

Finance Committee Meeting

Douglas County, Nebraska

Tuesday, May 24, 2016

The meeting convened at 1:51 P.M. 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 May 17, 2016, issue of *The Daily Record*. County Commissioners present at the meeting were Mary Ann Borgeson, P. J. Morgan, Jim Cavanaugh, Mike Boyle, Chris Rodgers, Clare Duda and Marc Kraft. Others present at the meeting were Patrick Bloomingdale, Karen Cole, Joe Lorenz, Diane Carlson, Catherine Hall and Marcos San Martin, County Administration; Ray Curtis, Juvenile Court; Doug Johnson and Lori Lanouette, District Court; Dan Esch, County Clerk/Comptroller; Jerry Leahy, Public Properties; Leslie Douglas and Marcela Keim, Douglas County Court; and Constance Mierendorf, Douglas County Clerk/Comptroller's Office. Mike Boyle and P.J. Morgan chair the Committee.

A video recording of the meeting is available on the Douglas County Website:
<http://commissioners.douglascounty-ne.gov/board-meetings/videos>.

Joe Lorenz began the meeting by presenting an overview of the agenda. Three Courts are included in the Budget Updates (See Attachment A). The Administrative Office will also present its budget (See Attachment E).

County Court

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Total Headcount			
Expenses	\$344,200	\$440,000	\$524,650
Revenues			

- Joe Lorenz said the County Court has no County employees; their employees are all funded by the State. The current budget has a supplement of approximately \$100,000 and that supplement was driven by increased attorney's fees, fixtures, and furniture for the Courtroom. \$35,000 was used for Courtroom renovation and \$65,000 was used for additional attorney's fees. This should be an adequate budget for the rest of the year.
- The Court has projected approximately \$50,000 in revenue. The Court usually does not present to the Finance Committee because it always falls within guidelines. Some factors are at work now that affect the upcoming budget.

- Leslie Douglas said the Court is requesting additional funds because the renovation of the Hall of Justice requires furniture and equipment and Court appointed attorney fees also continue to rise. The Court was able to encumber some money for furniture this year. The Court will still need to request renovation funds in several phases—this coming fiscal year and the next 2 years. The renovation has been discussed for 10 years.
- Commissioner Cavanaugh asked about the increase in attorney’s fees and whether this was related to increased case load.
- Judge Marcia Keim said that the increase is more likely due to a Supreme Court ruling that came down in January of 2015. That ruling required each judicial district to come up with a specific court appointment plan. Now the list for court appointed attorneys is a transparent one. The County Court has set payment at \$50/hour; however, the Court is receiving bills for more than it has in the past. Every bill from attorneys that exceeds \$250 comes to her for review, but it is really pro forma since there is no mechanism for over-ruling the fee. She said she is seeing bills double what they have been in the past. According to the Supreme Court ruling, no limits can be set on fees and the Court may not interfere on fees. Attorneys are not padding their bills.
- Ray Curtis said that attorney’s fees for Juvenile Court are \$65/hour.
- Ms. Douglas said the Court employs 80 State employees and 12 judges.
- Jerry Leahy said the Civic Center side courtroom renovation needs to furnish juror chairs. Today’s dollar request is the first phase of renovation in the Probate area. Next year, phase 2 will include the second floor of the Hall of Justice at an estimated cost of \$85,000. 5 courtrooms in in the Civic Center will be renovated.
- Mr. Lorenz said the budget for the County Court may be \$500,000-\$600,000 over the next 3-4 years with increased attorney fees and the multi-year renovation.
- Commissioner Boyle said the memberships for all attorneys should be reviewed for cost savings.
- Commissioner Rodgers asked about the attorneys’ costs. Judge Keim said the attorneys are Court appointed when a Public Defender cannot represent a client because of a conflict. The Court is then required to appoint counsel.

District Court

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Total Headcount	46	45	45
Expenses	\$3,839,045	\$4,065,832	\$4,129,244
Revenues	\$608,520	\$1,005,000	\$1,030,000

