

Finance Committee Meeting Douglas County, Nebraska

Tuesday, April 28, 2015

The meeting convened at 10:46 a.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 April 21, 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 start of the meeting were Patrick Bloomingdale, Joe Lorenz, Cheri Albin, Karen Cole, and Kaieva Williams of Administration; John Friend, Jane Alexander, and Margo Aguilera of the Clerk of the District Court's office; Ray Curtis of Juvenile Court; Doug Johnson, Robert Gast, and Lori Lanouette of District Court; John Ewing, Tim Cavanaugh, and Patricia Carter of the Treasurer's office; and Dan Esch of the Clerk/Comptroller's office. Commissioner Morgan conducted the meeting.

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

Clerk of the District Court

- Clerk of the District Court's current budget for 2014/15: \$2,906,147
- Clerk of the District Court's budget target for 2015/16: \$2,944,096
- Clerk of the District Court's budget request for 2015/16: \$2,943,507

County Commissioners Marc Kraft, Mike Boyle, and Clare Duda entered the meeting during the Clerk of the District Court's budget discussion, as well as Diane Carlson, Catherine Hall, and Marcos San Martin of Administration, and Wayne Hudson of the Sheriff's office. Ms. Williams left the meeting during this discussion. Speaking during the Clerk of the District Court's budget discussion were Mr. Lorenz, Clerk of the District Court Friend, Ms. Aguilera, Commissioner Rodgers, Commissioner Morgan, Commissioner Borgeson, Ms. Albin, Commissioner Boyle, and Ms. Alexander. Highlights from the discussion included the following:

- Handouts were provided and reviewed during this discussion.
 - Mr. Lorenz provided a handout with Clerk of the District Court budget appropriation figures (see Attachment #1).
 - Clerk of the District Court Friend provided a document containing the following information on the Clerk of the District Court's office (see Attachment #2):
 - A line item comparison between the 2014/15 budget and 2015/16 requested budget.
 - A line item comparison between 2014/15 revenues and 2015/16 projected revenues.
 - The total budget amount each year from 2011/12 to 2015/16.
 - An organizational chart.
 - The number of personnel each year from 2011/12 to 2015/16.
 - Clerk of the District Court Friend said the Clerk of the District Court's office will go from 50 employees in 2014/15 to 47 employees in 2015/16.
- The Clerk of the District Court's budgeted revenue for 2015/16 is \$1,515,510, a decrease of almost \$110,000 from the office's 2014/15 budgeted revenue.

- Clerk of the District Court Friend said the decrease is due to some legislation coming up that will have an impact on the office's revenue.
 - Clerk of the District Court Friend said he would send to Mr. Lorenz more specific information on this legislation.
- Commissioner Boyle said he would like to look into raising filing fees as a way for the Clerk of the District Court to raise more revenue.
 - Commissioner Boyle said this could offset some of the expenses the County Attorney pays.
 - Clerk of the District Court Friend said it is \$82 to file a civil case in Nebraska, but it's significantly more in surrounding states.
 - Clerk of the District Court Friend says he has a survey that was put together by the National Association of Courts.
 - Clerk of the District Court Friend spoke about the difficulty of getting a fee raised in the Legislature.
 - Commissioner Boyle said there would be a vocal constituency against it, but he doesn't think the Legislature will have a lot of sympathy for lawyers.
- Ms. Alexander and Ms. Aguilera left the meeting after this discussion.

Juvenile Court

- Juvenile Court's current budget for 2014/15: \$3,782,532
- Juvenile Court's budget target for 2015/16: \$4,696,767
- Juvenile Court's budget request for 2015/16: \$7,079,852

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

- Mr. Curtis said Juvenile Court will need a supplemental budget for 2014/15.
 - Mr. Curtis said attorney fees are the driver behind this.
 - Mr. Curtis said to date the Juvenile Court has spent \$2.4 million on attorney fees, and it had an approved budget of \$2.57 million for attorney fees.
 - Mr. Curtis said Juvenile Court had requested \$2.7 million for attorney fees.
 - Mr. Curtis said Juvenile Court pays court-appointed attorneys at a rate of \$65/hour, among one of the lowest rates in the state.
 - Mr. Curtis provided a handout that showed what rates were charged in each Nebraska county in 2013 (see Attachment #5).
 - Mr. Lorenz said budget supplements for 2014/15 will go in front of the County Board for approval on May 19, 2015.
- Mr. Lorenz said the excess request of \$2,383,085 is driven by Guardian Ad Litem (GAL) costs.
 - Mr. Lorenz said this is the single largest issue facing the County's budget for 2015/16.
 - Mr. Curtis said he's not sure what can be done to lessen the costs.
 - Mr. Curtis said attorneys have to do what they think is in their client's best interest.

