

JACKSON COUNTY BUDGET COMMITTEE

Minutes

Board of Commissioners' Conference Room 214, Second Floor

April 8, 2013

1:30 p.m.

The Jackson County Budget Committee meeting was called to order by Mr. Dick Rudisile at 1:30 p.m. in the Board of Commissioners' Conference Room 214, Second Floor. Roll call was taken.

Present: Mr. Dick Rudisile, Presiding Officer, Budget Committee; Ms. April Sevcik, Budget Committee; Mr. Craig Morris, Budget Committee; Mr. Doug Breidenthal, Commissioner; Mr. Don Skundrick, Commissioner; and Mr. John Rachor, Commissioner.

Mr. Danny Jordan, County Administrator; Mr. Harvey Bragg, Sr. Deputy County Administrator; Ms. Traci Adams, Budget Analyst; and Katherine Bates, Recording Secretary.

County Staff.

Guests: Interested Members of the Public and Press.

Approval of Budget Committee Minutes

Commissioner Breidenthal made a motion to approve the Minutes of the Jackson County Budget Committee Meeting for December 6, 2012. Mr. Morris seconded the motion. Those who voted aye – Ms. Sevcik, Commissioner Skundrick, Commissioner Rachor, Mr. Rudisile, Mr. Morris, and Commissioner Breidenthal. Motion passed.

Budget Discussion

Mr. Rudisile noted this meeting has been called because of the large differences in the amount of revenue and costs in the budget. A discussion was held regarding the issues to be addressed at this meeting, which were identified as: shortfall on the Talent jail; the Rainy Day Fund; plan of action for the Library; request for write-off for the Fair debt; revenue enhancements; and PERS.

Commissioner Skundrick added the topics of service fees, specifically public safety, and the General Fund. Mr. Rudisile expressed his desire for this meeting to be a discussion to find common ground.

Mr. Jordan stated that the budget he will be presenting to the Budget Committee is balanced with the use of additional Rainy Day Funds, over the \$6,011,300 the Budget Committee set as a budget target when they met in December. In previous meetings, the use of Rainy Day Funds was as high as an additional \$1.2 million because of the Transition Center, and is now down to \$750,000. About \$6.3 million of the Rainy Day Fund was used last year. An additional unbudgeted video poker payment was received this year, and will be received next year, which can be used for operating revenue. Mr. Jordan will be recommending no Cost of Living Adjustment (COLA) for managers, confidential employees, and Elected Officials (\$204,876) which brings the total budget down to \$6,760,306.

Mr. Jordan distributed the budget targets (*Submission #1*) and explained the "Difference" column reflects original Budget Committee amounts versus the final submitted budgets. The Assessor achieved his budgeted target, and the additional \$1.2 million is the Manatron software implementation. The Transition Center's General Fund support was reduced by \$1 million, but ended up requiring \$1.119 million. Development Services achieved its budget target, and has a carry forward of \$281,470 that was underspent this year for their software program. Health and Human Services is off budget target by \$80, after accounting for the overage and adjustment made to reduce the additional funding to the service partners, as directed by the Budget Committee in the December meeting. The Library is on its budget target, with \$148,230 carry forward from current projects. The Sheriff is \$246,355 over, which is mostly due to a carry forward and forfeiture funds for a project. Justice Court is under its budget target, with a potential issue that Mr. Jordan believes will be resolved. If carryovers are removed from the analysis, Community Justice is the only department budget target exceeding operating revenue (\$1.1 million).

Mr. Morris asked for more information about projects and carry forward dollars. Mr. Jordan explained that the Manatron project is going to span a couple years; however, for Community Development, it is the cost of the project. Mr. Jordan stated that for nearly all projects, the amount is included in the department's budget and will cover the cost. Mr. Bragg added that monies underspent in the Library and Sheriff's departments are associated with grants and must go into the next fiscal year.

In response to Mr. Rudisile's question about PERS, Mr. Jordan stated that PERS costs were not included in these budget targets. In the General Fund, each department received a .7 percent reduction from the previous year. Operating expenses generally increase about 7.2 percent a year, but because the Committee sets a budget target of 3 percent, the difference must come out of the budget or other revenue found. The increased PERS expense was approximately \$1.8 million to the General Fund and \$1.8 million to the dedicated funds, and the departments had to determine how to cover that cost.

