

**BOARD OF COUNTY COMMISSIONERS
LEWIS COUNTY, WASHINGTON
BOARD MEETING MINUTES
December 7, 2009**

The Board of County Commissioners for Lewis County, Washington met in regular session on Monday, December 7, 2009, at 10:00 a.m. **COMMISSIONERS RON AVERILL, P.W. SCHULTE and F. LEE GROSE** were in attendance. **Chairman Grose** determined a quorum, called the meeting to order and proceeded with the flag salute. **Commissioner Averill** moved to approve the minutes from the 10:00 a.m. meeting held on Monday, November 30, 2009. **Commissioner Schulte** seconded.

Motion Carried 3-0

Notice

Commissioner Schulte made a motion to approve Notice Item one. **Commissioner Averill** seconded the motion. Karri Muir, Clerk of the Board read the item into the record.

1. Notice of Hearing: Regarding the 5th 2009 Budget Amendment for Current Expense and Various Funds. Hearing will be held on December 21, 2009, on or after 10:00 am. Resolution No. 09-385

Dawna Truman, Budget noted that this hearing will be the 5th amendment for 2009. She also noted that there may be another budget amendment in January 2010, to finish up the 2009 year.

Commissioner Averill noted that we try to have only three budget amendments a year. But 2009 has been a difficult year and more were necessary.

Consent

Commissioner Averill made a motion to approve Consent Items two and three. **Commissioner Schulte** seconded the motion. Karri Muir, Clerk of the Board read the item into the record.

2. Resolution No. 09-386 Approving an inter-local with LC Fire District #1 (Onalaska, WA) for use of the Small Works Roster.

Rod Lakey, Public Works stated that this resolution will allow the Fire District to use the Small Works Roster.

Chairman Grose asked what types of things the Fire District purchase off the Small Works Roster.

Mr. Lakey stated they use it for a variety of reasons.

Commissioner Averill stated one of the problems the smaller entities have is not having the expertise to do some project's. The Small Works Roster allows them to get the expertise for their projects.

3. Resolution No. 09-387 Bid award recommendation for the Coroner/Evidence Demolition Project.

Michael Strozyk, Central Services stated this resolution will award the Coroner Demolition Project to Price Enterprises in the amount of \$24,995.00. He noted that this demolition is part of the overall campus plan. Once the buildings are demolished, the space will be used for temporary parking.

There were a wide range of bids submitted. Due diligence was done in checking to ensure the low bidder was qualified to do the job.

Motion carried 3-0

Hearing

Hearing

2010 Final Budget Adoption

Chairman Grose announced the hearing and asked staff for a report.

Dawna Truman, Budget went over the prepared presentation.

Fund Types-Current Expense (CE) is the major operations fund. Special Revenue cannot be used for operations in CE. Capital Funds and Enterprise Funds are also restricted along with other types of funds. When looking at the budget, the main area of concern for this year has been that CE is using a large portion of its reserves. In 2009 we estimated there is about \$3.5 million dollars in reserves. We are trying hard to limit the amount of money being used in 2010.

Summary of all funds-shows the revenue and the expenditures by fund types and the use of reserves by each type of fund. It is normal to use reserves each year. In CE the revenue is expected to be less than the expenditures by \$483,332.00. This is a combination of multiple things in order to balance the budget this close. The use in Special Revenues is mostly the Roads Fund. Public Works budgets the Road Fund budget for all the projects they can get done in a year, normally not all projects are completed. In the other funds we are using a little of the reserves or we are adding to the reserves, each of these funds are restricted to a specific use for that type of fund.

Summary-Current Expense Fund-in 2009 we expected to get \$33 million in the original 2009 budget in revenue and then, mid-year we found out we would be about \$2.7 million short in revenue. We did a budget amendment that reduced the expenditures from \$36 million down to \$34 million. The 2010 final budget sets the revenue almost even to what we had in 2009, but through a couple of revenue changes it will be brought up to \$33,686,133.00. Expenditures have been held steady to the 2009 reduced budget.

Current Expense Revenue- most revenues stayed almost the same as the 2009 original budget.

Current Expense Expenditure Budget by Type-one of the problems the County has in trying to make reductions in the CE budget is the majority of our salary and benefits is 65.8% of our total budget. In analyzing programs we look at which positions may be vacant that we can lose through attrition. We look at other ways that we can reduce service levels by a minor amount in order to keep reducing this budget. As we go forward we expect that we will be reducing an average of about \$2 million a year unless there is a big change in the revenue that comes into CE.

2010 Current Expense Transfers Out- one of the goals for this year was to try to reduce the transfers out of CE to support other funds. The reduction is about \$600,000.00 from the previous year. Part of that reduction was that in the course of 2009 it was decided that the County would not apply for Senior Programs. It was arranged that Catholic Community Services (CCS) would take over those costs. The goal when CCS took over the Senior Programs was that the level of services to the community would not change, but CCS would now manage those programs. The County is giving a donation next year of \$160,000.00 to contribute towards the CCS Senior Program. This will ensure that the Senior Programs will not be reduced.