- Joe Lorenz said the District Court received a budget adjustment of approximately \$100,000 to pay for increased attorney fees. The supplement should be adequate to get the Court through until the end of the year. It employs 45 County employees.
- Douglas Johnson presented the budget for the District Court (See Attachment C). Its target is \$4,129,244. The Court anticipates approximately \$1 million in revenue. The increase in costs is in part a result of the increase in fees from \$65 to \$80.
- Mr. Johnson said there had not been an increase in rates since 1992 and the case load has not increased significantly.
- A District Court judge can appoint a 3 judge panel to rule on whether an attorney's bill is excessive. The attorney has the right to appeal to the Supreme Court.
- Grants that the District Court receives are being used to fund microphone and sound system upgrades in the court rooms and to support user fees for the West km search service (See C- 8). Mr. Johnson clarified that the search service was approximately \$600/monthly.
- Commissioner Boyle inquired about Item 41129 on the District Court Budget in the amount of \$316,205, "Other Pay" (See Attachment C 4). Lori Lanouette said that amount was for jury pay.
- Commissioners Borgeson and Boyle said they did not want to pay dues for memberships in legal organizations above \$98.
- Mr. Johnson said the cost for the Court to convert to the Shoretel phone system is approximately \$85,000. Mr. Lorenz said the County would propose a solution.
- Mr. Lorenz said the District Court budget is within guidelines.

Juvenile Court

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Total Headcount	18	18	18
Expenses	\$3,807,337	\$5,954,852	\$5,056,242
Revenues	\$2,312	\$2,500	\$3,000

- Joe Lorenz said the Juvenile Court modified budget is just under \$6 million with 18 County employees. The difference over the F14/15 budget is largely a result of Douglas County ending its contracts with law firms to provide Guardian Ad Litem (GAL) services.
- Ray Curtis presented the Juvenile Court budget (See Attachment D). Mr. Curtis said the Court would have approximately \$1 million to return to the County. Mr. Lorenz said this

money was used to fund the County Attorney, Public Defender, and the two other courts.

- Mr. Lorenz said last year the County spent \$900,000 on GAL with 2 private law firms. This year judges spent approximately \$765,000 on court appointed attorneys. Compared with \$1.6 million spent last year, the comparable services this year are \$1.7 million, so the cost is up slightly—not the dramatic increase that was a concern.
- Commissioner Cavanaugh said the cost of every serious capital crime in the County is \$572,000/year and asked why the cost for Juvenile Court is over \$3 million.
- Mr. Curtis said this is a result of State law. Court appointed counsel for children and parents, GALs for both parents and children, and attorneys for GALs all contribute to the costs. Juvenile cases can last for years and years—from the day a child is born until s/he reaches 19 years of age.
- Commissioner Cavanaugh asked how many attorneys the \$3 million could buy if the Juvenile Court was organized like the Public Defender or the County Attorney's offices where County attorneys, rather than court appointed attorneys handling cases.
- Mr. Curtis said the system is complex. Last year 138 Court appointed attorneys worked for the Juvenile Court and it processed 11,000 invoices.
- Commissioner Borgeson asked if there has been a review of the system since it appears there are so many people involved in juvenile cases. Mr. Curtis said the system could be better and each year the Legislature attempts to come up with a new solution.
- Mr. Curtis said the Court was working on an Attorney Invoicing System that was moving into phase 3 with DOT.Comm. The system is a live billing system that Mr. Curtis hopes to share with County Court and District Court when it is completed.

Administration

- Patrick Bloomingdale and Joe Lorenz presented the Douglas County Administration Budget (See Attachment E).
- Mr. Bloomingdale discussed the Current Issues facing the Administration (See E-2). Among the issues discussed, work on the GAL Task Force continues and a meeting in June should result in recommendations.
- Commissioner Rodgers said though cost was a trigger for action to change the GAL system, more work could be done on both the child welfare side and the detention side of the system.
- Commissioner Borgeson said the discussion about a system where there is greater independence for attorneys should occur. Attorneys lose independence when they are appointed by a judge. Commissioner Boyle said that this was not the case.
- Commissioner Rodgers said it is possible to change the appointment system.

- Mr. Bloomingdale said there is a rotation system for GALs. He would like to see a list of which attorneys are being appointed, what they are paid and how many cases they are assigned.
- Commissioner Rodgers said he would like to add to the list of Current Issues presented by Mr. Bloomingdale to include a discussion about the contribution of retirees to health insurance.
- Joe Lorenz said he is working on a proposal for next year and has been working with Kathy Adair. He will present this as a part of the overall budget discussion.

Commissioners Budget

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Expenses	\$265,045	\$265,045	\$287,060

- Mr. Lorenz presented the Commissioners budget which shows a 13.4% increase for next year due to the salary increase from \$38,423 to \$43,594. The effective date of the increase will be in January of 2017.

Miscellaneous

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Expenses	\$125,000	\$125,000	\$125,000

- Mr. Lorenz discussed the Miscellaneous Budget which remains consistent through the years at \$125,000. It includes the Commissioners' travel, IT equipment and NACo (National Association of Counties) dues. The budget is reimbursed when Commissioners Borgeson and Rodgers travel in the amount of \$50,000-\$70,000.