Mr. Rudisile asked if there is any expectation that revenue will increase substantially or costs decrease substantially from the current situation. Mr. Jordan stated that no additional revenue is forecasted, and the County's costs continue to increase. Most of the increases in operating costs will be attributable to PERS expenses. The biggest difference between current revenues and expenses is the \$5 million for the libraries. There is also another \$1 million going to Community Justice and \$750,000 going to Development Services. Regarding libraries, Mr. Jordan noted that the County is now going into the seventh year of funding utilizing the Rainy Day Fund, which is twice what was originally proposed.

Mr. Rudisile pointed out that if the Committee elects to do nothing and deliver the same services, there will be a \$6 - \$7 million deficit. Mr. Jordan agreed, and stated that the deficit could increase if the same services are provided, because every year services are being reduced. The last General Fund revenue dollars received from the federal government for the O&C money was \$4.4 million, but because \$1 million was budgeted for timber revenues, the net gain was \$3.4 million. If O&C was reauthorized, the County could expect about \$4.4 million, less the budgeted \$1 million for timber revenue. When asked about Title II and III monies, Mr. Jordan explained that Title II and III monies were obligated and budgeted for two years, because non-obligated funds had to be returned, and a portion is included in the General Fund. They are all now considered Title II funds, and are about 50 percent of what they were.

Fund Balance

Mr. Bragg discussed the Fund Balance (*Submission #2*) and outlined what the fund components and totals of the ending fund balance projected for the current fiscal year, including a projected \$200,000 in contingency, some of which has been used. The \$2 million in reserve are not restricted, but it is a way

to reserve specific money that we plan on using in future years. The Manatron software project is an example of monies that would be part of the past year's reserve. These funds are not allocated to the point that they must be funded or spent them, but are accessible. Unappropriated fund balances can't be spent until the following fiscal year.

Mr. Bragg explained to the Committee that the County budgeted an ending fund balance of \$31 million, and achieved an ending fund balance of \$34 million. Although the County budgets to spend \$6 million or \$7 million in Rainy Day Funds, every attempt is made to spend less. If unexpected revenue is received, or costs are avoided by vacancies, there can actually be more revenue to last longer than what was budgeted. Mr. Bragg stated that \$31.7 million is what was budgeted and the County projects that the \$1 million that the departments will return to us as part of their General Fund allocation will not be used. At year end closing, those balances return in the beginning fund balance and are reallocated for non-operating expenses. The fund balance is not used for operating expenses. It is part of that calculation, but used for non-operating expenses such as construction, capital improvement, and software. Mr. Jordan added that of this projected \$31 million, the Committee decides what portion goes into the Rainy Day Fund. When you decide \$20 million goes into Rainy Day, \$10 million is going into cash flow, and \$2 million is going into reserves, that's how we budget it, but all those numbers equal this. The Rainy Day Fund takes the amount the Committee decides upon, and it is not appropriated and the County can't spend it. The fund balance itself is not all unappropriated, as some is reserves. It is possible for the Committee to not appropriate reserves, or contingency, and unappropriate it all. The County is required to have sufficient cash flow, and the Committee could sweep all the rest into Rainy Day, or into reserves, or into contingency. The law has changed with regard to reserves, and reserves are technically not appropriated now. In order for the County to spend reserves, a supplemental budget must be prepared, and revenues and expenditures increased. That is not possible with ending fund balance, which includes cash flow, the Rainy Day Fund, because the County does not have authorization to spend that money unless there is a catastrophe.

Mr. Bragg stated that the County's cash needs remain consistent, as has the total amount of General Fund used. Expenditures are timed to keep an even cash flow, but it doesn't mean that all of the amount will be spent. The lowest cash flow period is from July 1 to November, until property taxes are received. Regarding the ending fund balance, the departments will return about \$1 million, but the fiduciary will receive about \$1 million less than budgeted in property taxes, due to real market value slipping below total assessed value. An additional \$3 million is expected in O&C money, which is shown in Fiduciary, and will contribute to the projected Ending Fund Balance of \$34,730,172.

Mr. Bragg explained that contingency, reserves, and cash flow were budgeted at the same amounts as 2012-2013. The Rainy Day Fund went from \$19.7 million down to \$13.8 million. The total difference in Ending Fund Balances is \$5.9 million. Again, the Committee can take it from reserve and put it in Rainy Day Fund, or take from Rainy Day Fund and put it in reserve, but that's the projected difference in the Ending Fund Balances.

