

Finance Committee Meeting Douglas County, Nebraska

Tuesday, March 31, 2015

The meeting convened at 12:06 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 24, 2015 issue of The Daily Record. County Commissioners present at the start of the meeting were PJ Morgan, Mary Ann Borgeson, and Chris Rodgers. Others present at the meeting were Patrick Bloomingdale, Joe Lorenz, Diane Carlson, Marcos San Martin, Catherine Hall, Cheri Albin, Mike Dwornicki, Karen Cole, and Kaieva Williams of Administration; Kathleen Hall and Dan Esch of the Clerk/Comptroller's office; Doug Kagan of Nebraska Taxpayers for Freedom; Bev Traub of the League of Women Voters; and Kayla Van Wie of KPTM Fox 42. County Commissioners Mike Boyle, Clare Duda, James Cavanaugh, and Marc Kraft arrived after the meeting had convened. Ms. Williams left the meeting after it convened. Commissioners Morgan and Cavanaugh conducted the meeting.

1. Preliminary 2015/2016 County budget review with selected department heads and elected officials.

Current Issues

Before the budget discussions, some of what the County Administration provides and some of the issues Administration is working on were discussed. Those speaking during this topic were Mr. Bloomingdale, Commissioner Morgan, Mr. Kagan, Commissioner Cavanaugh, Mr. Lorenz, Commissioner Kraft, Ms. Carlson, and Mr. Dwornicki. Highlights from the discussion included the following:

- Mr. Bloomingdale said Administration assists County departments and offices with managing budgets, negotiating labor contracts, and providing guidance on labor issues.
- Mr. Bloomingdale said Administration, along with the County Board, has an open door policy where the public can bring forward issues to them, both related and unrelated to County government.
- Mr. Bloomingdale said Administration is currently reviewing proposals for the RFP on workers' compensation outsourcing.
 - Mr. Bloomingdale said he anticipates this will ultimately save money.
 - Mr. Bloomingdale said currently the County does not have a good software program for workers' compensation, and to purchase a program like RISKMASTER would cost in the high six figures.
 - Mr. Bloomingdale said this is a cost the County wouldn't have to take on by having a third-party administrator who already has a good software program.
 - Mr. Bloomingdale said the County's current Workers' Compensation Coordinator is near retirement, so this would be the time to transition into outsourcing workers' compensation.
- Mr. Bloomingdale said the RFP process for the health insurance benefit consultant has been engaged.
 - Ms. Carlson said responses are due by April 15, 2015.

- Mr. Lorenz said for the long-term disability RFP, presentations have been made by Aetna and Cigna, who were the two lowest bidders.
 - Mr. Lorenz said Administration is in the process of making a recommendation to the County Board.
 - Mr. Lorenz said he thinks there could be a cost savings of \$15,000 - \$20,000 compared to what the County is currently paying Mutual of Omaha to administer the long-term disability plan.
 - Mr. Lorenz said currently long-term disability is set up as part of the pension fund.
 - Mr. Lorenz said this arrangement is not common.
 - Mr. Lorenz said the idea is to pull the long-term disability out of the pension and bring it in as a fully insured plan.
 - Mr. Lorenz said this will help the pension fund funding.
 - Mr. Lorenz said the County is also looking at tying in short-term disability so there is a unified long-term disability and short-term disability plan.
- Affordable Care Act (ACA) compliance reporting was discussed.
 - Ms. Carlson said she has been working with HR for more than a year to make sure the County is complying with the ACA, mainly with the portion that requires employers to offer health insurance to employees who work more than 30 hours per week.
 - Ms. Carlson said she has also been working with the Clerk/Comptroller's office and DOT.Comm in regards to reports that need to start being filed with the IRS in 2016.
- Commissioner Boyle said he wants to make sure the County applies for the area code 531.
- Commissioner Boyle said the County needs to audit its phone usage.
 - Mr. Dwornicki said currently there is a utility audit is being done.
- Ms. Van Wie left the meeting during this discussion.

