removed the County's ability to levy taxes to fund Public Defense. A pool of \$34 million accumulated by the State from sales tax would be divided between all Idaho Counties to cover this expense. The counties will not receive information on the exact amount each would receive until late July, at the earliest. Ms. Falcon explained the measures that were being taken to work around this.
- Kootenai County's New Growth figures would not be available until the end of July, so an estimate was being used for calculations at the moment.
- The Board would have to decide how to manage the URD return increments, estimated at about \$985,000 for FY23. These could be added to the revenue stream or returned, which would reduce the tax levied on property owners.

Ms. Falcon said that Non-Property Tax Revenue, mainly composed of fees charged by various county departments, revenue sharing, liquor apportionment, payments in lieu of taxes and interest income were also factors to consider. In addition, she pointed out that there were Restricted Fund Balance revenues, primarily from E911, County Assistance and the Health District.

Ms. Falcon moved on to discuss projected expenses for FY23. She called attention to the impact of House Bill 316, which would double the amount the County had to pay to Panhandle Health District, from \$800,000 to \$1.6 million per year. She said this increase was being covered for FY23 from County Assistance funds, but the Board would have to find a way to cover it from levied taxes in the future.

Ms. Falcon pointed out that Personnel Expenses were the largest driver for the FY23 Budget. She said the current cost, at today's rates, was \$74.2 million, loaded, with open positions funded at 100%. She noted that \$6.6 million of that amount did represent unfilled positions. She added that the most recent estimate of the increase in benefit costs from Alliant was about \$600,000 and the Commissioners would have to determine the amount to be absorbed by the County and to be charged to employees.

Ms. Falcon provided additional information regarding Personnel Expenses. She stated that 39 new positions had been requested, with a total loaded price of \$2.7 million and an additional \$1.7 million for onboarding costs. She said there were also 46 requests for changes to existing positions, for a total, loaded cost of \$470,000. She noted that 18 of these were for Grade and Step increases and that the figures did not include position conversions.

Ms. Falcon remarked that there would be about \$6 million in adjustments proposed from the recently completed Wage Study, which would be discussed in a Human Resources meeting on June 14, 2022.

Ms. Falcon reported that Operating (OPEX) Base Budget for FY22 was about \$29 million, with no grants included. She said amount for FY23 had increased by about 10%, or \$2.7 million. She explained that this was made up of \$2 million from General Government requests and \$700,000 from Solid Waste (SW). She noted that SW was an Enterprise Fund and so would pay for its own needs.

Ms. Falcon stated that there were Capital Requests totaling \$6.3 million, with \$3.7 million from General Government departments and \$2.6 million from SW. She said that Capital Requests would be covered in more detail in a future meeting.

Ms. Falcon reviewed the dates of the five Board Deliberations meetings planned, the presentation on July 13, 2022 by Alliant Benefits, followed a Board meeting to decide the Health Insurance Adjustment on July 15, 2022. There were also meetings scheduled for different Departments to present their individual requests, any changes to which should be forwarded to BOCC Administrative Supervisor Leighanna Keiser or Administrative Secretary Julie Kamps. She said finalized revenue reports would be received in August and the final version of the Draft Budget would be published August 15, 2022. A public hearing would be held on August 31, 2022 and the official adoption of the Budget by the BOCC would take place on September 6, 2022.

Chairman Fillios complimented Ms. Falcon on her first official presentation before the board.

Commissioner Leslie Duncan commented on the challenges facing the Commissioners this year, in particular the Public Defense funding and the Health District's increase to \$1.6 million. She suggested that the Commissioners begin seriously considering where that money could be found in the future. She pointed out that the County Assistance fund balance would be exhausted within three years and they would need to find a way to pay it from ongoing revenue after that.

Commissioner Bill Brooks remarked that he felt this had been one of the best presentations he ever heard at a BOCC Budget Kickoff meeting.

Chairman Fillios stated that, even if the Board authorized a full 3% tax increase, there would still be a \$6.2 million deficit to manage before a balanced budget was achieved.

Clerk Brannon commented that the cost ascribed to open positions at the moment was \$6.6 million. He said there would be a substantial impact to the deficit, depending on how the Board decided to fund those. He stated that the Auditor's Office could provide data on any other scenarios that the Commissioners might request.

Chairman Fillios said that the ARPA (American Rescue Plan Act) funds offered the Commissioners a heightened level of flexibility when they began work balancing the budget this year.

Commissioner Duncan stated that she would like to see further definition made for the circumstances under which mid-year salary adjustments would be made in a future meeting.

- 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 1:28 p.m.

Respectfully submitted,

JIM BRANNON, CLERK

BOCC SIGNATURE

BY: _____
Tina Ginorio, Deputy Clerk