- Mr. Curtis said under LB 15 the County could do contracts, and the requirement that those multi-case contracts be reduced to an hourly rate was removed from the bill.
 - Mr. Bloomingdale said with the way the amendment reads, the County could contract and do so at a flat rate, but the contractor would have to provide the kind of detail to the County as if it were doing hourly.
 - Mr. Curtis provided a final reading copy of LB 15 (see Attachment #8) and a fiscal note to LB 15 (see Attachment #9).
- Commissioner Duda said if the Legislature has opened a way where the County can have some sort of accountability in the contracts, then he thinks the County needs to go back to the contracts.
 - Commissioner Duda said there's no way the County can take a \$2.5 million bump to the budget without raising taxes.
 - Commissioner Borgeson said during GAL discussions, the County Board needs to remember that bringing it in-house is also an option.
- Mr. Curtis said historically about 20% of GALs have been appointed outside of the contracts.
 - Mr. Curtis said it seems the number of GALs appointed outside of the contracts has been trending upward since the County chose to end the contracts.
- Commissioner Boyle said he thinks a team approach may help reduce GAL costs.
 - Commissioner Boyle said the GALs should be attorneys, but maybe a more comprehensive job could be done if there was also someone who was an advocate for the child.
 - Mr. Curtis said the Juvenile Court does use CASAs (Court Appointed Special Advocates).
 - Mr. Curtis said these are non-attorneys and who are appointed to a child, not to a case.
 - Mr. Curtis said there are CASAs on a few hundred cases.
- Mr. Curtis provided handouts from the Nebraska Supreme Court regarding GAL (see Attachments #6 and #7).
- Mr. Curtis said out of home placement costs have been shifted from the County to the State, so that's an area where there has been savings.
 - Mr. Curtis said Juvenile Court has spent \$0 on out of home placement costs for 2014/15.
 - Mr. Curtis provided a handout that showed the out of home placement costs from 2009/10 through 2013/14 (see Attachment #4).
- Mr. Curtis said there were 2,034 cases filed in Juvenile Court in 2014.
 - Mr. Curtis said for 2015 through March, there have been 553 cases filed.
 - Mr. Curtis said based on these numbers, Juvenile Court is projecting that around 2,200 cases will be filed in 2015, an increase of about 9%.
 - Mr. Curtis said this may be a result of past legislative changes, where there are more children starting in Juvenile Court instead of County Court or District Court.
- Commissioner Boyle said he'd like for the County Board to have a better relationship with the Juvenile Court judges.

- Commissioner Boyle said the County Board’s relationship with the Juvenile Court has been strained.
 - Commissioner Boyle said he thinks what contributes to it is when people come to County Board meetings and speak about the problems they perceive.
 - Commissioner Rodgers said the County Board can’t control what the public says.
- Commissioner Boyle said the County Board does not look at this relationship as one where the County Board is in charge of the judges.
 - Commissioner Boyle said the County Board understands the judges are independent.
- Commissioner Boyle said it may be of some benefit to occasionally have an open dialogue.
 - Mr. Curtis said the County Board and the Juvenile Court we’re going to meet a couple of years ago, but that meeting got cancelled.
 - Mr. Curtis said the Juvenile Court is still open to that dialogue.
- Mr. Curtis said there has never been a Juvenile Court judge in Douglas County who has asked for somebody to be put into shackles.
 - Mr. Curtis said ultimately the Sheriff is in charge of security for the Court, and if they deem that a person needs to be shackled, the Court generally defers.
- Jeff Stevens of Nebraska Taxpayers for Freedom entered the meeting during this discussion.
- Capt. Hudson left the meeting during this discussion.

