

**Special City Council Meeting
Thursday, January 21, 2010, 6:00 p.m.**

- **Presentation by Island County Commissioner Angie Homola
Island County Government and Financial Basics**
-

IN ATTENDANCE

Jim Slowik, Mayor
Five Members of the Council,
Rick Almberg
James M. Campbell
Scott Dudley
Jim Palmer
Bob Severns
Councilmember Beth Munns and
Mayor Pro Tem Danny Paggao did
not attend.

Paul Schmidt, City Administrator
Mike McIntyre, Senior Services Director
Renée Recker, Executive Assistant to the Mayor

PRESENTATION

Commissioner Homola gave a PowerPoint presentation on Island County Government and Financial Basics which is attached to these minutes as Exhibit A.

Council Discussion

Discussion followed about the prior year's discretionary reserve, the tapped unreserved fund balance, use of banked capacity funds, the month's worth of funds amount kept on reserve, and absence of a cash flow graph.

Council Questions

- **Can staff be rotated to keep some offices open on Friday? Fridays can be heavy permit and transaction processing days. Is there a loss of revenue and interest which could be held over the weekend?**

Commissioner Homola: It did not pencil out economically for the County to rotate staff and keep offices open on Friday. This was discussed with department heads and staff. Closing offices on Friday also allows staff to catch up on their workload since the number of staff members has been reduced.

- **The County's budget director is forecasting sales tax revenue to be up in 2010. What is the basis for this forecast?**

Commissioner Homola: The forecast is based on what has been received, projecting beyond that figure, and seeing an increase in home sales.

- **What percentage of sales tax comes from Oak Harbor?**

Commissioner Homola: Will need to get an answer (for Councilmember Palmer).

- **On slide 20 – Permit and fee adjustments – move toward full cost recovery. Have these fees been in the negative?**
Commissioner Homola: The County wants to ensure that permit monies are being spent on the item being permitted. The present software for tracking this is inadequate and needs to be updated.
- **Where do we go from here (Ms. Homola's comments).**
We need to project further forward that just the next year or two and probably project out for five years. We are stuck with the 1% property tax cap yet the cost of living increases, people move to Whidbey Island, and services need to continue. We still have rural status which is helpful.
- **Friday office closure is still concerning and seemingly Friday is the worst day of the five business days to be closed. Is this temporary?**
Commissioner Homola: Our biggest challenge is to have enough money to function. A change in our medical benefits policy would save \$740,000, but we also have to keep the unions in mind. I do not see a quick turnaround in Island County's budget challenges and we may need to go to the public to see their priorities.
- **Will cutbacks be revisited in the next few months?**
Commissioner Homola: Cutbacks will be revisited quarterly. We will also continue to schedule our community public meetings.
- **How long does the fix sustain us?**
Commissioner Homola: We have tapped our reserve funds and the banked capacity is zero. This will cover 2010, but hopefully, the economy and sales will improve and we can accomplish projections.
- **Will projections be done this quarter?**
Commissioner Homola: Yes.
- **With mandated and essential services, what is the definition of essential?**
Commissioner Homola: A good question; everything we do is mandated or essential. WSU Extension Services brings in an incredible wealth of volunteers. Meals on Wheels is not mandated but is essential. It is difficult to prioritize what is essential, what is mandated, or which department should be prioritized.
- **Is the \$740,000 savings in health benefits attainable?**
Commissioner Homola: It is difficult to say considering the various unions, but we want to move in that direction. The increase in health benefits cost was much higher than expected.
- **With the 2010 census coming up, will there be a redistricting process?**
Commissioner Homola: That was recently accomplished and is good for ten more years.
- **What percentage of the County's general fund goes to law and justice?**
Commissioner Homola: 57%.
- **What are inmate services?**
Commissioner Homola: Volunteer inmates who are supervised and provide labor.
- **Are Island Transit and Island County Tourism junior taxing districts? If they are, could the County impose administrative costs on them?**
Commissioner Homola: I am not sure; will need to check (for Mayor Slowik)
- **It was mentioned that South Whidbey Parks and Recreation are helping with some of the County's parks. How many County parks are there?**

Commissioner Homola: I need to check on that number. The County does have 56 beaches; 30 have contaminants.

- **Concerning cash flow, are real estate excise taxes collected weekly? Could the County provide a closing team on Fridays and charge a premium for Friday closings?**

Commissioner Homola: I would need to get back to you (for Councilmember Almberg). We did look at the numbers between Fridays and other days, have had that discussion with planning, and found that most filings are on Monday and Tuesday. It is not realistic to think that we can cover all of the business week's hours. We have a reduced staff working 37 ½ hours a week. We have tried to consolidate to maximize productivity. Commissioners sit on many committees; I personally sit on fifteen different committees.

- **Could the County's charter be changed to accommodate five commissioners, and a professional administrator? The load could be better shared.**

Commissioner Homola: It would be helpful to have an administrator, but we would need space for additional commissioners and personnel and funding to cover this.

- **Money brought in on Fridays could be banked; you are losing eight days of interest each month. You could be closed on Mondays instead of Fridays.**

Commissioner Homola: It didn't play out to do that.

- **Is the mental health spending (the red bar on slide 16) for the last three years being re-evaluated?**

Commissioner Homola: There is no cap or sunset on those taxes. It is money well spent; 1/10th of 1 percent.

- **Did you seek out help and advice?**

Commissioner Homola: We had an open process and transition. With a \$2 million shortfall, we've looked to our department heads and their flow charts and will look to the department heads again. We've cut most departments below the belt.

