

BOARD OF MASON COUNTY COMMISSIONERS
BUDGET WORKSHOP MINUTES
Monday, November 9, 2009
Commission Chambers
411 North Fifth Street, Shelton WA 98584

The 2010 budget workshop commenced at 1:03 p.m. Commissioners Sheldon, Ring Erickson and Gallagher were in attendance.

Barbara Adkins presented a reposting sheet for the 2010 budget for the Abatement Fund and for the WRIA 16 grant money.

Cmmr. Sheldon commented there has been a 15% reset on Mason County's economy and the budget needs to reflect this reduction. The building industry is down, timber sales are down, he is looking for a budget that recognizes the long-term economic problem for the county. He believes it will be several years before the economy recovers. He questioned how to reduce the budget by 15% and is looking for concrete solutions. He asked how the county can provide mandated services and meet the budget.

Mark Core explained the fee supported side of the Department of Community Development for 2010 is balanced. They can't use those fees to support the Fire Marshal or Planning. They currently have 17.5 FTE and have cut 20 FTE and he pointed out the workload is not down as much.

For long range planning, Kell McAboy's position is vacant. It is funded by Current Expense and if it is not filled, approximately \$75,000 would be saved. There are only 1.75 FTE in long range planning.

Cmmr. Gallagher asked if the projected revenue of \$1million is accurate.

Mr. Core answered it is a projection based on current information and he believes it is accurate. He pointed out that on the low revenue months, there is still work that has to be done. The Belfair office has been shut down. The Building Department has two permit techs, two clerical with one serving as almost a full-time public records officer. Services have been affected but they are working hard to not have people wait for inspections. They have cut vehicles, cell phones, work stations, travel and training.

Cmmr. Ring Erickson asked if Kell's position in long term planning is not filled, can staff keep up with state mandates.

Ms. Adkins answered they can for now, but when the Shoreline Management grant comes in 2010, they will need to revisit staffing.

Cmmr. Sheldon asked if they were asked to cut 10%, where would you cut.

Ms. Adkins answered the vacant planner position would save approximately \$75,000, and then they would have to go deeper into operating expenses. They can't afford to lose more staff but some would have to come out of personnel. They would need to cut about \$100,000 to meet a 10% cut. It was pointed out that having Kell's position vacant now is saving money.

Cmmr. Gallagher commented he believes there is a \$400,000 cushion in the revenue projections and believes the current DCD budget is ok, but will need to be reviewed in 2010.

There was a discussion on revenue and Mark Core pointed out the winter months are not heavy revenue months for DCD. The sewer permits brought in about \$90,000. The fee supported side of DCD in 2009 is in the black. They have approximately 2,000 paid active permits that have work to be done.

Cmmr. Sheldon asked about the Abatement Fund.

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Ms. Adkins stated no money at this time has been transferred. She would like to look at it today and she referred to the 2010 budget change for the Abatement fund and the WRIA grant.

Question – does DCD have adequate staffing to service the current permits.

Mr. Core answered that based on a 30-day turn around, yes, they have adequate staff but remaining staff has vacation time to use and having one person gone greatly impacts the work load.

There was discussion about the Abatement Fund . Nothing has been transferred in 2009 but they anticipate transferring \$75,000 in 2009. \$180,000 will remain. There are no Abatement funds in the 2010 DCD budget. The budget change form is so the 2010 budget will show the accurate ending fund balance. Revenues are from fee supported labor for enforcement cases and revenue sometimes takes years before it actually is paid for. The fund continues to generate revenue.

Ms. Adkins commented that besides not filling the Planner position, another position will be lost the end of March. A Planner will be coming back from an Emergency Management grant and they will not have staff for enforcement.

Cmmr. Ring Erickson stated she understands Cmmr. Gallagher has a solution to balance the budget and asked if he would share.

Cmmr. Gallagher said he figured 3% reductions to some departments and specific dollar reductions for others. His proposal is as follows: reduce \$262,563 for ER&R, reduce Human Resources by \$15,000, reduce Prosecuting Attorney \$80,000, reduce Sheriff \$96,000, reduce Superior Court \$71,000, reduce Budget & Finance \$80,000, reduce Commissioners \$10,000, reduce DCD \$96,000, reduce WSU \$60,000 and 3% reduction to Probation, Parks, Traffic Patrol, Assessor, Auditor, Clerk, District Court.

Karen Herr asked if he considered those departments that already made cuts.

Cmmr. Gallagher stated this is a draft and he emphasized the Board needs to take action to get the budget balanced.

Ms. Herr stated there have been a lot of different options presented that have not been considered. Is the Board considering any other options?

Cmmr. Ring Erickson expressed her appreciation for Cmmr. Gallagher's ideas. She noted she has met with Karen Herr, Charlie Butros and Dave Loser to discuss the ER&R rates.