Property Tax – This is the 2010 estimated valuation from the Assessor. These numbers may change by the end of the year. One of the problems this year is that the estimated property tax would only be collected at 99.152% of the 2009 base collections. This would actually mean a reduction in our base revenue collections from the previous year. The total allowable levy in 2010 is 1% above the previous year and in order to collect that we are going to ask for a resolution to be passed that is called “Substantial Need”. The County collections, plus the shift, the County expects to get \$11,771,111.00, this is also the money that is collected for Veterans and Social Services. Roads will collect about \$9,520,947.00. Both of these include a 1% increase over the previous year, which is the highest lawful amount allowed. A million dollar shift from property tax from Roads is put into CE and a \$17,000.00 shift from Roads property tax is put into CE to support Social Services.

Commissioner Averill asked Ms. Truman to explain why those estimated assessed values are different for County and Roads.

Ms. Truman stated the County assessed valuation includes everything in the County. The assessed valuation for Roads is only in unincorporated areas of the County.

Final Staff Changes- The majority of the changes in 2010 were for the Senior Services Funds. That is staff that will be shifted over under Catholic Community Services. Most of the other reductions were made through attrition. Facilities and Communications actually lost a couple of positions. In 2009 the positions were reduced by 39.5, so in the last two years we have lost 66.71 positions. This is about a 10.5% decrease in County regular staff.

Chairman Grose asked if there were any questions from the Board.

Commissioner Averill pointed out this is our 2nd hearing on the budget. He also pointed out that with the CCS contract, in addition to the two programs that are funded by State and Federal dollars, those are the nutrition and transportation programs, CCS agreed to take the entire Senior Services Program which included an enrichment program. This has been a major expense for the County and a fundraising problem for the seniors. Another program that is related to our Senior Transportation, but is broader than that, is the Paratransit Program. This program gives Medicaid eligible personnel transportation to hospital and Dr. appointments. CCS is taking a big chunk out of one of our programs that we have. We have been able to do this without losing any services, which was a goal that we as County Commissioners had, but also part of our Strategic Plan, that we maintain services to the seniors. We are unique in Lewis County, in terms of the extent we provide programs to our seniors.

Chairman Grose closed the question and answer portion of the hearing and opened the hearing.

Ms. Truman asked that her previous comments be incorporated into the record.

Chairman Grose asked if anyone would like to speak for or against the 2010 Budget.

Commissioner Averill stated we would be passing five resolutions for the budget process. He gave a brief explanation of the resolutions we would be passing. A significant source of The County's income is from property taxes. Generally speaking, because of Legislation that has been passed, there has been a restriction on how much the County can raise those taxes at any given time, based upon not exceeding 1%, unless you actually go to the voters to get approval for raises that are higher than the 1%. For the first time in many years we had a negative growth in the CPI, which is the index we use to determine what those taxes will be. This poses a huge dilemma for the Board. If we follow the CPI we would actually have to collect less than 1%. That would be a further loss to us in revenue to run County services that are not being made up currently by the sales taxes and other fees that are coming in. We will be passing a resolution that states what the property tax levy may be, but a substantial need resolution that says we need to, in addition, collect 101% during this current budget cycle. We will be doing a 1% raise in taxes and this brings in about \$100,000.00 for CE and the Roads fund.

This year we almost ran out of funding to assist indigent veterans. We are allowed to increase this by the law. We have increased this marginally. When you look at the number of dollars that goes into the Veterans Fund, by virtue of a 1% raise we made in the actual multiplier for that fund it is a 26% increase in the fund, but dollars wise it is only about \$30,000 we are adding to the fund. We have been looking at the organization for the disbursement of those funds and who is eligible for them; we have changed some of the rules. This will make the fund solvent, because the last thing we want to do is to have those that have served their country and are in dire straits, not have this support at a time when they need it. It is not a fund that supports Veterans as an entitlement; it is a fund that provides them relief until such time as we can get them on normal Veterans Assistance. The Chehalis/Centralia Airport belongs to both the County and the City of Chehalis. The airport board submits the budget to us and we look at it and ask questions. The funding is run through the County and we need to adopt their budget along with the City of Chehalis.

Chairman Grose closed the hearing and asked for a motion to approve the budget resolutions.

Commissioner Averill moved to approve Resolutions 09-388 through 09-392.

Commissioner Schulte seconded the motion. Karri Muir, Clerk of the Board read the items into the record.

Chairman Grose noted that the key word in the Veterans Relief Fund is "indigent". He called attention to that because he feels the fund has been somewhat abused in the past. It has been viewed as an entitlement. This fund is to help people who truly have a need.