ADJOURN

With no other comments or questions coming forth, Mayor Slowik closed the meeting at 7:00 p.m. and thanked Commissioner Homola for her presentation.

Connie T. Wheeler
City Clerk

Island County Government and Financial Basics

By Commissioner Angie Homola January 2010



Island County Commissioners

Helen Price Johnson
District 1



Angie Homola
District 2



John Dean
District 3

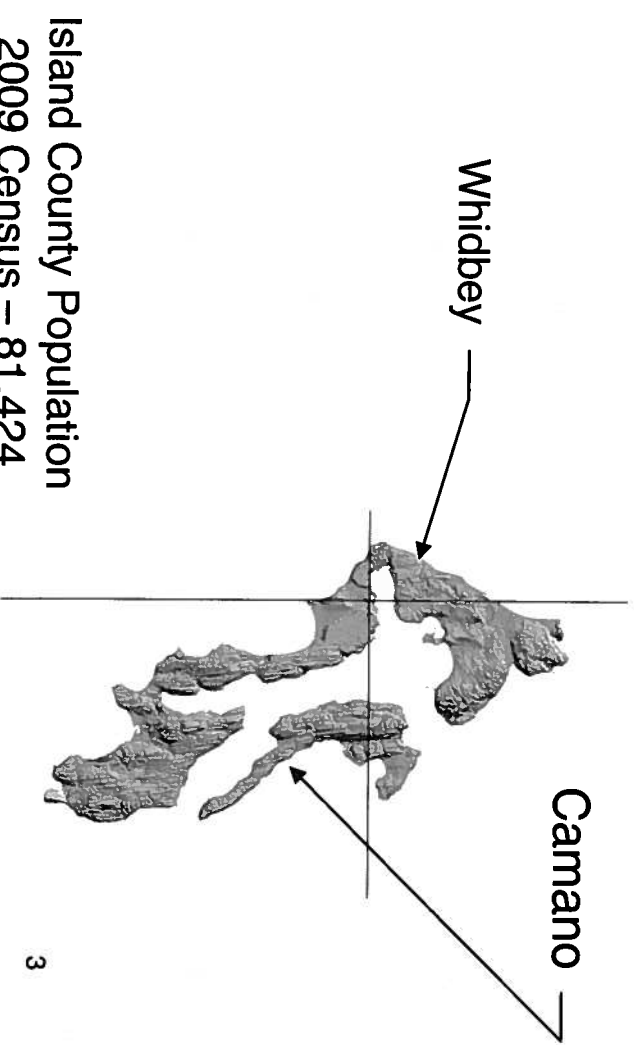


Responsibilities of Island County Commissioners...

- Commissioners are charged with overseeing county operations, financial and budgetary matters, and the adoption of laws that regulate county growth, health, safety and the welfare of its citizens.

Islands in Island County :

Camano
Whidbey
Baby
Smith and Minor
Strawberry
Deception
Ben Ure



Departments of Island County (number of Full Time Equivalents by dept.)

■ Indicates Elected Official	
■ Assessor (16.70)	■ Juvenile Justice (26.70)
■ Auditor (13.0)	■ Maintenance and Facilities (10.75)
■ Budget/Clerk of the Board (1.25)	■ Planning (19.0)
■ Central Services (7.0)	■ Prosecuting Attorney (17.47)
■ Commissioners and staff (8.05)	■ Public Works (88.26)
■ Clerk (8.13)	■ Parks & Grounds Maint. (2.85)
■ Civil Service (.29)	■ Solid Waste (23.67)
■ Coroner (2)	■ Superior Court (7.9)
■ Sheriff (45)	■ Treasurer (7.2)
Jail Administration (20)	■ WSU Extension (7.5)
■ Dept of Emergency Mgmt. (1)	
■ District Court (13)	
■ General Services Admin (3.25)	
■ Health (38.96)	■ Total FTEs: 405.95
■ Human Resources (1.75)	■ Down 50 FTEs from 2008
■ Human Services (15.27)	

Island County Staffing...

who does the work...

■ **Employees 429**

Including temps and summer hires +/- 460

- Elected Officials 13
- Non represented employees 104
- Represented employees 312

■ Unions (6)

- | | |
|---|--|
| ■ Guild Administration (5) - Sheriff | <u>Contract Expires</u>
Dec 31 2007 |
| ■ Guild Corrections (19) - Sheriff | Dec 31 2007 (A) |
| ■ Guild Road Deputies (37) - Sheriff | Dec 31 2008 (A) |
| ■ 1845 (161) | Dec 31 2009 |
| ■ 1845 I (84) | Dec 31 2009 |
| ■ Teamsters - Prosecuting Attorneys (6) | Dec 31 2010 |

County Government Mandates and Essential Services

... What people expect...

County Current Expense (aka: General Fund):