There was a discussion on the ER&R Fund. It is the Equipment Rental and Revolving Fund that is the fund used to replace and maintain phones, computers and vehicles. They discussed reducing some of the ER&R rates that are applied to Current Expense departments. There is a proposal for a reduction plan on vehicles, computers and communications expenditures by \$750,000 for Current Expense departments for 2010. Currently there is \$7 million in assets in that fund and this is not taking money from the fund. The proposal is reducing 2010 ER&R rates for only 2010. This is a serious rate adjustment and it was stressed that no money would be taken from the existing fund, it still allows for vehicles to be replaced if necessary. The reduction reduces cost for replacements and cuts operating and maintenance expenses in 2010. Cmmr. Ring Erickson compared it to the unemployment rate change, and it reduces most of the Current Expense budgets.

Ms. Herr agreed it is comparable to the unemployment rate change. She noted the ER&R fund is a very healthy fund.

Cmmr. Sheldon stated this is a good start, but if economy is 15% lower, lowering the rates will eventually catch up with us.

Ms. Herr replied it is one option and the County needs to continue to look at cuts.

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There was discussion that for some departments the ER&R rates may be grant funded. The details need to be reviewed. Cmmr. Ring Erickson expressed interest in exploring this.

Undersheriff Barrett asked if Dave Loser considered how this one year adjustment affects replacement cycles.

Charlie Butros explained that Mr. Loser is hopeful this is a one year adjustment and in 2010 he would adjust the 2011 rate. If it goes beyond 2010, it impacts the replacement cycles. If a vehicle needs to be replaced before the full cost has been collected, the ER&R fund will have to go to the department for the remaining balance.

Cmmr. Ring Erickson commented that lowering the rates allows time to look at the 3/10 of 1% tax option. There is also attrition to consider. This allows time to get to Cmmr. Gallagher's recommendation.

Cmmr. Gallagher talked about the labor contracts that were turned down in April due to no money. There is also the Sheriff's contract settlement. He asked where that money will come from.

Mr. Butros pointed out this is not an easy decision for the Commissioners. It defers decisions on equipment replacement and is a significant policy change.

Cmmr. Ring Erickson asked if departments wanted to respond to Cmmr. Gallagher's proposal. She noted that while this is not a long term solution, it allows time to look at other options.

Ms. Herr noted that Current Expense transfers in \$1.3 million to ER&R and there would still be the \$3.2 million from other departments going to ER&R.

Mark Core asked about vehicle replacement for DCD. They should have \$20,000 in an account for a vehicle replacement that has not been replaced, but the money is sitting there when they do need to replace. He questioned if maybe the ER&R rates are too high. He pointed out there must also be several available computers, due to the lay offs, in case a computer needs replacement.

Undersheriff Barrett asked how the rate adjustment is affected by fuel costs.

Mr. Butros stated that Mr. Loser calculates a fuel price that he believes is reasonable for the year.

Sheriff Salisbury asked if the county has completely thrown out the levy shift idea? Is it off the table? He noted that was about a million dollars.

Cmmr. Sheldon stated he can only speak for himself, but he would not support a levy shift. He finds it difficult to treat one taxpayer differently than another – city residents vs. county residents. The city residents would be paying for a service in the county.

Mary Jean Hrbacek stated the county amounts that are paid do support services and what is paid by city residents can be mitigated. The information needs to be presented on how it impacts the entire county. She hasn't seen enough information as to why a levy shift can't be discussed. She supports the concept of looking at the taxpayers as a whole, not county vs. city. She stated the League of Women Voters has requested information.

Cmmr. Gallagher stated he has met with the mayor on how to mitigate and asked for a list from the city. Nothing has been submitted by the city.

Ms. Hrbacek stated she doesn't understand why the city needs to provide list. The county could budget \$100,000 for the city to figure out what to do with it. She doesn't believe it's up to the county to determine the actual project.

Cmmr. Gallagher stated he wants to make sure the county doesn't get in trouble with the CRAB board.

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Bob Thuring noted that although bids have been lower on some road projects, that money is not available to any other fund except the road fund.

Mr. Butros stated the majority of the contracts were let for road repair and the majority is reimbursed, so the savings to the county is approximately 12.5%.

Cmmr. Ring Erickson pointed out that other counties have an urban subsidy which is designed to offset the county services. She is not against looking at the levy shift. She is not sure if in the next week, an analysis can be completed, but she is willing to look at in a long term solution. She pointed out it is a tax increase, the city residents would be paying higher property taxes.

Ms. Hrbacek pointed out the property levy rate is determined by the adopted budgets.

Sandra - League of Women Voters - verified that only the county commissioners can make the shift from the road fund to the general fund.

There was discussion on the funds. Ms. Ehrich stated the county has taken a hard look at the budget and most departments have reduced expenditures. Staff and services are still required. She thanked Mr. Loser and Mr. Butros for their work on this. Ms. Ehrich pointed the ER&R Fund is a healthy fund.