District Court

- District Court’s current budget for 2014/15: \$3,839,206
- District Court’s budget target for 2015/16: \$3,880,318
- District Court’s budget request for 2015/16: \$4,095,980*

Speaking during the District Court budget discussion were Mr. Lorenz, Mr. Johnson, Commissioner Morgan, Ms. Albin, Mr. Bloomingdale, Commissioner Boyle, Commissioner Borgeson, Ms. Lanouette, Mr. Stevens, Commissioner Kraft, and Ms. Carlson. Highlights from the discussion included the following:

- *The District Court’s budget request is \$215,662 over target. Mr. Johnson said the District Court will be withdrawing \$100,000 of that \$215,662 increase.
 - Mr. Johnson said an increase of \$100,000 was projected for jury costs due to the possible sequestration of jurors on the Anthony Garcia trial.
 - Mr. Johnson said the judge on this case has denied sequestration, so District Court will withdraw the request for an additional \$100,000 for jury costs.
 - Mr. Johnson said there is some litigation going on with respect to that on a different case, so it could change.
 - The District Court’s 2015/16 budget request is now \$115,662 over target.
- Mr. Johnson said the following items make up the \$115,662 over target:
 - An additional \$85,000 for indigent defense.
 - An additional \$16,000 for bailiff pay.
 - An additional \$29,662 for payroll shortfall.
 - A decrease of \$15,000 for the JAG grant.

- Indigent defense was discussed.
 - Mr. Johnson said the projected increase of \$85,000 in this area is based on the judges increasing the out of court rates from \$65/hour to \$75/hour.
 - Mr. Johnson said this rate became effective on January 1, 2015.
 - Mr. Johnson provided a handout regarding out of court rates (see Attachment #14).
 - Commissioner Boyle said he thinks the County could make up some money if there was a way to verify if people really are indigent.
- Mr. Johnson said the District Court is asking for an additional \$16,000 in bailiff pay because currently the District Court bailiffs make about \$1,000 less per year than Juvenile Court bailiffs.
 - Mr. Johnson said there are 16 bailiffs in District Court.
 - Mr. Bloomington said the resolution for District Court bailiffs' salaries is set separately from the other non-union County employees.
 - Mr. Johnson provided a copy of statute 33-107 regarding the setting of salaries for bailiffs in District Court (see Attachment #16).
 - Mr. Bloomington said the Juvenile Court bailiffs' salaries are set with the other non-union County employees.
 - Mr. Johnson said because of this, the Juvenile Court bailiffs were given a higher salary increase for 2010 and 2015, which has caused the \$1,000/year difference.
 - Commissioner Boyle said the District Court bailiffs need to be treated fairly.
- Voiceover IP (VoIP) was discussed.
 - Mr. Johnson said DOT.Comm is trying to move departments off the Centrex phone system, and DOT.Comm approached District Court since the Hall of Justice has been wired for VoIP.
 - Mr. Johnson said the investment for phones, training, and programming is roughly \$60,000.
 - Mr. Johnson provided a handout which showed a breakout of the costs anticipated for the move to VoIP (see Attachment #15).
 - Mr. Johnson said the District Court would save about \$20,000/year in dial tone, so this move to VoIP would pay for itself in three years.
 - Mr. Johnson said if the District Court has any encumbered money at the end of this year, he's going to earmark it for this project.
 - Mr. Lorenz said VoIP is what the City and County are going to in the future, and the Building Commission has agreed to wire the Civic Center.
 - Mr. Lorenz said City Planning, the Assessor's office, and part of the County Attorney's office have already been wired.
 - Mr. Lorenz said there is a lot of productivity improvement with VoIP.
 - Mr. Lorenz said VoIP will pay back, but the County is struggling with the upfront capital.
 - Mr. Lorenz said the direction he's been giving departments is this needs to be paid for with found money because increases for VoIP will not be built this into anyone's budget at this time.
 - Commissioner Kraft talked about looking into revenue bonds.
- Other handouts provided during this discussion included:

- A handout from Mr. Lorenz with District Court budget appropriation figures (see Attachment #10).
- Handouts from Mr. Johnson:
 - 2015/16 budget proposal highlights for District Court (see Attachment #11).
 - District Court expenses by account (see Attachment #12).
 - 2015/16 budget analysis for Douglas County (see Attachment #13).
 - 2015/16 projected revenues for District Court (see Attachment #17).
- Mr. Curtis and Clerk of the District Court Friend left the meeting during this discussion.
- Mr. Johnson, Mr. Gast, and Ms. Lanouette left the meeting after this discussion.

