

## Finance Committee Meeting Douglas County, Nebraska

Tuesday, March 25, 2014

The meeting convened at 1:00 p.m. in Room 903 of the Omaha-Douglas Civic Center, 1819 Farnam Street, Omaha, NE 68183. A copy of the Open Meetings Act is located on the wall near the entrance of the room. A notice of the meeting was published in the March 18, 2014 issue of The Daily Record. County Commissioners present at the meeting were Clare Duda, PJ Morgan, Mary Ann Borgeson, Marc Kraft, and Pam Tusa. Others present at the meeting included Joe Lorenz, Diane Carlson, Catherine Hall, Marcos San Martin, and Karen Cole of Administration; Allan Jackson of Veterans; Adi Pour and Tim Kelso of the Health Department; Eric Carlson and Lisa Andersen of Purchasing; John Solano of the Garage; Kent Holm of Environmental Services; Kathleen Hall and Dan Esch of the Clerk/Comptroller's office; and Jeff Stevens of Nebraska Taxpayers for Freedom. Commissioners Duda and Morgan conducted the meeting.

### **1. Preliminary 2014/2015 County budget review with selected department heads and elected officials.**

#### Veterans

- Veterans' current budget for 2013/14: \$472,186
- Veterans' budget target for 2014/15: \$477,063
- Veterans' budget request for 2014/15: No specific amount yet

Ms. Cole left the meeting during this discussion. Speaking during the Veterans budget discussion were Mr. Lorenz, Mr. Jackson, Commissioner Duda, Commissioner Morgan, and Commissioner Tusa. Highlights from the discussion included the following:

- Mr. Lorenz said Bernie Brosnihan will be out several weeks due to shoulder surgery, so Al Jackson will be working on the budget for Veterans.
- Mr. Jackson said Mr. Brosnihan said Veterans' budget will basically stay the same for 2014/15.
- Mr. Jackson said Veterans uses a lot of the State benefits in trying to assist the County's veterans, and uses County Aid for emergencies only, i.e. utilities, rent, or medical.
- Commissioner Morgan said the County Board could meet again with Veterans if Mr. Brosnihan has any concerns after he returns.

#### Health Department

- Health Department's current budget for 2013/14: \$12,842,239
- Health Department's budget target for 2014/15: \$12,984,782
- Health Department's budget request for 2014/15: No specific amount yet

Speaking during the Health Department budget discussion were Mr. Lorenz, Dr. Pour, Commissioner Tusa, Commissioner Morgan, Commissioner Kraft, Commissioner Borgeson, Mr. San Martin, Mr. Kelso, Mr. Stevens, and Mr. Holm. Highlights from the discussion included the following:

- Dr. Pour said the Health Department's FY2014/15 budget request will be around \$12.5 million.
  - \$7.5 million (60%) is going to be funded by grants.
  - \$2 million (16%) from fee revenues, mainly from Environmental Health and Vital Statistics.
  - \$3 million (24%) in tax support.
    - Dr. Pour said tax support for the Health Department in FY2013/14 is \$2,828,571. Dr. Pour said as it stands right now, the Health Department's proposed tax support for FY2014/15 is \$3,020,842, a difference of \$192,271.
    - Dr. Pour said the Health Department will find a way to reduce its tax support budget request by \$49,700 or more in order to meet the FY2014/15 target budget for the Health Department.
- Dr. Pour said she thinks this is the last year the Health Department can move forward the way it is without laying off anybody.
- Dr. Pour said the Health Department would like to look at a pay-for-performance measure.
  - Dr. Pour said she doesn't foresee there being any cost for looking into doing this.
  - Dr. Pour said it will probably take the Health Department a year to put the criteria together.
  - Dr. Pour said the Health Department union representatives are aware of this.
- Dr. Pour said she would like the Health Department to invest in staff training.
  - Dr. Pour said this is something that the Health Department hasn't done in years and this training is intended to bring the employees up to the newest standards.
- Dr. Pour said she is advocating for public health to be written in to enhanced Medicaid legislative bills that may come up in the Legislature next year.
  - Dr. Pour said public health can be the coordinator for clinics and community services.
  - Dr. Pour said if public health were written in to a Medicaid bill, she would foresee some ongoing funding coming from that bill.
- Grants were discussed.
  - Dr. Pour said the Health Department's grant revenue will be down about \$500,000 from last year.
  - Dr. Pour reviewed grants that are going to end for the Health Department in the coming year, including a community transformation that is ending 2 years before it was originally supposed to.
    - Dr. Pour said she received a phone call informing her that this grant was not going to be funded after its 3<sup>rd</sup> year.
    - Dr. Pour said the grant was supposed to be a 5-year, \$2,500,000 grant (\$500,000/year).
  - Dr. Pour said the grant climate is not good.
    - Dr. Pour said she has read that grant sources will potentially go down by 40% nationwide.
  - Dr. Pour said when the Health Department finishes writing for one grant, it starts writing for another.
    - Dr. Pour said the Health Department has a good reputation and it writes good grants, so that has helped.