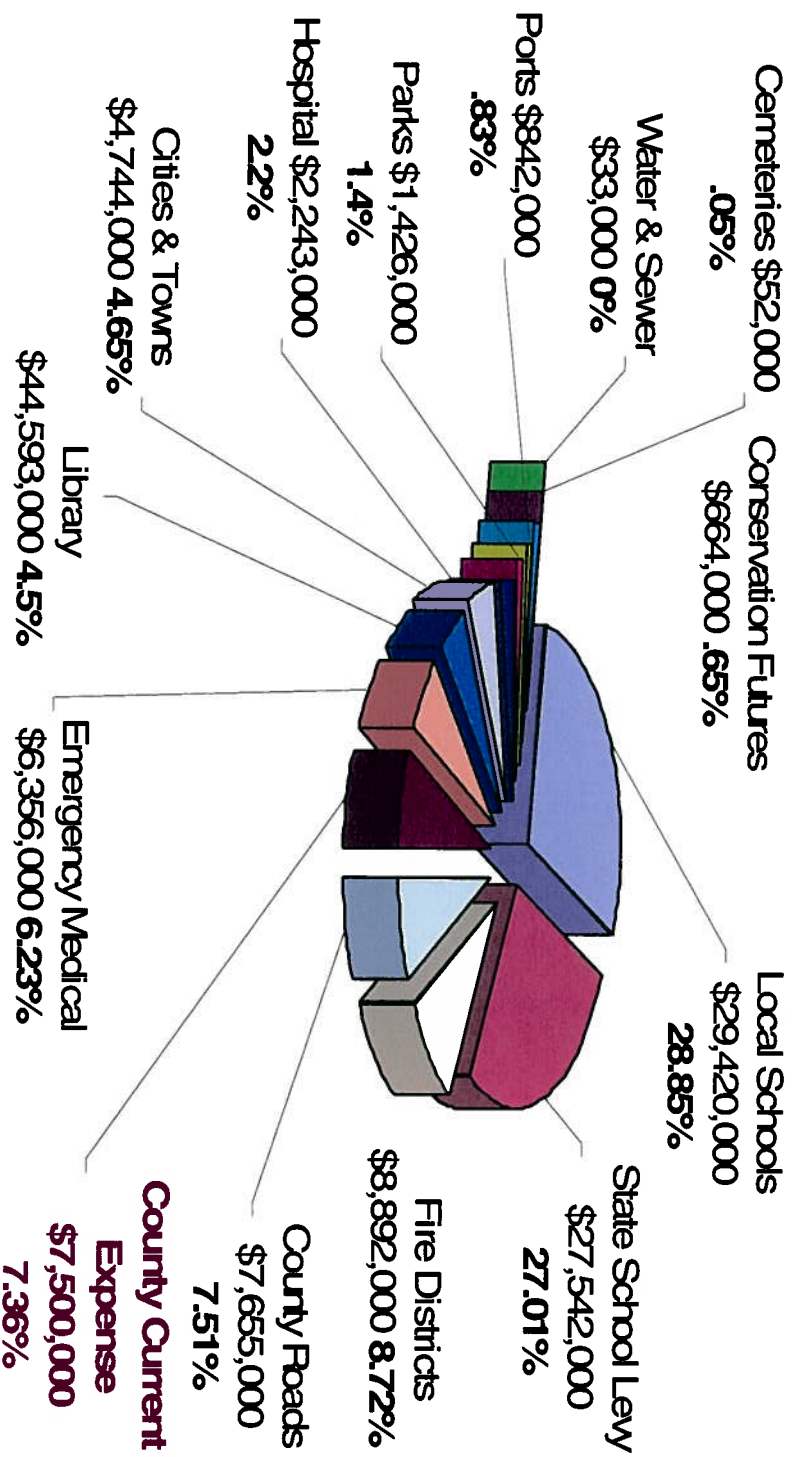
- Provide Law and Justice, Environmental and Public Health, Emergency Management, Coroner, Land Use, Shoreline and Natural Resource Planning, Sanitation, Elections, Licenses, Historic Preservation, Recreation, Transportation Infrastructure, Flood and Water Conveyance, Surface and Ground Water Protection, Aqua and Agriculture Protection, Animal Control, Maintenance of Public Facilities and Grounds.

Voter approved levies, junior taxing districts or designated funds from sales and property taxes:

- Education, libraries, fire and hospitals districts, diking and drainage districts, cemeteries, low income housing, economic development, education, and provisions for indigents, veterans, children and the elderly.