Commissioners

- Commissioners' current budget for 2014/15: \$257,328
- Commissioners' budget request for 2015/16: \$265,045

Speaking during the Commissioners budget discussion were Mr. Lorenz, Commissioner Cavanaugh, Mr. Bloomingdale, Commissioner Rodgers, Ms. Carlson, Commissioner Duda, Commissioner Morgan, Ms. Albin, Commissioner Borgeson, Commissioner Boyle, and Ms. Kathleen Hall. Highlights from the discussion included the following:

- Mr. Lorenz said the Commissioners' budget only consists of the Commissioners' salaries.
- Mr. Lorenz said effective January 1, 2016, the Commissioners' salaries will increase by 3%.
 - Mr. Lorenz said this will increase the salary of a Commissioner from \$37,304 to \$38,423.

Miscellaneous

- Miscellaneous' current budget for 2014/15: \$125,000
- Miscellaneous' budget request for 2015/16: \$125,000

Speaking during the Miscellaneous budget discussion were Mr. Lorenz, Commissioner Boyle, Commissioner Morgan, Commissioner Borgeson, Commissioner Rodgers, Mr. Bloomingdale, Ms. Albin, and Commissioner Cavanaugh. Highlights from the discussion included the following:

- Mr. Lorenz said the Miscellaneous budget includes costs for the Commissioners related to travel, registration, NACo dues, IT equipment, and supplies.
 - Mr. Lorenz said the Commissioners' state and national NACo dues are about \$20,000 total per year.
 - Mr. Lorenz said when Commissioners have been assigned national posts with NACo, they're travel costs are reimbursed to the County.
 - Ms. Albin said Miscellaneous revenue was budgeted at \$50,000 for 2014/15.

Fees & Contracts

- Fees & Contracts' current budget for 2014/15: \$1,758,000
- Fees & Contracts' budget request for 2015/16: \$958,000

Speaking during the Fees & Contracts budget discussion were Mr. Lorenz, Commissioner Boyle, Commissioner Morgan, Commissioner Cavanaugh, Commissioner Borgeson, Mr. Bloomingdale, Ms. Carlson, Ms. Kathleen Hall, Mr. San Martin, Commissioner Duda, Ms. Albin, Mr. Kagan, and Mr. Dwornicki. Highlights from the discussion included the following:

- Mr. Lorenz reviewed the County's professional service fees (see Attachment #1, page 6).
- Guardian Ad Litem (GAL) expenses were discussed.
 - Mr. Lorenz provided a handout regarding GAL expenses (see Attachment #2).
 - Mr. Lorenz said the 2015/16 Fees & Contracts budget will be reduced by \$800,000 due to the June 30, 2015 expiration of the GAL contracts.
 - Mr. Lorenz said although this will be a cost savings to the Fees & Contracts budget, it will be a significant cost increment to the County as a whole.
 - Mr. Lorenz said the current cost of the County's GAL program is around \$1.6 million.
 - Mr. Lorenz said currently 80% of the caseload goes to the two contracts the County Board has with Monahan and Incontro, a total cost of around \$900,000.
 - Mr. Lorenz said these contracts are paid for by the Fees & Contracts budget.
 - Mr. Lorenz said the other 20% of the caseload goes to court-appointed attorneys, but that total cost is around \$700,000.
 - Mr. Lorenz said the costs for court-appointed attorneys are paid by Juvenile Court.
 - Mr. Lorenz said after the contracts end, all GALs will become court-appointed, which Mr. Lorenz estimates will increase GAL costs by \$2 million - \$2.2 million.
 - 20% court-appointed caseload = \$700,000. 100% court-appointed caseload = \$3.5 million.
 - Mr. Lorenz said the Juvenile Court judges approved an 8% increase to court-appointed attorneys' hourly rate. \$3.5 million x 1.08 = **\$3.78 million**.