Treasurer

- Treasurer's current budget for 2014/15: \$5,857,675
- Treasurer's budget target for 2015/16: \$5,935,115
- Treasurer's budget request for 2015/16: \$5,871,087*

Speaking during the Treasurer's budget discussion were Mr. Lorenz, Treasurer Ewing, Commissioner Morgan, Ms. Albin, Mr. Cavanaugh, Commissioner Boyle, Ms. Carter, Mr. Esch, Commissioner Kraft, Mr. Stevens, Commissioner Borgeson, Mr. San Martin, and Commissioner Duda. Highlights from the discussion included the following:

- *Mr. Lorenz said this does not include an incremental \$275,000 for Oracle conversion costs.
 - Treasurer Ewing said the Treasurer's office is asking to be able to simplify their accounting processes, as well as their ability to reconcile all of the accounts and money coming in to the Treasurer's office, through the acquisition of Oracle.
 - Mr. Lorenz said this will allow for the reconciling of cash down to a penny on a monthly basis, which is what the auditors are always having problems with.
 - Mr. Lorenz said this issue has come up in the internal audit, the external audit, and in the Department of Justice grants.
 - Treasurer Ewing said currently the Treasurer's office is using QuickBooks.
 - Mr. Lorenz said the Oracle conversion will involve buying software, having consultants come in, some one-time costs, and one additional headcount.
 - Mr. Cavanaugh said the talent for this is not in-house, so it's something that has to be brought in.
 - Mr. Lorenz said the Oracle license will be paid for out of the Technology Fund, but the consulting and other expenses will be funded through the Treasurer's office.
 - Mr. Cavanaugh said this has been thoroughly researched and the Treasurer's office is not just throwing out the number of \$275,000, it's based on input from a lot of people.
 - Mr. Cavanaugh said there were several meetings regarding this with representatives from Administration, the Clerk/Comptroller's office, DOT.Comm, and a consultant.
 - Mr. Cavanaugh said it was the consensus of everyone that these steps are necessary.

- Mr. Lorenz said there is a work plan, and DOT.Comm has said they are targeting a kickoff date in August or September.
- Commissioner Boyle said he thinks this is essential and the County has to have this kind of tracking.
- Handouts were provided and reviewed during this discussion.
 - Mr. Lorenz provided a handout with Treasurer budget appropriation figures (see Attachment #18).
 - Mr. Cavanaugh provided the following:
 - A letter from the Treasurer's office regarding the 2015/16 budget request (see Attachment #19).
 - An organizational chart (see Attachment #20).
 - A document that had budget and revenue figures for the Treasurer's office from 2011/12 through 2015/16, as well as a list of actions the Treasurer's office plans to take in the next five years (see Attachment #21).
- Treasurer Ewing said the Treasurer's office had to subtract \$670,000 from its original 2015/16 revenue projections (\$12,102,770) due to a Supreme Court decision regarding commissions counties can collect when collecting property taxes for SIDs.
 - Treasurer Ewing said the County has to charge a lesser fee, and this decision impacted the County Treasurer's revenue for 2014/15, as well.
 - Mr. Lorenz said this case came out of Cass County.
 - Treasurer Ewing said he believes it is Cass County's only SID.
 - Mr. Cavanaugh said this might be something for future legislative action.
 - Treasurer Ewing said the Treasurer's office is basically the banker for the SIDs.
 - Treasurer Ewing said the Treasurer's office does work for the SIDs that it doesn't do for the cities or school districts, such as paying the warrants for the SIDs.
 - Treasurer Ewing said this is a business case where if someone is providing more services, they should get paid more.
 - Commissioner Boyle said he thinks the Governor would be open to listening to the County on this issue.
 - Mr. Lorenz said he has talked to people with Sarpy County and they would like to do something legislatively.
 - Mr. Lorenz said 95% of the SIDs are in Douglas County and Sarpy County.
- Treasurer Ewing said currently the Treasurer's office is limited to two years in terms of length of investments.
 - Treasurer Ewing said if that length of time was moved from two years to three years, it would increase revenues significantly.
 - Mr. Lorenz said not only would changing the length of investment help revenues, but the type of investments would, too.
 - Mr. Lorenz said U.S. Bank came to the County with a proposal where the County could invest in their overnight commercial paper, which is AAA rated and probably worth 20 more basis points.

- Treasurer Ewing said the County Attorney has not given their interpretation yet as to whether or not that's something the County can do.
 - ❖ Treasurer Ewing said he thinks the County can.

2. Other business.

Speaking during this item were Mr. Lorenz, Ms. Albin, Commissioner Boyle, and Treasurer Ewing. Highlights from the discussion included the following:

- Mr. Lorenz said he will present the first rollup of the total requested budgets and projected revenues for 2015/16 at the May 5, 2015 Finance Committee meeting.
- Mr. Lorenz said he met with DeDe Will of the Health Center and Sherry Glasnapp of the Community Mental Health Center, and those departments will be on target.
 - Both departments had their 2015/16 budget presentations at the April 14, 2015 Finance Committee meeting, and both departments were over target at that time.

The meeting adjourned at 12:37 p.m.