Commissioner Averill thanked the Budget Staff for all their hard work with the departments and Elected Officials. It was a difficult task bringing the budget into

balance. They did a good job doing this. He acknowledged Rose Bowman, Lewis County Treasure, and Dianne Dorey, Lewis County Assessor in the audience. He does not want to dismiss the important work that was done by our Elected Officials in making it possible to balance this budget. It is an excruciating task. We did a strategic planning session this year to look at where we are spending our money and what are those things we want to concentrate on. During the strategic planning session it was recognized that we were going to have problems coming to a budget decision. A number of the Elected Officials were very positive in trying to look at ways to approach coming to a solution. He thanked all of the Elected Officials for their support they provided our staff during the budget process.

When he came to office in 2006, a little over 70% of our budget was in Law and Justice, a little bit over 70% of our budget was on personnel costs. In the 2010 budget those figures are down to about 65%. There has been some very important belt tightening in these areas. There has been about a 66% reduction in staff over the past two years. Part of that is softened by the CCS picking up a little over 10 employees, so they are still employed and CCS is providing services to citizens of the County. The Commissioners felt strongly enough about the senior services and we want to continue to provide support to them. We have promises from both the City of Centralia and Chehalis that they also will provide some support to the senior program.

One of the things we had to do, and this was hard because we believe money should be used for what it was intended for, but we would not have made this budget without going through this process. The Road Fund is healthy and had a little bit of give in it and therefore we made two decisions about it in the budget process. You are allowed by law to do a budget shift out of the Road Fund into the CE Fund. We are doing that this year.

Ms. Truman clarified that this money is not in the Road Fund. It is a general property tax distribution.

Commissioner Averill stated we did this with some reservations. There is always an impact when we do this type of shift that it might have an impact on our smaller taxing districts. We asked the Assessor to go through and make sure there wouldn't be an adverse impact on them. There is not by doing this. We don't mean to make a habit of doing this. Hopefully next year's budget will be better and we will not do this. One of the reasons our road fund is healthy is that you don't expect to have silver linings coming out of disasters, but FEMA funds we have used to repair damages from flooding have made it possible for us to keep some of our own taxes in our Road Fund. The bad side of that is that, although we have got this extra FEMA money, the vast majority of our road staffs time has been spent on repairs at the neglect of what we could call normal maintenance operations on our roads. This will come back and get us in the future. As we are winding down on the past flooding repairs, we will be able to get the other roads back up to standards.

The second part of the Road Funds is called a diversion. You are able to divert some Road Funds to things that support roads. In our county the area where that takes place most is in the Sheriff's Department with our road deputies that provide the safety on our roads. We have traditionally had about \$750,000.00 in that diversion fund to the Sheriff's Department, but this year we are taking another \$300,000.00 or so and adding it to the diversion. This is so we do not have to make larger cuts in the Sheriff's Department.

He is looking for a light at the end of the tunnel, he sees a light, but the tunnel is still very dark. We are heading into a budget session in the State in a non-budget year and the Governor is looking for another \$2.5 billion dollars to make up for a loss of revenues in the State. He got a message that there will be a bill submitted to the Legislature that will end the tax forgiveness to Oregon residents who come into Washington and buy products from us.

He is concerned with the funding the State provides to us for the services that we provide for the less fortunate. Unfortunately, as you look at our budget it shows about \$150 million dollars, but of that about \$32-36 million is in CE. The rest of the money is what I call pass through money. Money that is the Federal and State allocations that go to Roads, Health and Social Services, health services that we provide, and any number of other programs. One of the problems of budgeting at the County level is that Federal funds are on a tax year that starts on October 1, and the State tax year starts on July 1, and the County starts on January 1. We get our money when we are not doing our own budget. It might look like we have a huge reserve right now, but most of that money is for specific programs and can only be spent on those programs. We need to keep at least \$5 million dollars in the CE fund to pay day to day bills. We need to establish the reserves again before we start adding back on things we have cut. He thinks we are going to see the State Government talking about raises in taxes. Here again, the Commissioners do not find that to be the best approach to go, particularly when our citizens are having hard times. There is a trend in the last two Legislative Sessions for the State to pass more services down at the County and instead of providing funding; they are providing the County the ability to tax our citizens to provide the services the State is supposed to be doing. He has argued against this and will continue to do that.

We have as good of a budget as we could do under the current circumstances. He recommends we pass the budget.

Chairman Grose asked if there were any more comments. He stated the Board does not intend to raise taxes and do intend to give money back to the Road Fund next year.

Motion carried 3-0

There being no further business, the Commissioners' public meeting adjourned at 10:50 am on December 7, 2009. The next public meeting will be held Monday, December 14, 2009, at 10:00 a.m.

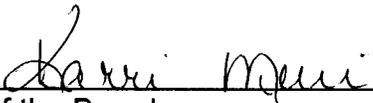
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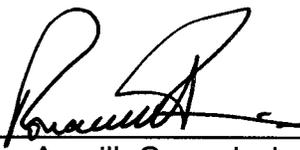


F. Lee Grose, Chairman

ATTEST:



Clerk of the Board
Lewis County Commissioners



Ron Averill, Commissioner



P.W. Schulte, Commissioner