How Property Taxes are Divided up

Island County Property Taxes 2009



2009 property tax sum of all parcels: \$101,961,000

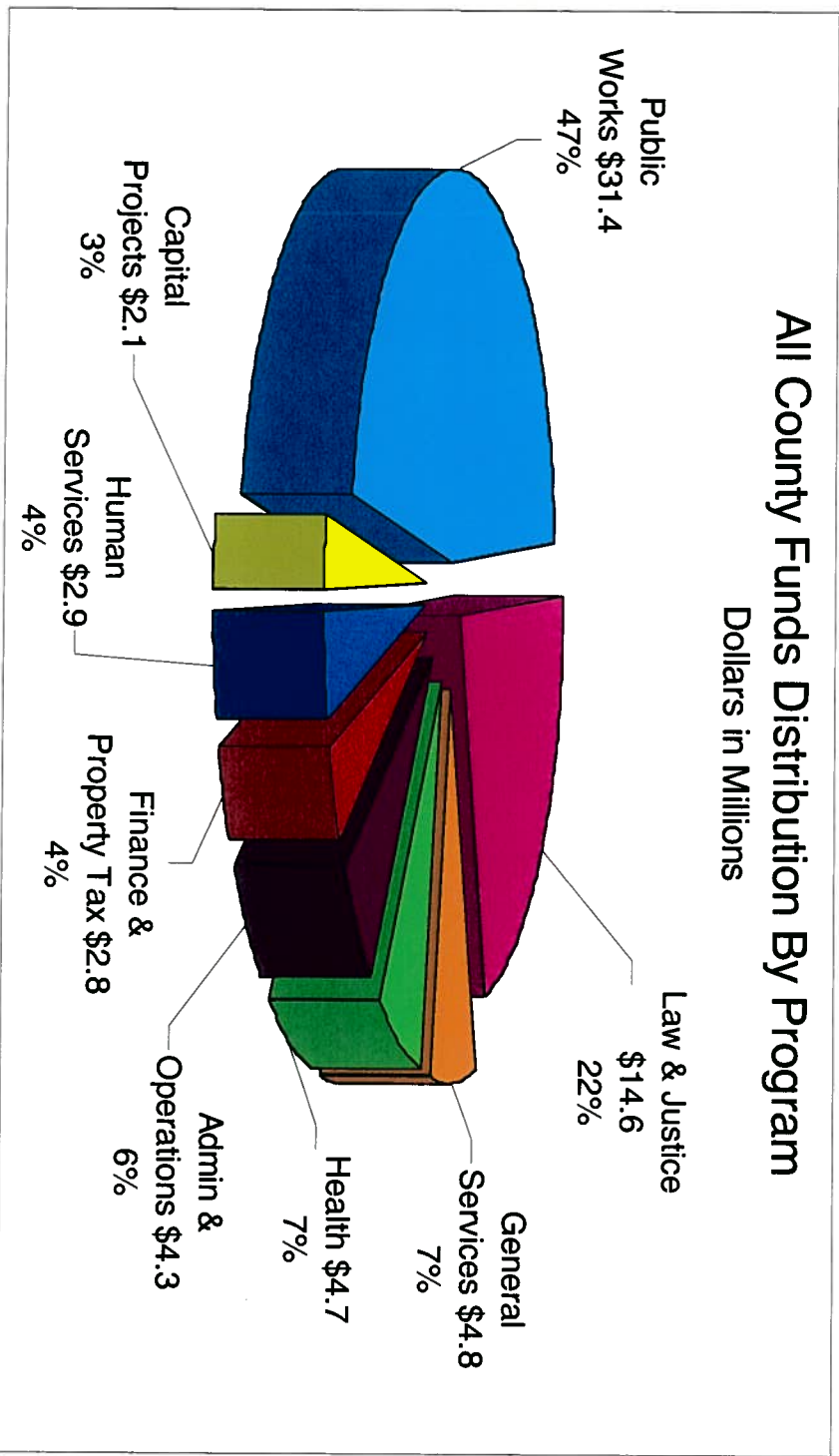
2009 assessed value sum of all parcels: \$14,910,000,000