Mr. Morris confirmed that the \$2 million in reserves in the 2012-2013 fund balance will be expended by \$1,777,248, and a new reserve of \$2 million created in 2013-2014 for future, yet unidentified projects. Mr. Morris also confirmed that the \$2 million in 2013-2014 is unrestricted, as opposed to the \$2 million committed to projects in 2012-2013. Mr. Jordan explained that the funds are committed as long as the Committee approves the carry forward, with the one minor exception of the operating reserve on the Fiduciary, which will be discussed in Executive Session.

Ms. Sevcik confirmed that if spending continues at the same rate, the Rainy Day Fund will be gone in 2015-2016. Mr. Jordan reiterated that this is only the General Fund portion of the budget, as the \$60 million in reserves and ending fund balances are in dedicated funds. It is important that the public understands, especially in the hearings process, that the General Fund is where the issue lies. The County has money, but that dedicated fund reserves can't be spent in other discretionary areas.

Mr. Rudisile clarified that the Rainy Day Fund is forecast to be \$19,758 at the end of this fiscal year. Mr. Jordan noted that there will be some additional revenues added to budgeted ending fund balances because the departments are underspending, and the County received more O&C revenue than budgeted, and then subtracting the \$1.7 million. The County must budget for the worst case scenario, because it is against the law to overexpend the budgets.

Rainy Day Fund

Mr. Rudisile stated that it has been suggested that the Committee always and forever carry a certain level of Rainy Day Fund in Jackson County because of emergencies and unforeseen circumstances. The goal was originally \$12 million, or \$1 million a month, but the amount needs to be determined by how long it would take to repay the Fund out of general operations.

Mr. Jordan noted that the Committee has a budget policy that every fund will be reserved to be able to operate three months. A \$10 million amount would allow the County to operate for three months. He noted that two legislative sessions ago, County Administrators were able to get laws passed to allow loans from dedicated funds to the General Fund. Mr. Jordan does not like operating on loans, but if there was some kind of catastrophe, and the Committee chose to carry a smaller reserve, the County does have the ability to borrow from other funds with bigger ending fund balances. Secondly, interest income is not included in this General Fund budget, because it is operating costs. There is currently about \$1 million in interest income to the General Fund, and the County does have a way to repay over time from interest income if necessary. Interest income can also be used to manage some of the facilities programs, and all those options are on the table for discussion.

Mr. Morris asked for more information on the interest income, and Mr. Jordan explained that the portfolio of about \$170 million is invested as one portfolio, and includes both dedicated and non-dedicated funds. A percentage of the portfolio belongs to each of those funds, and the interest is returned to those funds.

Mr. Rudisile expressed his concern about continuing to spend down the Rainy Day Fund, and the need to set a minimum. Commissioner Skundrick recognized that the County needs to provide services to the public, but he is opposed to continuing to operate at a deficit and spend down to some preset limit. Mr. Jordan noted that the previous Budget Committees agreed to spend these reserves to support Library services and others, and it has been done in a planned, methodical manner. Mr. Rudisile stated that the proposed \$10 million minimum Rainy Day Fund just seemed a prudent number, and the Budget Committee insisted the County become more efficient, strategize on what essential costs should be, where the money should be spent, and anticipate the loss of government programs. Mr. Jordan stated the County peaked at \$73 million.

A lengthy discussion was held on the possible numbers, a comparison with the process done by the State Board of Higher Education, and the ability to borrow from the restricted funds that could potentially be paid back by interest earnings. Mr. Morris stated he feels the Committee is not yet able to determine the complex bottom line. Mr. Rudisile stated he believes that the cash fund is a necessary operating fund to run the County. A Rainy Day Fund is used to balance the budget; if expenditures are more than revenue, then a reserve is available to balance the budget and be within State law. He noted there is no magic bullet that will save the County when it is losing \$6 to \$7 million dollars a year. The continuing shortfall worries him, and he doesn't believe in borrowing money. Commissioner Breidenthal stated his support for having a reserve with a fixed minimum balance.