- Ms. Carlson said statute says the Court can set the fees for GALs, but she's not sure what the fee is based on as far as market.
 - ❖ Commissioner Cavanaugh said he'd like to see what statute addresses this.
 - \$3.78 million (projected cost) – \$1.6 million (current cost) = **\$2.18 million (projected increase)**.
- Commissioner Cavanaugh said the costs of GAL are unsustainable and unjustified.
 - Commissioner Cavanaugh said the County is spending more on GAL cases than it is on all of the felony and misdemeanor cases in Douglas County combined.
 - Commissioner Cavanaugh said the County will be paying more for GAL services, but the children on the receiving end of GAL won't be getting more legal services.
- Commissioner Borgeson said the County Board stated more than once that GAL costs would escalate if the County Board stopped contracting for GAL services.
- Commissioner Rodgers said the County Board has tried to meet with the Juvenile Court judges regarding GAL costs.
 - Commissioner Boyle said he's met with some of the Juvenile Court judges and they feel the County Board's public hearings on these family matters are inappropriate and destructive of the court system.
- The Legislature and possible legislative change was discussed.
 - Commissioner Cavanaugh said regarding the premise of the County Board having to pay whatever the Juvenile Court tells them to pay, the County Board needs to question whether or not that stands up to a strict statutory scrutiny.
 - Commissioner Cavanaugh said there needs to be a bifurcation of GAL duties, and in 2016 the County should pursue an amendment to LB15 that would address bifurcation.
 - Commissioner Cavanaugh said the County may be able to get some control over GAL costs if lawyers did the work required by lawyers, and social workers did the work required by social workers.
 - Commissioner Boyle said the Nebraska Bar Association is opposed to bifurcating GAL duties.
 - Commissioner Borgeson talked about legislation that would move GAL costs to the Supreme Court and take counties out of it completely.
 - Mr. Bloomingdale said State Senators don't want to hear that the counties are spending too much money, they want to see what counties can do to most effectively take care of the youth.
 - Commissioner Cavanaugh said juvenile justice issues are statewide.
 - Commissioner Rodgers said the issues are statewide but money-wise it's unique to Douglas County.
 - ❖ Commissioner Rodgers said this is a reason why he brings up the issue of pursuing a move to a "home rule" county.
- Commissioner Morgan left the meeting during this discussion.

Risk Insurance

- Risk Insurance's current budget for 2014/15: \$3,216,000
- Risk Insurance's budget request for 2015/16: \$3,316,000

Speaking during the Risk Insurance budget discussion were Mr. Lorenz, Commissioner Cavanaugh, Mr. Bloomingdale, Ms. Albin, Commissioner Boyle, and Commissioner Kraft. Highlights from the discussion included the following:

- Mr. Lorenz said the Risk Insurance budget includes some of the following:
 - Administrative, medical, and indemnity expenses related to workers' compensation claims.
 - Costs for property, casualty, and other lines of insurance.
 - Commissioner Cavanaugh asked for a five-year look back on the premiums and carriers.
- Mr. Lorenz said Risk Insurance's budget request is \$100,000 higher due to the transition of workers' compensation claim management being outsourced.

Juvenile Justice Collective Impact

- Juvenile Justice Collective Impact's current budget for 2014/15: \$75,000
- Juvenile Justice Collective Impact's budget request for 2015/16: \$383,325

Speaking during the Juvenile Justice Collective Impact budget discussion were Mr. Lorenz, Commissioner Cavanaugh, Commissioner Rodgers, and Mr. Bloomingdale. Highlights from the discussion included the following:

- Mr. Bloomingdale said the Juvenile Justice Collective Impact will be its own department with its own budget.
 - Mr. Lorenz said 20% of the costs will be covered by the Community Based Aid grant, and the remainder of the funding will come from private foundations.
 - Mr. Lorenz said no General Fund money will be used for this department.
 - On the duration of the grant funding from the private foundations, Mr. Bloomingdale said there is a two to three year commitment currently, but the private foundations have indicated that funding will continue as long as the program is successful.
 - Mr. Bloomingdale said there will be four employees in the Juvenile Justice Collective Impact, and these employees will be County employees since the County is the fiscal agent in this endeavor.
 - Mr. Bloomingdale said these employees will likely be housed at UNO.
- Mr. Bloomingdale said Juvenile Justice Collective Impact is the result of the contract the County entered into with FSG.
 - Commissioner Rodgers said the goal of the Juvenile Justice Collective Impact is to reform the whole juvenile justice system in the County.
 - Mr. Bloomingdale said there is a three-year community plan and the Juvenile Justice Collective Impact is a mechanism to help carry out that plan.
 - Mr. Bloomingdale said with the money received, the County determines how best to distribute it to programs in the community that will most effectively address issues facing at-risk youth.