County Current Expense

\$7,500,000

7.36%

Total County Budget

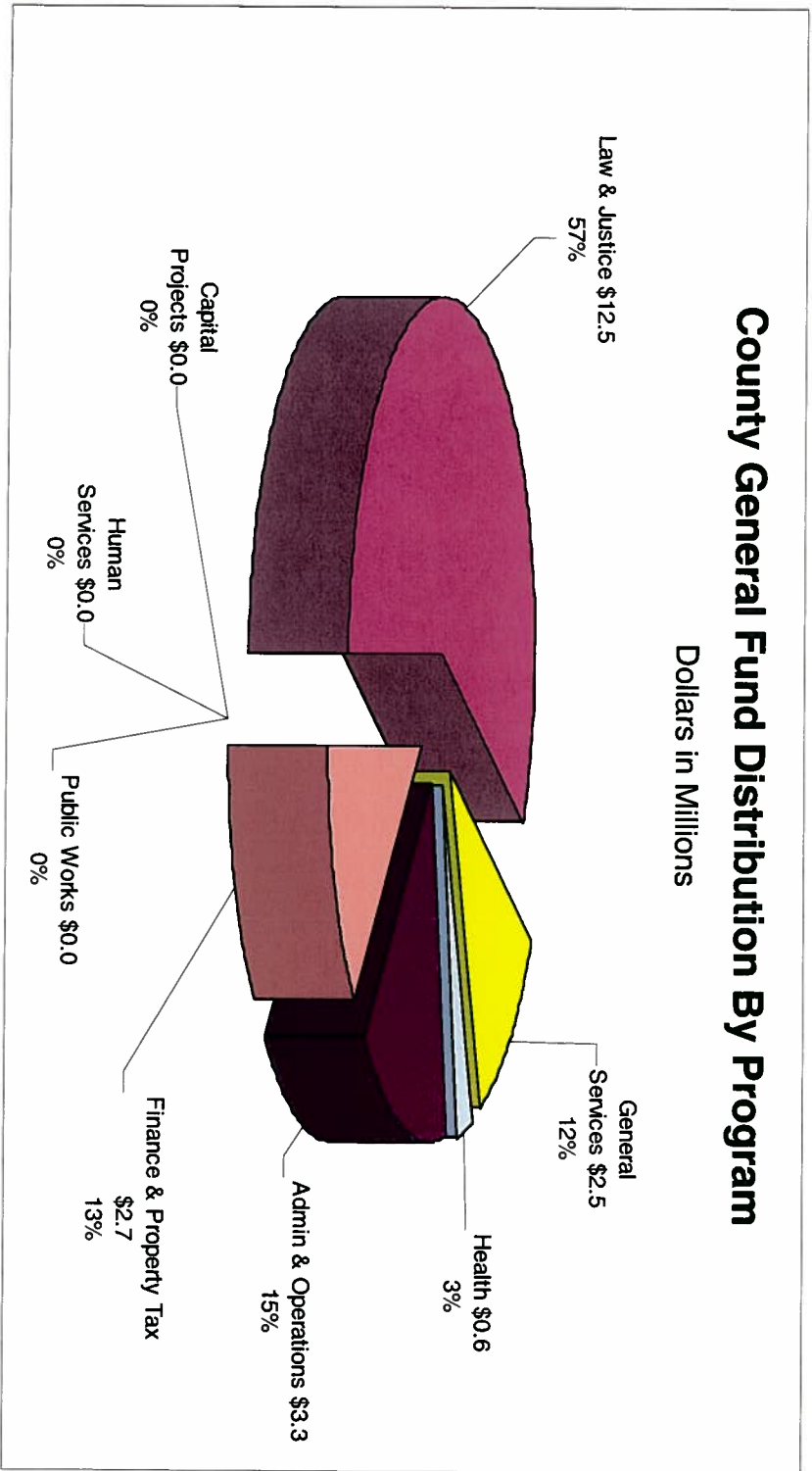


Total: 67.6 million dollars

County General Fund by Program

County General Fund Distribution By Program

Dollars in Millions



Total: 21.6 million dollars

Island County Current Expenses

- Departments and Courts
- Salaries Wages and Benefits
- Maintenance and Operations
- Equipment
- Transfers:
 - WSU Extension, Public Health, Human Services
- Medical Insurance
- Risk Pool Insurance
- Motor Pool
- ICOM 911 Service
- Senior Services
- Parks and Grounds Maintenance
- Animal Control Officer
- Animal Shelter Facilities

Contracts and Consultants Expenditures

- Mass mail/printing
- Public Defender
- (Auditor, Assessor, Treasurer)
- Unemployment Claims
- Tech support, software and updates
- Impaired Driving Panel
- Autopsies – Coroner
- Hearing Examiner
- Jail meals
- Union Liaison
- Jail Medical