Commissioner Skundrick suggested directing attention to revenue enhancement, although he is not a "tax and spend" guy, and he had a couple of ideas that were not easy or fun (*Submission #3*). The first idea is based on a public service level per resident to supplement the Sheriff's budget and is based on

how much the Committee wants to do per residence. That would free up money currently being spent out of the General Fund for the Sheriff. This would be a surcharge, for all residents, and not a levy or a property tax. The second idea is for a fee for library users. The surcharge is something the Board of Commissioners can do without a public vote, and if the County began to get sustainable money from the federal government on the forest lands, it could be done away with. Many cities are already collecting this type of revenue. This surcharge would need to be included on a utility bill or something similar to go to all residents, and not just property owners. Mr. Rudisile noted that the County jail is something that all the cities use, it benefits all the residents, and public safety has one of the largest budgets. There was a lengthy discussion about how this could be done; if it was a type of tax, and the amounts involved. The second option of a Library user charge was also discussed, the importance and benefits of Libraries, and the barriers to both suggestions. Mr. Morris did not support a fee for libraries, and noted that for many years the Library successfully passed its own serial levies, but did not believe one would pass in the current environment.

Further discussion was held about a possible minimum amount for the Rainy Day Fund. Mr. Morris did not object to the Committee setting a number for this year, but if it is to become policy, that decision requires more conversation and research.

Library

Mr. Rudisile led a discussion on the Libraries, noting that everyone wants the Libraries, but don't want to pay for it. Mr. Jordan noted there are not many county-run library systems, as most are run by cities, with city funds and grants, and Jackson County is unique in the large number of branches. When the Libraries were built, the County had plenty of money. By law, until the bonds are paid off in 20 years, the buildings can't be used for anything else, even if the Libraries are closed. Mr. Morris believes that Ashland, Medford, White City, and Ruch would be pretty insistent on having Libraries but the others could possibly be closed. Commissioner Skundrick proposed the Committee tell the Libraries that the current level will be funded for 2013-2014, but another funding source must be found before 2014-2015, or most, if not all, of the Libraries will be closed. He noted that the communities are very proud of their Libraries, and the Libraries have passionate supporters.

Ms. Sevcik suggested keeping 25 percent of the \$45 million in reserves, which is about \$11.2 million and reduce the current \$6.7 million shortfall to \$5.5 million. She recognized it would require some tough decisions.

Mr. Bragg confirmed that if some Libraries were closed, the books and other materials would be brought into central processing, but it would not significantly affect the fixed operating costs. Mr. Jordan noted the Committee could cut everything on the list besides Libraries, and Libraries would still have to be severely cut back. The question for the Committee is if they want to keep spending now, or cut now. The libraries are going to close unless the Committee closes the jail and cut public safety, because that's where the costs are.

Mr. Rudisile asked the Committee if anyone sees the Libraries having a higher strategic value than the ones the priorities already set: public safety; public health; required County services, and County services that fund themselves, such as Roads and Airport. Mr. Morris stated that he believes Libraries have an intrinsic value to any free society and Jackson County should not be a destination place to live or work if it doesn't have at least one library. It doesn't have to have 15 of them, but it needs to have an open, free library. Ms. Sevcik agreed. Mr. Jordan noted that it is a centralized system, no branch could survive without the Medford library. If there is to be only one Library, it would have to be Medford. Ashland already has a levy that funds half that Library's operating hours, and would probably pass an additional levy. Mr. Morris believed Ruch would also fund that Library. Commissioner Breidenthal asked what the cost would be to maintain the Medford branch at its current level, and Mr. Bragg noted that if all the branches were closed except Medford and Ashland, the County would save about \$1.7

million, but he did not have the information for just Medford. Mr. Jordan thought it would be around \$2 to \$2.5 million.

Mr. Morris confirmed that if the Libraries were closed, cities could lease the buildings for library use only, for a minimal amount. There was discussion about the logic of choosing Medford as a single Library branch, the history of the past Library closures, timing of a possible levy, the various contracts with different Friends of the Library organizations, and possible cuts for the 2013-2014 budget.

Mr. Rudisile called for a break at 3:20 p.m.

Meeting continued at 3:25 p.m.

Discussion continued regarding possible cuts, notice of closure next year, incentive to pass a levy, and feedback from citizens of the County.

Commissioner Rachor asked about possible cuts to the Sheriff's department and Mr. Rudisile replied that if the Sheriff had anything in his budget that wasn't a safety issue, it could be considered for cutting. Mr. Jordan noted that the Committee's past practice has been to make the cuts of whatever amount, but the decision of what to cut is done by the department head. Mr. Jordan explained he was asked to identify items not in the Committee's priority or mandated services for the Committee's review. Mr. Rudisile believes miscellaneous items get tucked into budgets and with the current crisis he wants to review and make sure the Committee still wants to fund them. He is looking for places to make cuts before slashing \$1 million out of the Sheriff's budget, or \$1 million out of Community Service.