Fees and Contracts

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Expenses	\$958,000	\$958,000	\$958,000

- The Fees and Contracts Budget was reduced by \$800,000 last year taking into account the expiration of the GAL attorney contracts. The budget consist of professional service

fees including lobbyists, external auditors, an actuary for the pension plan, bonding services, external attorneys, the United Way program, etc. (See E-5).

- Diane Carlson said the United Way contract expires in June. Previously the contract was \$65,610 and this year United Way requested \$92,348; the increase would be to pay for support staff. The program is used by the courts when an individual is assigned community service rather than being incarcerated. United Way finds placements for them. 700 people are currently served on a rotating basis.
- Commissioner Rodgers said he did not believe the Board should approve the additional \$26,000; that money should be a match from United Way.
- Commissioner Borgeson asked about the history of the internal fundraising drive that United Way conducts.
- Commissioner Cavanaugh said the County might want to consider fundraising for its own foundations.
- Commissioner Rodgers said not participating in United Way fund drives would not be good for the County. He does not favor cutting the budget for United Way.
- Commissioner Duda said the Douglas County Health Center has its own foundation and this discussion about the internal fund drive should be sent to committee. He would like to continue the discussion at another time.
- Mr. Bloomingdale said Ms. Carlson should have some direction from the Board. The issue of whether to pay the additional \$26,738 should be put on the County Board agenda for a vote after receiving a recommendation from committee.
- Commissioner Cavanaugh asked about how much the County paid this past year in attorney's fees and in bonding services. Mr. Lorenz said that bonding services were the Dick Davis contract in the amount of \$33,000.

Risk Insurance

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Expenses	\$3,316,000	\$3,791,000	\$3,316,000

- Joe Lorenz said there was a large settlement of a worker's compensation claim that created the \$400,000 supplement to the budget in January. For next year, the budget is back down to \$3,316,000.
- The County's brokers are AON and Davis and Company who work together.
- Commissioner Cavanaugh requested a 5 year "look back" at premiums. He also suggested that the County go out for RFPs on insurance each year and look at the contracts when they come due.
- Mr. Lorenz said the brokers are responsible for getting the County the best quotes. The brokers make their money through commissions. The County just hired AON last year

and Mr. Lorenz would be comfortable going out for competitive bids every 3 years, but he will pull together figures from the past 5 years.

Administrative Office

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Expenses	\$1,502,849	\$1,929,706	\$2,130,527
Headcount	16	17	19

- Patrick Bloomingdale said the modified budget for F15/16 includes \$699,420 for Community-based grant aid which increased from \$295,855 in the adopted budget. The budget request includes 2 new positions: grant specialist and public information officer (PIO). The grant specialist salary will be covered by a grant, so the only additional tax payer funded position is the PIO budgeted at \$55,000. This brings the overall budget in within budget guidelines.
- Commissioner Boyle said a PIO is unnecessary.
- Commissioner Rodgers said he thought the salary in the \$55,000 range was too low for a PIO and said the PIO should be shaping the conversation on mental health, Juvenile Justice, the crime lab, the bond, and long term care. Douglas County is one of the few counties of its size not to have a PIO.
- Joe Lorenz said the need for the grants specialist is the result of the mushrooming of the grants disbursement and administration the County does. Catherine Hall said there are 12 Community Based Aid providers and 16-17 contracts receiving \$800,000. The grant person will be responsible for compliance as well as administration.
- Mr. Bloomingdale said the increase in the number of employees is in part a result of the transfer of employees from other departments.
- Mr. Lorenz said the only incremental increase to the budget over last year in County tax supported dollars is \$55,000. Much of the overall \$6.8 million budget is offset by revenue.
- Commissioner Boyle requested a listing of the revenue offsets.

Overall Budget

- Joe Lorenz will present a summary sheet of the overall budget in 2 weeks that shows a \$4.5 million shortfall with a request to the Board to decide how to close the gap. Mr. Lorenz would like Commissioners to come back with suggestions for closing the gap.
- Commissioner Cavanaugh asked what the reserve fund is and Mr. Lorenz responded that it changes every day, but it stands today at approximately \$30 million. He would be comfortable using \$1 million of reserves to shore up the budget gap.

- Mr. Lorenz calculated the impact of the 7% property valuation increase determined by TERC and included it in his budget calculations.
- The appeal to the Court about the TERC ruling has not yet been filed.
- Dan Esch said the property tax notification letters have to be sent by June 1. Only the property owner or his/her agent can protest the property valuation.

The meeting adjourned at 4:13 P.M.