- Court Room Security
- Treasurer fund fees, transfers and transport

General Fund Expenditures

Annual Expenditures +/- : \$ 21.6 million

Monthly Expenditures +/- : 1.8 million

Prudent Contingency 3 months expenses +/- : 5.4 million

Actual Reserve Contingency

1 months expenses
(amount dedicated by ordinance) : \$ 2.2 million

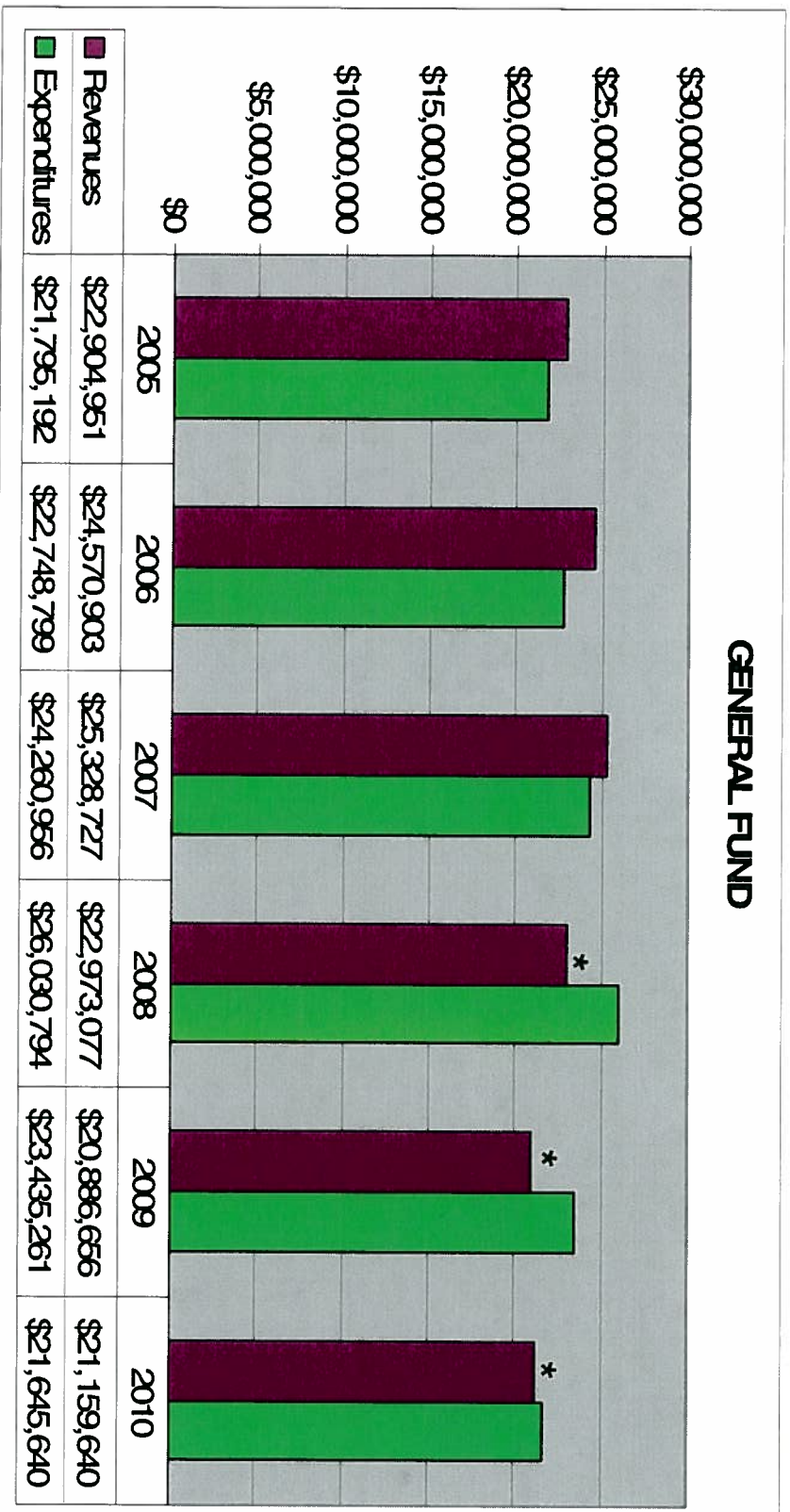
Un-Reserved Fund Balance: \$ 880,000

Approved reduction for 2010 -250,000

Current Balance \$ 630,000

Prior to 2008 un-reserved fund balance approx. \$5 million

Island County Revenues and Expenditures



* Prior years discretionary reserves used to balance 2008, 2009 and 2010 budgets

Island County Funding Sources

General Fund Revenues

- Property Taxes
- Sales Tax
- Permits and licenses
- Charges (fees) for services
- Fines
- State and Federal funds or grants
- Levy's – set at 1% increase on property tax per year max.