Commissioner Rachor reiterated Mr. Jordan's statement that if the Committee is going to take action on the Libraries, it will be two years before it can go into effect, so whatever is going to be done needs to be decided now. Mr. Rudisile agreed. Jordan stated anything on the list is open for the Committee to cut, as they set these budget targets. What the Committee doesn't do is decide which specific line items will be cut when the budget target is set.

A discussion was held regarding fixed costs, closure of different Libraries, combinations of closures with city and possible alternate funding for the Libraries, and the most recent research showed only a marginal chance of passing, and would require a public information campaign. Mr. Jordan noted that the Libraries are much more efficient now than the last time a levy was attempted, and the cost is nearly half what it was. He believes that with the right public information campaign it has a chance.

Commissioner Skundrick proposed that the Committee state that the Libraries will be funded for 2013-2014, but unless Library supporters can come up with the necessary money, the Library system will be cut by 50 percent. Mr. Morris and Ms. Sevcik agreed, and Ms. Sevcik proposed the Committee go further and cut libraries \$500,000 more every year until circumstances change. Commissioner Skundrick was in favor of this proposal, as it would include Medford. However, Mr. Jordan pointed out that if the Committee cuts the Libraries down to \$2.5 million, it would not cover base costs for the Medford Library. If that is what the Committee decides, LSSI would be in the best position to recommend how to most effectively spend that amount of money and serve the greatest amount of people. Mr. Jordan noted that only \$5 million of the Library budget is coming from the General Fund.

Mr. Rudisile asked Mr. Jordan to write up two different proposals for the Committee to vote on. One will state that all branches except the Medford branch will be closed after this fiscal year, and the other one will state that all branches except Medford will close after this fiscal year, and if the County's financial situation doesn't change, the Medford branch will also be closed at the end of the next fiscal year. Mr. Rudisile proposed suggesting that if Library supporters did choose to run a bond issue, the County would contribute \$100,000 for a survey to see what the tolerance would be for this, given the circumstances, and what would need to be done to inform and educate the public prior to the issue qualifying for an election. Commissioner Skundrick suggested the motion state that at the end of 2013-

2014 all but the Medford Library will close. At the end of 2014-2015 all Libraries will be closed unless additional funding is found, outside of County funds. The County will support a study and educational component to get a levy passed to improve funding in the amount of \$150,000. Commissioner Breidenthal believed that provides Library supporters the necessary time to discuss additional revenue options and to look at levy options.

Mr. Rudisile stated Commissioner Skundrick can present this as a motion at the hearing, and ensure it is written in a legal manner, as Mr. Rudisile, as Presiding Officer, cannot make motions.

Funding the Talent Jail

Mr. Rudisile confirmed that the Committee wanted to continue to fund the Talent Jail. Commissioner Skundrick believes the Transition Center is absolutely critical for public safety. If he had to make a choice he'd take \$1 million from the Sheriff's Department and put it back into the Transition Center even though he realizes it is an interconnected public safety issue.

Commissioner Rachor missed the discussion on the Transition Center last week so he requested to be filled in. Mr. Jordan explained that the Transition Center has a much cheaper cost per bed to operate because it's not a lock down facility, certified officers are not required and the cost saving is about a third. The Transition Center leverages State money with County money and the fees offenders pay to participate in the program. The most recently calculated per day cost for the jail is about \$105 per day, and that is the contract rate used in contracts for jail bed rentals to federal agencies. The Transition Center per bed cost is about \$65, and is limited to sentenced people. The jail holds both pre-trial and sentenced people. Community Justice has seen a significant increase in costs, and came in a little over \$1 million on their budget target. They have made cuts in their department, laid people off this year, and propose laying off more people next year. If they have to cut the \$1.2 million from the General Fund, which is also spent in the County-mandated juvenile program, the Transition Center will close. It is very helpful to the General Fund as it reduces the need to rent beds, and also brings a revenue to the County. The work crews are a very active and public piece of the criminal justice services that the County delivers, and those programs go away with the Transition Center. Hopefully, the County will be able to rent out jail beds and cover the operating costs, and the budget does not include a proposed incentive program in the Governor's budget to move offenders from prison to stay in local communities. If that passes, more revenue will be coming to Community Justice, which means they would underspend their General Fund portion.