- Inspections and permits for food and drink establishments were discussed.
  - Dr. Pour said the costs of inspections for restaurants/bars are going to start being based on the time it takes the Health Department’s inspectors to go through the establishments.
    - Mr. Kelso said a consultant from Sequoia Consultants is going to help the Health Department come up with a cost per hour which will then be applied to the new structure for permits for food and drink.
    - Mr. Kelso said this new structure will bring the cost more in line with what the cost is supposed to be, which is the cost of administration and enforcement.
  - Dr. Pour said as of March 25, 2014, there are 49 establishments that haven’t paid their retail food permits/licenses.
    - Dr. Pour said these establishments have received two letters from the Health Department and a personal phone call from the inspector who covers their area.
    - Commissioner Morgan said the Health Department should consider raising its late fees.
      - Mr. Kelso said he would suggest waiting for the Health Department’s new structure for licenses and permits before incorporating any changes to late fees.
    - Commissioners Tusa, Morgan, and Borgeson asked Dr. Pour to bring forward a list of the establishments that haven’t paid for their permits and present it to the County Board at the April 1, 2014 meeting.
  - Dr. Pour said caterers are inspected.
  - Dr. Pour said there are about 8 to 10 different licenses for establishments selling food/beverages, but the licenses are based on what is being served, not how large the establishment is.
  - Dr. Pour said the restaurant ratings are posted on the Douglas County Health Department’s website and there is a way for citizens to submit complaints about establishments.
    - Dr. Pour said there has been discussion about placing a rating on the front door of establishments, but it would involve a change in City Code.
- Dr. Pour and Mr. Kelso left the meeting after this discussion.

Purchasing/Garage/General Equipment

■ Purchasing’s current budget for 2013/14:	\$1,182,696
■ Purchasing’s target budget for 2014/15:	\$1,198,823
■ Purchasing’s budget request for 2014/15:	No specific amount yet
■ Garage’s current budget for 2013/14:	\$1,451,342
■ Garage’s target budget for 2014/15:	\$1,458,462
■ Garage’s budget request for 2014/15:	No specific amount yet
■ General Equipment’s current budget for 2013/14:	\$531,000
■ General Equipment’s target budget for 2014/15:	\$531,000
■ General Equipment’s budget request for 2014/15:	No specific amount yet

Speaking during the budget discussion for Purchasing, Garage, and General Equipment were Mr. Lorenz, Mr. Carlson, Commissioner Tusa, Commissioner Kraft, Commissioner Borgeson, Mr. Solano, Ms. Carlson, and Commissioner Morgan. Highlights from the discussion included the following:

- Mr. Carlson said right now meeting Purchasing's budget target for next year is looking positive.
- Mr. Carlson said payroll is most of his budget, so that is Purchasing's biggest budget challenge.
- Mr. Carlson said Purchasing and Garage have some unsettled union contracts.
- Mr. Carlson said Purchasing has started to have conversations with other entities around the area, such as City of Lincoln, Lancaster County, and Sarpy County, about looking at ways to be more strategic in terms of purchasing.
- Mr. Carlson said he is looking into electronic bidding (e-bidding) because he thinks the County can be more efficient with that.
  - Mr. Carlson said a lot of other organizations are using e-bidding.
  - Mr. Carlson said currently bids are sent in on paper.
  - Mr. Carlson said he is looking at a model that City of Lincoln and Lancaster County have been using for the last several years.
- Mr. Solano said he is not concerned with the personal budget needs of the Garage.
- Mr. Solano said repair parts, labor costs, and fuel costs have all gone up, but with some restructuring the Garage's budget should be able to stay where it's at without any increases other than the 1.5% payroll increase.
- Mr. Solano said two vehicles have been totaled out after being in accidents this year and both of those vehicles were only about halfway through their life expectancy.
  - Mr. Solano said both accidents were the fault of County employees.
  - Mr. Solano said even if the accidents were not the fault of the County employees and the County was to receive an insurance payment, that money would go into the General Fund, not back to his department. So either way, his department loses money having to replace a vehicle that it wasn't expecting to have to replace.
- Mr. Solano said there are 35 passenger light duty vehicles that are in excess of 125,000 miles, and 17 that are in excess of 135,000 miles.
  - Mr. Solano said on average General Equipment's budget has enough to buy 23-24 new vehicles per year, but General Equipment is at 35 vehicles per year that need to be retired, and that number keeps growing when only a certain amount of the vehicles are replaced.
  - Mr. Lorenz said not buying new vehicles for General Equipment can translate into higher repair and maintenance costs for the Garage.
- Mr. Solano said General Equipment buys around 95% of their fleet off of State contract and there is significant savings in doing so.
  - Mr. Solano said with the State contract, the difference between a mid-size vehicle (\$16,800) and a sub-compact car (\$15,500) is only about a \$1,300 difference.
- Vehicles for the Sheriff's office was discussed
  - Mr. Solano said on average General Equipment buys 7 to 8 law enforcement vehicles per year, and that leaves about \$200,000 - \$220,000 for the rest of the entire fleet in the County.