Designated Funds

- Juvenile Detention
- Mental Health
- Indigent Veterans
- Historic Preservation
- County Roads
- Solid Waste
- Homeless & Affordable Housing
- Tourism
- Enhanced 911

Miscellaneous Funding

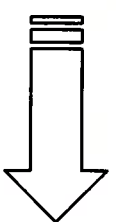
- Grants
- Volunteer services
- Inmate services

Banked Capacity

Previously unused Property Tax Levy Capacity

- County Road 09

\$ 270,000



\$100,000 additional transfer to Sheriff's Budget for Traffic Safety (Total transfer \$616,000)

- County Current Expense 09 (General Fund)

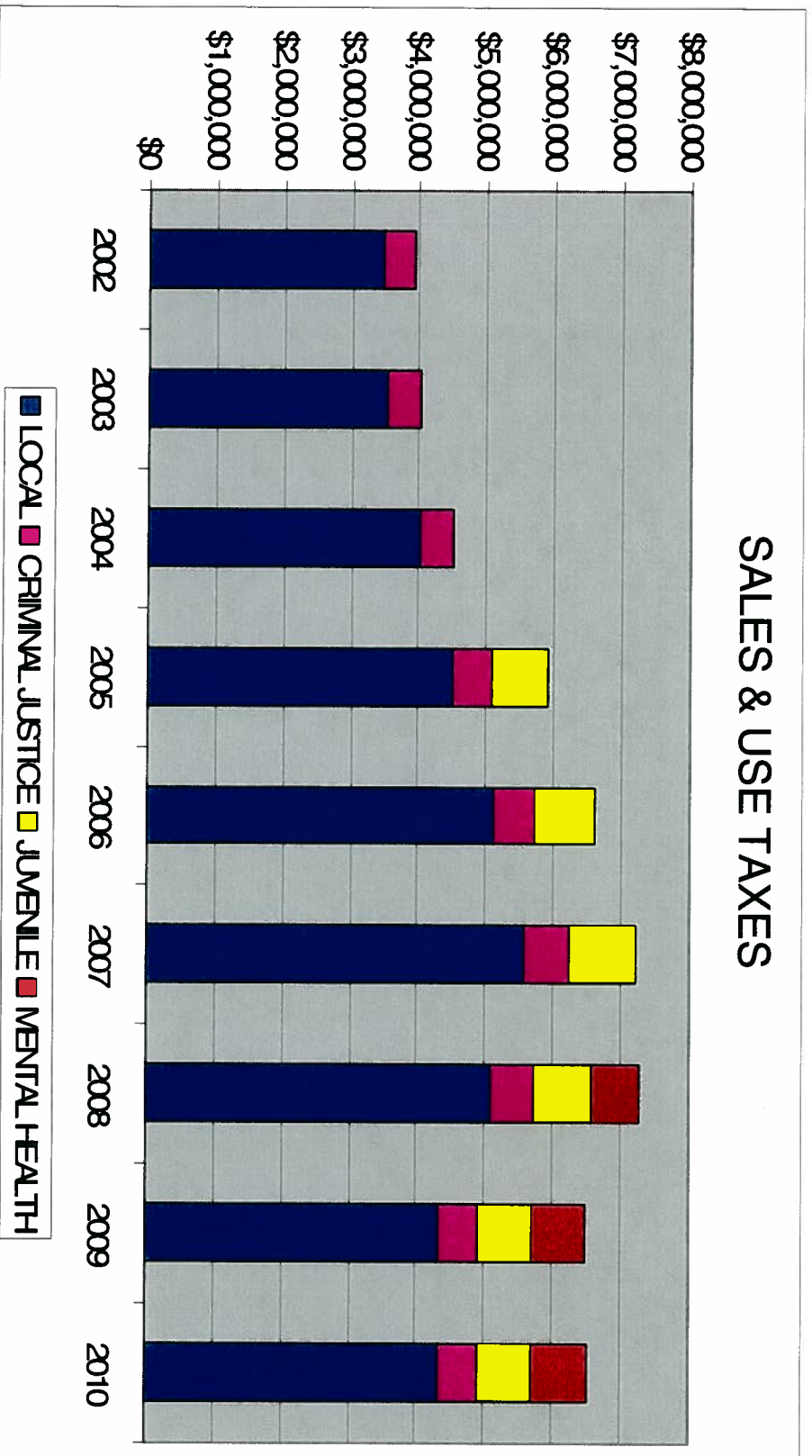
\$ 67,000

Total : \$ 337,000

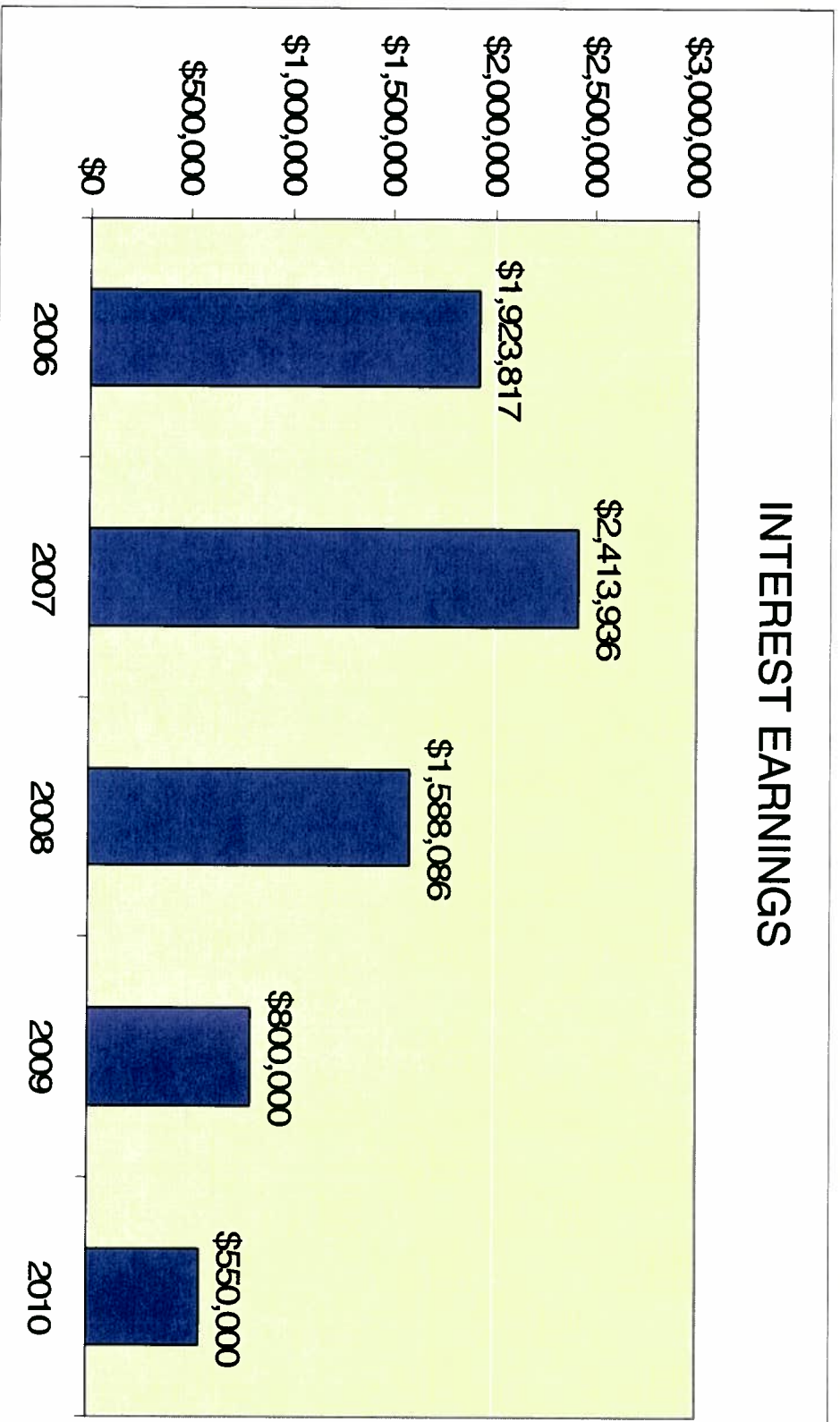
Full banked capacity levied to 2010 budget