Mr. Rudisile stated the other thing to keep in mind on that budget is that the County is looking for sustainable funding. Mr. Jordan replied that because the State fund is on a biannual basis, he's seen the funding vary by \$50 million in a biennium with Community Corrections. If the State budget has income, this program will need a lot less General Fund, so it is potentially appropriate to just have a one or two-year credit and not require an ongoing operating revenue, but it depends on what happens with State funding.

Mr. Bragg led a discussion regarding the benefits and drawbacks to not giving COLA increases, and PERS cost increase issues, and possible reform legislation. Commissioner Breidenthal and Mr. Morris stated they were not comfortable building a budget on any potential legislation on PERS reform in the future.

Commissioner Skundrick began a discussion about the \$60,000 budget for Wild Life Agency, and Mr. Jordan explained the one person performs all wildlife services, responds to many calls, is available 24/7 and also provides wildlife education. The County receives a lot of positive feedback regarding the Agency. The \$60,000 is actually only about 40 percent of the costs, with a match program leveraging General Funds against funds that were available from the State. The State won't provide the funds unless you have the match.

Commissioner Skundrick began a discussion regarding the funds for communications and the meeting broadcasts, and commented that if those are cut, it will reduce public access and there will be push back. Mr. Bragg clarified the different line items between RVTV and Maentz Agency. Commissioner Breidenthal commented that these funds could be used for a Library levy. Commissioner Skundrick asked for feedback, and Commissioner Rachor believes he would end the broadcasting. Mr. Rudisile confirmed that they agreed on getting rid of RVTV and the communications contract.

There was continued discussion regarding the possible areas that could be cut and the ramifications. Commissioner Rachor discussed several aspects of Health and Human Services and support for veterans. There was an extensive discussion regarding the contingency fund and whether those funds are used for emergencies or economic development. Commissioner Breidenthal stated he would leave \$50,000 in the contingency fund. Commissioner Skundrick is opposed to that, but he will go by the majority. Ms. Sevcik agreed to the limit of \$50,000 in the contingency fund.

Mr. Jordan clarified the funding of Code Enforcement with Development Services/Solid Waste franchise fees. He explained that cutting Code Enforcement has led to serious problems in the past. Commissioner Skundrick expressed his reluctance to raise fees. Ms. Sevcik reiterated Commissioner Skundrick's proposal of cutting one enforcement officer. Commissioner Skundrick believes that is a decent compromise and would allow for one and a half code enforcement officers and would save \$100,000.

Mr. Jordan reviewed Planning functions and the support from the Community Development Fee. Mr. Rudisile suggested we raise the fee. Mr. Jordan stated you can raise the Community Development fee, but contractors pay that fee and it can hurt politically. He discussed other options and other fees. Mr. Rudisile continued and asked if these necessary services are to be performed why aren't we charging a fee? Mr. Jordan stated that this department has been reduced by 60 percent, and the fees have been raised, however, the Community Development Fee hasn't been raised since it was implemented about seven years ago. Commissioner Skundrick thinks that would be sending the wrong message to raise the fee, especially in this economy.

Mr. Jordan stated that if the Committee is going to cut more any of Code Enforcement, the Commissioners need to change the Ordinance because you have a law on the books that directs staff to enforce this and you are creating a legal situation for us not to be able to enforce it because we don't have any staff to do it. If you are willing to get rid of Code Enforcement, then cut it. If you are going to have the Ordinances you have to have the staff to implement the Ordinances.

Mr. Jordan confirmed that with the three people we currently have on staff we are covering every code enforcement complaint. Commissioner Skundrick stated that if we dropped one person we would miss 30 percent of the complaints. There was discussion and explanation regarding complaints and how they are handled in general. Mr. Rick Whitlock, County Counsel, added that the legal issue has to do with selective enforcement. You would end up enforcing some and not enforcing others, even sometimes the same offense, because one person spread throughout the entire county ends up with two to three hearings a month is not able to do the work. Mr. Jordan reiterated that the Ordinances require staff to enforce the Ordinances.

Commissioner Rachor asked if we were to cut Animal Control would we then not be following up all of our complaints, do we have that same responsibility. Mr. Jordan responded that Animal Control does enforce the Ordinances, but it's not a line item on here because they are funded through fees. He stated that Code Enforcement could be funded by fees if it is decided to raise fees. If Code Enforcement is cut to two people, it will take some time to determine if the department is able to deal with complaints adequately.

