

**BOARD OF ADA COUNTY COMMISSIONERS
MINUTES OF BUDGET HEARING
WEDNESDAY, AUGUST 1, 2011
6:00 P.M.**

The Board of Ada County Commissioners (Board) met this date in the Public Hearing Room of the Ada County Courthouse Complex to hear the preliminary budget presentation for the fiscal year 2011-2012. Staff present: Chris Rich, Clerk; Gary Rainey, Sheriff; Greg Bower, Prosecuting Attorney; Bob McQuade, Assessor; Erwin Sonnenberg, Coroner; and Vicky McIntyre, Treasurer. Minutes Recorder: Judy Morris.

I. IN THE MATTER OF CALL TO ORDER:

Commissioner Rick Yzaguirre called the meeting of the Ada County Commissioners to order at 5:59 p.m.

II. IN THE MATTER OF ROLL CALL:

Commissioners Rick Yzaguirre, Sharon M. Ullman and David L. Case were present.

III. NEW BUSINESS

- Tentative Budget

R. Yzaguirre explained the budget process and the challenges faced in creating the budget. He stated that for the seventh straight year Ada County would not be increasing property taxes to fund the 2013 budget. He said the Board had foregone collecting over \$19.3 million in actual property taxes over the past seven years. He advised that if the three percent increase had been levied, it would have compounded to 81 million that has been left in the taxpayers' pockets over that period of time. He explained that going back to 2006, he believed the Board sensed the economic climate was changing and it's been the goal of the Board to budget as conservatively as possible to protect the taxpayers. He stated that their foresight helped Ada County weather the storm better than most other local governments or entities in the entire state. He said the Board was proud of that fact and the County is still solid. He advised that revenues were down but the demand continues to go up. He stated that the Board intended to take \$23.5 million of the County's budget stabilization fund to help balance the 2013 budget. He explained that the \$5.9 million growth in the 2013 budget addresses the County's need to increase workloads and to, hopefully, begin correcting a several year employee pay freeze which had severely impacted many of the employees at a time when they were facing increased health insurance premiums. He stated they are starting to see indicators that things are slowly starting to turn around. The County's building permits have starting picking up substantially in the last six months. The shared tax revenue from the state for liquor revenue sales tax and other things seem to indicate that the trend is reversing. He stated that in accordance with Idaho Code, the Ada County Clerk will present an overview of the proposed FY13 County budget including the requests from the various County departments. He said that following the presentation, the hearing would be open for public comment. He advised that anyone intending to testify would need to complete a testimony card and turn it into the Clerk so it could be part of the record.

C. Rich stated that the budget attempts to address the shortage of revenues and the needs of the departments that have been building up. He began his presentation with an overview of Ada County's five fund types and their corresponding departments and functions. He advised that this presentation would address the County wide expenditures and the items listed in current expense. He explained that the departments in the self-supported or special revenue funds are basically independent departments that have their own sources of revenue and constraints. He stated that items under current expense are the larger expenses and are shared by the bulk of the Ada County departments.

C. Rich advised that the 2013 budget is \$198,952,000. He said that the County was only two percent higher than it was in 2008. He reviewed the budget history since FY08. He stated that looking at the budget from an inflationary basis, the County was approximately six percent lower now than in 2008. He discussed the change in fund balance for current expense, explaining the actual revenue to actual expenses. He reviewed the funding sources county wide. He said the County has not levied

taxes in seven years, with the exception of the three percent for EMS and occasionally taking the new construction roll taxes.

He discussed the current fund balance. He stated that in 2012, the levy was approaching its maximum because housing valuation was dropping. He explained that to circumvent the situation, the County moved \$7.75 million of revenue from current expense to the special levy fund departments. That included the Clerk of the Court operations for \$5.25 million dollars. Indigent Services was, and is still, facing an increase in demand, and received \$2.5 million from current expenses. He said FY12 also saw an increase in expenses which resulted in the switch from accumulating fund balance to using the fund balance to cover the delta between revenue and expenses. He advised that the identical situation, although not as dramatic, will be the same going into FY 2013, where expenses are greater than revenues and will need to be covered by savings.

He compared the FY12 and FY13 County funding for the budget. He explained the property tax increase of \$1 million is the \$128,000 from the three percent levied on Indigent Services and taking the new construction roll for \$970,000. He showed that the departmental revenue was up \$5 million which was comprised of the Sheriff's office taking on Adult Misdemeanor Probation. He explained that the program was not an increase in taxes but an increase to the budget. He said the operation would be paid for using fees paid by the probationers.

C. Rich said the economy is improving and as a result, the County is seeing increased revenues in the Recorder's office, Development Services and Emergency Communications. He said the County is anticipating an increase of approximately \$2 million from state revenue for sales tax and liquor tax. He explained that the County anticipated using approximately \$24 million of the fund balance to balance the budget in FY13. He said in total, the budget is up \$6 million from the current year.

C. Rich reviewed and discussed the large line item expenses. He explained that the largest expense involved personnel costs, which was approximately 59% of the total County budget or \$6.5 million. He summarized the employee salaries and related expenses including 43 new positions, 59 reclassifications and promotions and 212 special salary adjustments. He stated that the majority of reclassifications and salary adjustments were an attempt to bring employee salaries in line with their responsibilities and skills. He explained that 120 of the special salary increases were for lower, underpaid employees. He said that the 2% and 1.5% one-time interim pay is targeted towards the remaining 1300 employees at Ada County. He discussed market salaries from 2006 through 2013, the Consumer Price Index and Ada County salaries. He reviewed the salary increases and expenses by department.

C. Rich reiterated that the FY13 budget was reflective of the years of recession, constraint and the salary issues within the County. He stated that the \$198,952,000 was projected to be funded by property taxes of \$88 million, departmental revenue of \$70 million, state revenue shared funds of \$17 million and the use of fund balance of \$24 million. He said the challenge of the coming year will be covering the gap in revenues and expenses.

R. Yzaguirre opened the hearing up for public comment.

There was no public testimony.

R. Yzaguirre closed the public hearing.

R. Yzaguirre advised that the tentative budget would be adopted on Monday, August 6, 2012, at 1:00 p.m. He said the budget would then be published in the Idaho Statesman on August 13, 2012, and the final budget would be approved by resolution on August 21, 2012.

S. Ullman stated that the County has only slightly increased the actual dollars of the budget since FY08, even with inflation and the mandatory obligations imposed by legislation. She discussed funds set aside to pay the court lease and to pay off the courthouse bonds in 2015 which could be drawn upon, if necessary. She explained her position supporting the salary adjustments and new positions reflected in the budget.

VI. IN THE MATTER OF RECESS:

There being no further business to come before the Board at this time, the meeting was recessed at 6:26 p.m.

Rick Yzaguirre, Chairman

ATTEST:

Christopher D. Rich, Ada County Clerk