- Mr. Bloomingdale said there is a steering committee with three co-chairs, one of whom is Commissioner Rodgers.

Administration

- Administration's current budget for 2014/15: \$2,221,844
- Administration's budget request for 2015/16: \$1,502,849

Speaking during the Administration budget discussion were Mr. Lorenz, Commissioner Cavanaugh, Commissioner Borgeson, Ms. Albin, Mr. Dwornicki, Mr. Bloomingdale, and Commissioner Rodgers.

Highlights from the discussion included the following:

- Mr. Lorenz reviewed an organizational chart (see Attachment #1, Page 9).
- Mr. Lorenz reviewed Administration's employee count (See Attachment #1, Page 10) and total expense (See Attachment #1, Page 11) from 2010/11 through 2014/15.
 - Mr. Lorenz said new grants received are the reason for the jump in Administration's budget the last two budget years.
 - Mr. Lorenz said Administration's budget related to core Administrative office services is in the range of \$1.3 million.
 - Commissioner Cavanaugh said he'd like to see the last five years of Administration's budget without the pass-through money.
 - Mr. Lorenz said the increase in Administration headcount since 2010/11 is due to some new positions added, as well as existing positions that were moved into Administration from other County departments.
 - Commissioner Rodgers said Administration staffing is low compared to other counties around the nation that are around the size of Douglas County.
- Commissioner Boyle left the meeting during this discussion.
- Mr. Kagan left the meeting after this discussion.

Future Issues

Speaking during this topic were Commissioner Rodgers, Mr. Lorenz, Mr. Bloomingdale, Commissioner Cavanaugh, Ms. Cole, Ms. Carlson, Commissioner Kraft, Commissioner Borgeson, and Commissioner Duda. Highlights from the discussion included the following:

- The 2016 Public Safety Bond issue was discussed.
 - Mr. Bloomingdale said in November 2016, a public safety bond for the renovation of the Thomas Fitzgerald Home will be placed on the ballot.
 - Mr. Bloomingdale said this public safety bond lost by about 2,000 votes in November 2014.
 - Mr. Bloomingdale said the County will still have to purchase new 911 equipment even if the bond doesn't get voter approval in November 2016.
 - Mr. Lorenz said if that happens, it will probably mean an increase to the levy.
 - Commissioner Cavanaugh said the County should consider approaching the First Responders Foundation about the 2016 public safety bond.

- Commissioner Rodgers said Sheriff Dunning along with the Omaha Fire Chief and Omaha Police Chief should be involved with the public safety bond.
- The possibility of adding a grant administrator position to the County was discussed.
 - Mr. Lorenz said grant reporting requirements are getting more complex and the federal government is strict on these reporting requirements.
 - Mr. Bloomingdale said the requirements are critical to comply with because an organization could not only lose grant money in the future, but it could have to re-pay grant money it has received.
 - Mr. Lorenz said Mr. Dwornicki has brought up this issue before in one of his audits.
 - Mr. Lorenz said the County receives over \$20 million in grants.
- Mr. Bloomingdale talked about the possibility of consolidating elected row offices and consolidating departments.
 - Mr. Bloomingdale said he would share his ideas at a later date.
- Mr. Bloomingdale said succession planning is important when dealing with the retirement of key employees.
- Commissioner Kraft said he would like to a report on what departments and offices have encumbered funds and how much has been encumbered.
- Ms. Albin left the meeting during this discussion.

2. Other business.

There was no other business.

The meeting adjourned at 2:19 p.m.