Mr. Rudisile began the discussion with Health and Human Services stating that it has been cut by another 15 percent in the regular budget, but he believes there will need to be deeper cuts. There is \$377,000 being paid to Service Partners, and he proposed to cut that to \$150,000 and eliminate the other donations to Tier II and Tier III.

Mr. Rudisile next addressed the Sobering Unit. There was some discussion and explanation as to the purpose of the Sobering Unit, and the consequences of shutting it down. Mr. Jordan has been negotiating with the City of Medford's Manager and their Police Chief about their contribution. It is definitely a problem to shut it down and a relief to the jail to have this program. He stated that the County puts about \$300,000 in and it's about a \$600,000 plus program. Ms. Sevcik inquired if we cut that a little bit would that help in the negotiation with the city. Mr. Jordan replied that if funding is cut it will cause it to close because it's already operating at a deficit of \$70,000 in the hole. The Arc is picking up the difference right now but they can't keep it up. Ms. Sevcik does not want the Sobering Unit to close, we need it. Mr. Rudisile agreed. Mr. Jordan suggested the Budget Committee mention that the County can't sustain it, that we are either going to have to make some cutbacks or close it if we don't get some other assistance.

Mr. Rudisile continued with a discussion regarding the budget presentation that was made by Health and Human Services on Public Health. Their budget five years ago was \$423,000, then it went to \$314,000, \$407,000, then it jumped two years ago to \$643,000 then to \$742,00 last year and this year they are planning \$734,000. Somewhere in that budget we approved \$100,000 for Maternal and Child Health Immunizations, it was a split. It seems that budget is growing in that area substantially. Mr. Rudisile questions if the Committee could cut that back from \$734,000. Mr. Jordan stated he asked Health and Human Services to provide the Committee with information on the dollars from the General Fund. He explained that each year Health and Human Services moves money from one program to another within the budget allocation the Committee provides to leverage services as best it can.

Mr. Jordan stated that some of those programs have grown because HHS been able to leverage the General Fund money. There has been minimal increase in FTE which means that some of the increase in costs is step increases and PERS. Mr. Jordan stated that some years HHS has had funding from other sources. The use of General Fund has increased, but Mr. Jordan focused on Family Planning, stating that in 2009-2010 the Department allocated no General Fund dollars, the following year it went up to \$84,000, and the following year it was \$310,000. Family Planning is where the Committee added the \$100,000. If Health and Human Services has State program dollars that offset the County, then Health and Human Services backs out the General Fund, that's why some go up and some go down. Mr. Rudisile stated it's still double General Fund support. Mr. Jordan suggests, with HHS' budget, if the Committee decides to make cuts, it just cut a dollar amount and let Health and Human Services deal with it. He would not suggest line item cutting with the exception of the Human Services grants. Mr. Rudisile asked Commissioner Skundrick how he felt about a \$100,000 cut. Commissioner Skundrick advised to look for something else. Ms. Sevcik stated there are no good choices and she took \$250,000 out since she looked at it a week ago. Commissioner Skundrick stated he would rather cut the Libraries then gut services that are helping people. Commissioner Rachor agreed there are no easy choices and we are in crisis mode. We have to come up with cuts.

OSU Extension

Mr. Rudisile asked about the cost of the buildings and if that was the bulk of the budget. Mr. Bragg replied some of it is, and we would have to still have something in the budget for those facilities. He explained that these funds are also for staff, equipment and utilities. Mr. Bragg outlined the current situation with (OSU) Extension and the Experiment Station and the negotiations regarding the facilities. Mr. Jordan added that a local match is required. Essentially, if we don't provide this \$204,000, extension goes away. Commissioner Breidenthal stated that their steering committee is looking at what it would take to make their own service district a reality so they understand the need of the County, and

they are exploring it. It should be on the ballot soon. Mr. Jordan stated a lot of counties don't match extension with General Fund. Commissioner Breidenthal thinks this is one of the same concepts as what they are doing with the Library, we give them a time period and let them leverage that to get off of our books. He would leverage it very similarly.