Cmmr. Ring Erickson expressed support of making the ER&R adjustment. She asked if the Commissioners support this or do they want to look at Cmmr. Gallagher's proposal.

Ms. Ehrich pointed out that any changes made after this week will not be posted in preliminary budget.

Cmmr. Sheldon stated he believes it is reasonable to look at the ER&R adjustment. But the county needs to have their eyes wide open. Funds may not be available for new technology. He again stated that he doesn't believe revenues will come back in the next few years. He still thinks reductions are necessary, we cannot spend more than is brought in. He stated he does not support across the board reductions and noted that parks is not a mandate, and it should be looked at harder.

Patsy Robinson commented the state supplies District and Superior Courts with operating supplies, they may be cut which will shift the burden to the county.

Cmmr. Gallagher agreed to look at the ER&R adjustment and a reduction of some type. He agrees we have to live within our means and pointed out there are labor contracts to consider.

Ms. Ehrich pointed out that several departments have already had large reductions. This is not "found" money, it reduces expenditures.

It was noted that in Cmmr. Gallagher's proposal, labor contracts were not considered.

Undersheriff Barrett commented that from an operational standpoint, they have worked with ER&R to reduce expenditures. This is not an ideal cure but believes it is worth exploring rather than reduce staff.

It was agreed it could be a partial solution to balancing the budget and a good initial step.

Cmmr. Sheldon again stated that the budgets for Parks and DCD, beyond the \$75,000 for the planner position, need to be looked at. He asked if Parks maintenance can be reduced. He believes there needs to be serious reductions in personnel for Parks. Again, he does not support across the board cuts because not all departments are equal.

Cmmr. Ring Erickson confirmed the Commissioners are willing to ask ER&R to target a reduction of \$750,000 and continue to look for additional cuts.

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Parks Department –

Cmmr. Gallagher commented about Thurston County Parks & Recreation and stated they closed their parks but are keeping the ball fields open.

John Keates stated it is a bit of a misnomer that Thurston County parks are closed. There are some that are still open.

There was discussion about parks. Some parks are more popular. Mr. Keates stated the outlying parks don't take as much maintenance. MCRA and Sandhill have the lion's share of maintenance. He would like to talk to the Park's staff to come up with reductions. The safety of parks is a concern. There could be a savings on irrigation for MCRA but he questioned what that does to the park as an asset. The business plan won't be done for several weeks. Regarding the 2009 revenues being down, there is still a REET 2 transfer coming.

Mr. Keates commented that revenues could be generated at MCRA & Sandhill Park by charging parking fees and admission fees, but that has not been supported in the past.

Cmmr. Ring Erickson asked about the Skateboard Park. She asked if there is a contribution for 2010 to keep it open.

Mr. Keates stated there is no money anticipated, but if it is closed, the equipment would have to be removed. The 2009 contribution funded garbage pick up, replacement of skateboard ramps, and repaired vandalism damage.

Cmmr. Sheldon talked about the seasonal worker positions. They are union positions that work for 6 months, then get unemployment. He thinks of seasonal workers as students.

Mr. Keates would like to change the union contract and will work with TJ Martin on that. He would like to hire extra help with lower benefits.

There was discussion on how to change how business is done for the parks department. Mr. Keates commented they can look at what can be privatized.

Sandra asked who determines which staff is union. The Commissioners decide.

Cmmr. Sheldon stated it is tough to make changes in contracts if the work has traditionally done by union workers.

Dixie Smith expressed support for cutting hours of operation for county departments. Reducing the work hours by ½ hour a day, could meet a 3% reduction. She keeps hearing the contracts will not allow that but she would rather cut hours, than staff. Karen Herr also supports a reduction to hours.

Mr. Keates addressed the \$5 volunteer fee. He has checked with other parks and knows of no other counties who have done this. Lisa Frazier commented that a voluntary fee on property tax would be a nightmare, they would need programming changes to track it.

There was discussion about reducing hours for those departments who do not have approved contracts. Typically, while contracts are being negotiated, the terms remain status quo.

Cmmr. Sheldon commented about the "Gregoire" decision for union contracts. He explained a package was negotiated that was not sustainable so the governor said the deal is off. The union took it to PERC, it was determined the governor was right but they have to go back to negotiate. He agreed it would work best if unions would agree to a reduction in hours.

There was discussion about a reduction to the Budget & Finance department.

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Bob Simmons stated if the Extension Office is reduced by Cmmr. Gallagher's proposal, the office would not be able to stay open.

Auditor Karen Herr offered to reduce her budget by 1%.

The workshop adjourned at 2:55 p.m.

Respectfully submitted,

Diane Zoren, Assistant to the Commissioners

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Tim Sheldon
Chair

Ross Gallagher
Commissioner

Lynda Ring Erickson
Commissioner