

Finance Committee Meeting Douglas County, Nebraska

Tuesday, June 9, 2015

The meeting convened at 12:09 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 June 5, 2015 issue of The Daily Record. County Commissioners present at the start of the meeting were Jim Cavanaugh, PJ Morgan, Mary Ann Borgeson, Clare Duda, Marc Kraft, and Chris Rodgers. Others present at the start of the meeting were Patrick Bloomingdale, Joe Lorenz, Diane Carlson, Marcos San Martin, Catherine Hall, Cheri Albin, Karen Cole, and Kaieva Williams of Administration; Adi Pour of the Health Department; Wayne Hudson of the Sheriff's office; Kathleen Hall and Dan Esch of the Clerk/Comptroller's office; and Bev Traub of the League of Women Voters. Commissioners Cavanaugh and Morgan conducted the meeting.

1. Discussion regarding the 2015/2016 County budget.

County Commissioner Mike Boyle entered the meeting during this item. Ms. Williams left the meeting during this item. Speaking during this item were Mr. Lorenz, Commissioner Cavanaugh, Commissioner Boyle, Commissioner Morgan, Mr. Bloomingdale, Commissioner Duda, Commissioner Borgeson, Ms. Catherine Hall, Commissioner Rodgers, Mr. San Martin, Capt. Hudson, and Ms. Cole. Highlights from the discussion included the following:

- Mr. Lorenz provided an update on the Douglas County budget (see Attachment #1), which included:
 - A list of departments with budget requests at least \$25,000 over target.
 - A list of departments with significant decreases in revenue projections.
 - A budget deficit calculation.
 - Mr. Lorenz said the budget rollup has a deficit of \$4,185,989.
 - A list of potential adjustments were listed, which included:
 - Potential reductions to requested expense budgets.
 - Potential increases to revenue projections.
 - These potential expense and revenue adjustments bring the deficit to \$2,593,419.
 - Other potential budget deficit reductions, which included:
 - Reducing the Health Center's budget request by \$200,000.
 - Reducing the Juvenile Court's budget request by another \$200,000 (in addition to the potential \$600,000 reduction already listed).
 - Transfer \$1,000,000 from the Inheritance Tax Fund.
 - Draw down the General Fund reserves by \$1,200,000.
 - The budget deficit would come to \$0 if all of the listed potential adjustments occurred.
- Mr. Lorenz said using reserves would help cover the deficit for this year, but significant changes will need to occur next year or there will be \$4,000,000 - \$5,000,000 deficit again.
- Mr. Lorenz said the County has about \$32,000,000 in reserves.
 - Mr. Lorenz said the current balance in the Inheritance Tax Fund is \$7,000,000 - \$8,000,000.

- The bond issue in 2016 was discussed.
 - Mr. Lorenz said the County is rated AAA.
 - Mr. Lorenz spoke about how the level of reserves should be 15% - 20% of an entity's general fund expenditures.
 - Mr. Lorenz said the County's General Fund expenditures in this budget are about \$185,000,000, so \$32,000,000 is about 17% of this General Fund budget.
- Commissioner Duda said he can't support funding the deficit solely on reserves, but if the County has growth in its reserves beyond what the County needs then the County Board could look at taking some of the funding out of reserves.
- Mr. Bloomingdale spoke about how he and Mr. Lorenz believe the County will still have a responsible reserve if the County Board does the potential adjustments listed.
 - Mr. Bloomingdale said but if there aren't any substantive changes made going forward, then the County will need to have a lot more in property tax values coming in.
- The Assessor/Register of Deeds and property values were discussed.
 - Commissioner Boyle said over the last decade, his perception has been that the property tax burden shift from commercial property to individual homeowners has nearly doubled.
 - Commissioner Morgan said what really affects the value of commercial real estate is what the revenue is.
 - Commissioner Boyle said if the County is not assessing fairly and assessing enough, then the County is losing money.
 - Commissioner Boyle said the County should look at what other counties are doing and look into best practices.
 - Commissioner Morgan said he's for trying to invest more money into training for the appraisers in the Assessor/Register of Deeds' office, but he's not sure he would support the hiring of more people.
 - Commissioner Kraft said if the County Board gives the Assessor/Register of Deeds money for training, the Assessor/Register of Deeds' office doesn't have to use it for training, they can use it however they want.
 - Commissioner Kraft said it could be done through the Board of Equalization if the Assessor/Register of Deeds wanted to utilize training being provided.
- Commissioner Rodgers said the stage for hard discussions needs to be set, and spoke about committing to a structural change.
- Commissioner Cavanaugh said the County Board has some long-term questions that are going to be important for their strategic plan, but the budget needs to be done in a few weeks.
 - Commissioner Cavanaugh said the County Board should look at short-term things where something can be done now.
- Commissioner Cavanaugh said there are items that the County Board controls.
 - Commissioner Cavanaugh said there are departments whose budgets can be reduced by the County Board without anybody's permission.
- Commissioner Borgeson talked about going back to what was said in the budget call letter.
- Health insurance costs were discussed.

- Mr. Lorenz and Mr. Bloomingdale spoke about health insurance benefits being a matter of collective bargaining.
- Commissioner Rodgers spoke about the “Cadillac” tax.
- Retiree medical was discussed.
- The Health Center was discussed.
 - Commissioner Boyle said the services provided by the Health Center are available in the community, and he thinks the County Board should talk about cutting the Health Center loose.
 - Commissioner Boyle talked about the savings from the Health Center going towards addressing mental health.
 - Commissioner Duda said mental health is a part of the Health Center.
- The Juvenile Court was discussed.
 - Commissioner Boyle said he thinks the potential reductions to the Juvenile Court’s budget are not realistic.
 - Commissioner Cavanaugh said the County Board has to try it.
- Mandated services and non-mandated services were discussed.
 - Commissioner Boyle suggested putting together a list of mandated and non-mandated services, and then looking at the non-mandated services to see what could be cut.
 - Commissioner Kraft said the non-mandated services save the County money.
- The Sheriff’s office was discussed.
 - Capt. Hudson said the Sheriff’s office is applying for a grant for the two deputies who are going to assist in Juvenile Court, but the Sheriff’s office won’t hear if they get that grant until the fall.
 - If the Sheriff’s office does receive this grant, Capt. Hudson asked if the County Board would be willing to give the Sheriff’s office a supplemental budget in the fall knowing that it would be offset by the grant.
 - Commissioner Borgeson said yes.
 - Capt. Hudson said he believes there will be a savings of around \$300,000 due to work the Sheriff’s office has been doing with Corrections and the State on the way the Sheriff’s office is doing trips to Lincoln.
- Other departments/topics discussed during this item included:
 - Treasurer
 - Public Property
 - Outside Office Expense
 - County Attorney
 - District Court
 - Drug forfeiture fund
 - Visitor improvement funds
 - Contributions to UNMC

- Mr. Esch provided a summary of the preliminary budget discussions from prior Finance Committee meetings (see Attachment #2).
- Capt. Hudson left the meeting during this discussion.

2. Other business

There was no other business.

The meeting adjourned at 1:36 p.m.