Mr. Rudisile expressed his belief that before deliberations, the Committee should decided on the amount of the cut that needs to happen. If we are looking at a cut of \$1.9 million, we should agree amongst ourselves to at least cut that in half and work to make the tough cuts to get there. He also stated that they had not talked about RVCOG (Rogue Valley Council of Government of Governments) and SOREDI (Southern Oregon Regional Economic Development, Inc.), and asked if there were opinions about cutting those. Commissioner Skundrick was reluctant to cut SOREDI and Commissioner Rachor stated that RVCOG serves a valuable function. There was some discussion on the amount of cuts needed, the future of the budget in coming years, and prioritizing for the departments.

Fair Request

Mr. Rudisile discussed the Fair's request that the Committee write off \$200,000 based on the budget proposal. Whatever the loan balance at the end of this fiscal year, they would like the County to write that off. He would be in favor of this is there were no more loans going forward. This is an issue the Committee has to deal with and it's open for discussion. Commissioner Breidenthal was supportive of this arrangement. Commissioner Skundrick expressed his opposition to the write off of the \$200,000. Mr. Morris would prefer they did not write off the loan. He doesn't like writing off the loan in anticipation of something that they are going to do. He would be more open to the idea of if they achieved the goals that they said they were going to achieve next year, then we would write off the loan, but to do it in advance of them getting that work done, it's hard to go there. Mr. Rudisile added if they don't get it done, they are done and we write it off anyway. Mr. Morris replied at least we have said to them that they have to achieve something rather than just write off. Commissioner Rachor worries that the Fair will only come back next year and ask for more money. Mr. Jordan said the issue is even if they just make a payment of around \$10,000 a year, that's better than us writing it off for the General Fund. There's no loss for us in not writing it off because if they fail, we are going to have to write it off anyway. There is a loss for us in just writing it off, especially if they are successful, because then they have the ability to pay us back even if it's overtime. This is really a perception issue for them and that's why they asked that I present it to you. Mr. Jordan told them that he didn't think it was in the General Fund's best interests, but understand politically and perceptually how it would make them feel in moving forward. So it's kind of whether you want to support that tenor of their argument and where they sit, or you want to protect the General Fund. Ms. Sevcik stated their job is to look after the General Fund.

Mr. Morris said he doesn't feel like they came to any conclusion about Commissioner Skundrick's proposal about the service charge on housing units. That plus revenue could be material and he wonders if that would be something that the Budget Committee can recommend that the Commissioners consider on Thursday when they pass the budget. Mr. Rudisile agreed, especially the one on the jail. Mr. Jordan stated that they would call it a Jail Surcharge. You could direct staff to look into the feasibility of actually being able to do it. Counsel has already done some background work and bring a proposal to the Board because it would be their Ordinance. Mr. Morris is supportive of that. Mr. Rudisile thought they were and so did Commissioner Breidenthal. Ms. Sevcik agreed.

Mr. Jordan clarified that his intention on all of the cuts is to not change the budget, but not disburse the funds.

Mr. Bragg verified that COLA is gone. The video poker unallocated is included. Communications contract for \$60,000 is gone. RVTV meeting broadcast \$90,000 is gone and \$150,000 out of Contingency. Ms. Sevcik agreed. Commissioner Briedenthal asked if there was any argument to stay

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with RVCOG while he stepped out of the meeting and Ms. Sevcik replied no, let's cut it. Commissioner Rachor would put RVCOG on the list for elimination. Mr. Rudisile confirmed that RVCOG is on the list.

Ms. Sevcik proposed: Solid Waste will be cut by \$100,000; Health and Human Services will be cut by \$250,000; Wildlife will be cut by \$60,000; Sheriff will be cut by \$250,000; Library will be cut by \$500,000; HHS will be cut by \$100,000. These cuts get us to \$1.595 million. She recognizes that's not what has been agreed on.

Mr. Rudisile stated the Committee will take votes on all these issues and he would like a consensus but if they don't have one, which it appears they aren't going to get, he thinks they should move on and take a vote on all these subjects and advise the Committee to be prepared to vote during deliberations. Mr. Jordan confirmed that they will have the list of what has been agreed to. Mr. Rudisile and Mr. Jordan agreed to meet on Wednesday.

There being no further business, Mr. Rudisile adjourned the meeting at 5:52 p.m.

Respectfully submitted,

/s/ Dick Rudisile

Dick Rudisile, Presiding Officer

/s/ Katherine Bates

Katherine Bates, Recording Secretary

Approved on: December 5, 2013