- Mr. Solano said if the Sheriff's vehicles that have a lot of mileage don't get replaced, then a lot of money will be spent trying to keep those vehicles on the road.
    - Mr. Solano said there is currently a transition from the Crown Victoria vehicles, which are the old police vehicles, to the new Taurus police interceptors.
      - Mr. Solano said with that comes more costs because, other than some of the electronics, nothing in the Crown Victoria vehicles is compatible with the Taurus vehicles so everything has to be revamped for the new Taurus vehicles.
      - Mr. Solano said on average \$4,000 - \$7,000 is spent per vehicle out of the repair budget to up-fit the Taurus vehicles, on top of its purchase price
    - Mr. Solano said seized vehicles have a different billing code and the Sheriff's office pays for all fuel, maintenance, and repairs on the seized vehicles in the fleet, but work done on the cruisers and administrative vehicles come out of the Garage's budget.
      - Mr. Lorenz said last year there was discussion about using federal drug forfeiture funds for repairs on the Sheriff's entire fleet.
      - Mr. Solano said the Sheriff's office received a letter from the Department of Justice saying it could not be used for all of the Sheriff's fleet expenses.
  - Mr. Solano said he met with Commissioner Kraft and the County's Fleet Management Committee to discuss getting the policy updated to identify what the procedures are for requesting vehicles.
    - Mr. Solano said there's not a set structure on how vehicles are identified to be replaced, other than the age of the vehicle, the mileage, and the cost per mile.
  - Mr. Carlson, Mr. Solano, and Ms. Andersen left the meeting after this discussion.

#### Environmental Services/Landfill

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| ■ Environmental Services' current budget for 2013/14: | \$14,906,955           |
| ■ Environmental Services' target budget for 2014/15:  | \$14,924,105           |
| ■ Environmental Services' budget request for 2014/15: | No specific amount yet |
| ■ Landfill's current budget for 2013/14:              | \$312,423              |
| ■ Landfill's target budget for 2014/15:               | \$312,423              |
| ■ Landfill's budget request for 2014/15:              | No specific amount yet |

Speaking to the budget discussion for Environmental Services and Landfill were Mr. Lorenz, Mr. Holm, Commissioner Tusa, Commissioner Duda, and Mr. Stevens. Highlights from the discussion included the following:

- Mr. Holm said it's early in the budget process, but he would anticipate that the projections for 2014/15 are going to be similar to 2013/14.
- Mr. Holm said the landfill gas project could potentially reduce the operation and maintenance costs at the State Street Landfill.
- Funding for Under The Sink was discussed
  - Mr. Holm said right now there is ongoing funding for Under The Sink between Douglas County, City of Omaha, and Sarpy County.
    - Mr. Holm said Douglas County's annual contribution is around \$60,000.

- Mr. Holm said funding from Douglas County and Sarpy County is based on landfill tonnage.
  - Mr. Holm said he is hearing that Sarpy County wants an adjustment to its contribution because Sarpy is not going to have a landfill anymore.
  - Commissioner Duda said he feels Sarpy County's responsibility towards Under The Sink should not go down.
- The Integrated Solid Waste Management Plan was discussed.
  - Mr. Holm said part of the intent is to create a more sustainable solid waste management program in the community, and that includes diverting materials from the Landfill that can be recycled, reclaimed, or reused for other processes.
  - Mr. Holm said in the next five years there will be an opportunity to do a fair amount of planning on all aspects of solid waste management.
    - Mr. Holm said this will have an impact on the Landfill, one way or another.
  - Mr. Holm said the City of Omaha is in the process of renewing its collection contract with Deffenbaugh.
- Mr. Holm said Environmental Services is continuing to do projects at the Health Center and the Midtown Campus in effort to eliminate some of the stormwater going into the combined sewer.
  - Mr. Holm said a plaza area will be created at the Midtown Campus, which will take care of some stormwater issues as well as provide an amenity for the employees there.
- Mr. Holm said Douglas County is in its 5<sup>th</sup> year (the last year) of the stormwater permit cycle. In this upcoming grant cycle, Mr. Holm said he anticipates that the State will issue the County a new permit starting in calendar year 2015.

## **2. Other business.**

There was no other business.

The meeting adjourned at 2:42 p.m.