Balance available for future years: \$0

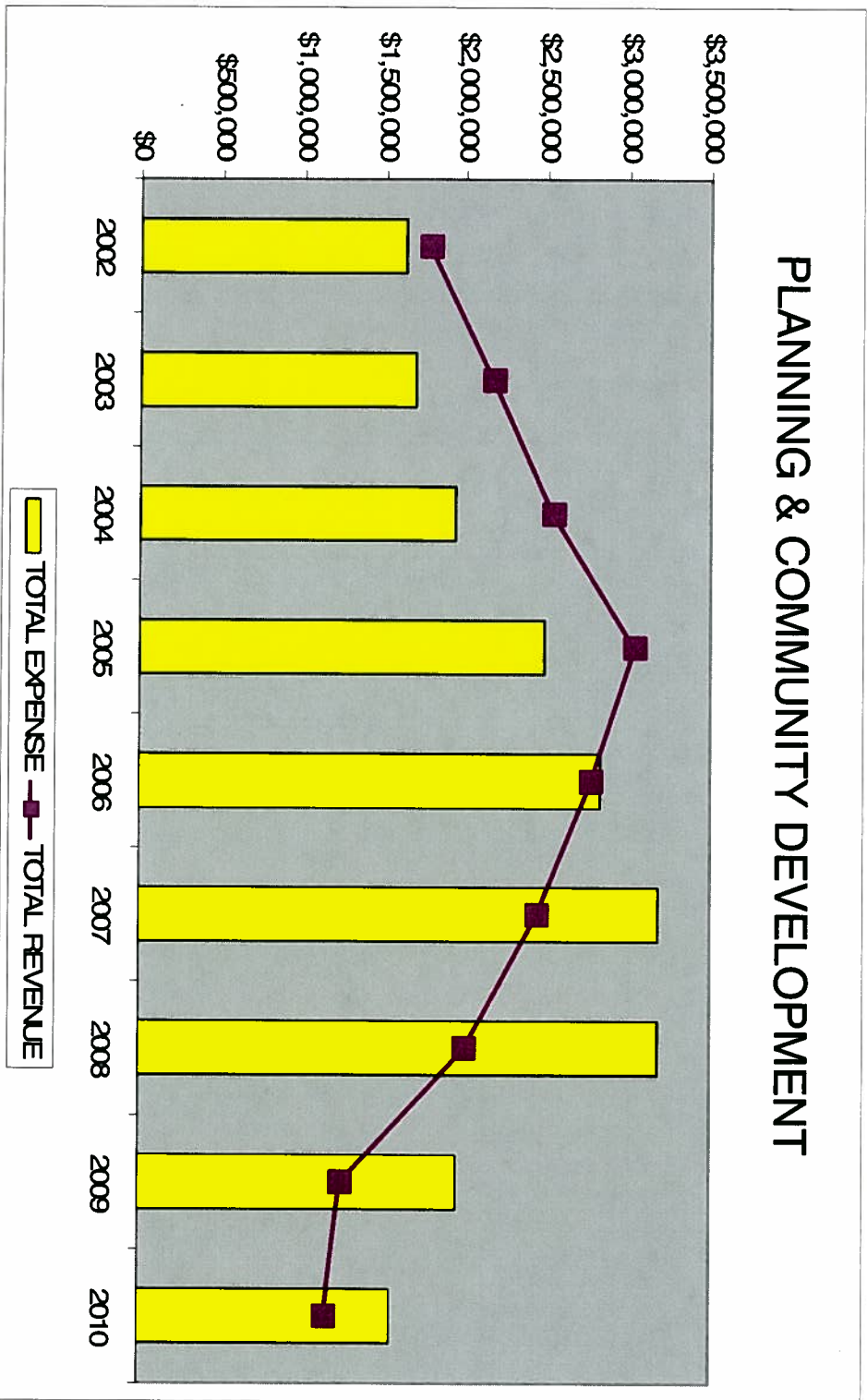
Revenue from Sales Tax 2002 - 2010



Revenue from Interest on Accounts 2006 - 2010

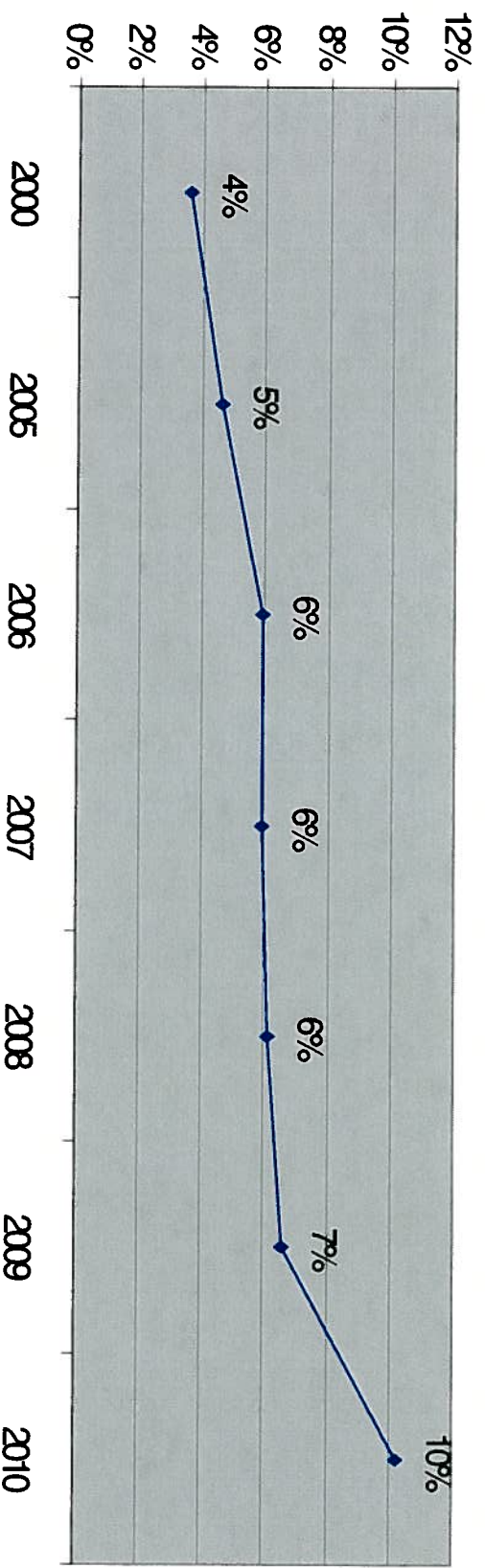


Revenue and Expenses from Planning Department Permits



Medical Insurance Expense to the General Fund

**2010 BUDGET
RATIO MEDICAL DENTAL PREMIUMS
COMPARED TO TOTAL EXPENDITURES**



Proposals to Balance 2010 Budget

...and beyond

- Tap un-reserved fund balance
- Use Banked Capacity
- Medical Insurance change of benefit plan
- Furloughs/Reduction in hours
- Salary contributions from elected officials
- Reduced Travel and Training
- Reduced hours to the public
- Adopt-A-Park and park cooperative with South Whidbey Parks
- Reduce Energy
- Consolidation of staff and closure of rental space
- Adopt 1% property tax levy increase
- Permit and fee adjustments – move toward full cost recovery
- Surplus assets (vehicles)
- Centralize purchasing
- Consolidate motor pool
- 3/10th of 1% Law and Justice sales tax increase (voter approved)
- ICOM – 911 tax increase (state legislators this session)
- Property Tax Levy lift above 1% (voter approved)

■ Items adopted