



CURRY COUNTY BOARD OF COMMISSIONERS

BUDGET COMMITTEE MEETING

Monday May 7, 2018 – 10:00 AM

Commissioners' Hearing Room, Courthouse Annex

94235 Moore Street, Gold Beach, Oregon

www.co.curry.or.us

BUDGET COMMITTEE MEMBERS MEETING

MINUTES

(Huxley Comments Nov 20, 2018 - Minutes are very thorough – no suggested changes)

COMMISSIONER BOARD MEMBERS PRESENT: Sue Gold, Thomas Huxley, and Court Boice,

LAY BOARD MEMBERS PRESENT : Tom Brand, Bill Ostrowski, and Carl King

OTHERS: Louise Kallstrom, County Accountant/Budget Officer and Brenda Starbird, Legal Assistant

1. CALL TO ORDER & PLEDGE OF ALLEGIANCE

Gold called the meeting to order at 10:00A.M., followed by the pledge of allegiance. She introduced staff and the budget committee as stated above.

2. ELECT COMMITTEE CHAIR

King asked if the new member, Ostrowski, had to be sworn in as a new committee member.

Kallstrom said he did not as the members were appointed. Huxley said he liked the direction the procedure took last year with the half citizen representatives and half governing body members, noting it was a good system and he liked having a citizen member be the Chair. Gold also thought it worked well. *King motioned to nominate Bill Ostrowski as Chair. Huxley seconded the motion. Motion passed 6-0 passed. Huxley motioned to appoint Tom Brand as Vice Chair. King seconded the motion. Motion passed 6-0.*

3. BUDGET MESSAGE – Louise Kallstrom, County Accountant

Ostrowski handed the meeting over to Louise Kallstrom. She read the budget message from budget handout, given to each Board member. She noted there was an error in the message pertaining to a date and she would make certain that was changed. She referenced the Local Budget Law Review, and said at the bottom of page one (1) of the budget message, there was a major change from this year vs last years adopted budget, stating the revenues didn't add up to the expenditures. She chose most major changes, but said there were minor changes everywhere.

King commented on the road fund money noting there were various restrictions on those sources. He said prior Road Masters had appeared before budget commissions and boards, giving convincing arguments about the federal restrictions for use of those funds. He said the fact Oregon says one thing, but he wants to hear from Counsel or the Road Master, a convincing argument that funds are not restricted by federal government. King said it would be helpful to him in making decisions. King said another observation was the budgets reflected actual amount spent, questioning if the end of March revenue and expenditures had been posted on the website. Kallstrom said March has been posted. King felt February was the last month posted. Would like to know where we stand this year. He said budgeted vs actual expenses were more of an interest to him than year-to-date. He felt it would give him a better understanding of what he needs to know. Huxley said he printed March out this a.m., and he would have 5 copies printed for the remaining Board Members.

Boice said he was disappointed in Mr. King, noting it took 16 minutes to bring up county road funds reserve. He said we have tremendous support in the State of Oregon. He said the Board Elected Officials can challenge the federal government if necessary. Gold asked what percent of road funds was federal and what percent was state. Kallstrom said she didn't know, and would have to research that. Brand said the public may not understand that road fund yearly operating money is reserved and combined with federal funds and non-federal funds, noting Mr. Crumley could educate this Board on that topic. Brand said he would try to recite Crumley speeches...the only funds in the reserve are federal funds. Feels state cannot tell county not to pay attention to that, at least that was his understanding. Brand then asked the bigger question to this budget Committee - where is this county going? Are costs exceeding revenue? Need to discuss something for salvation other than county road funds. Dissolve or split? Declare emergency? He further stated this can't keep going like it has the past 10 years and there is a need to get more realistic. He didn't know if this was the year or not to do this. He further stated he would like Mr. Crumley to visit the Board. Huxley asked if Brand would contact Crumley. Brand said he would. Boice questioned Brand's prior comments - dissolve the county? He said he didn't feel there was advocating for that. He then asked if this was an alternative. Boice said he had serious concerns there was potential for this approach out there. Brand said he didn't come up with that on his own, stating it is an alternative and that the county was not alone in this as various states take various approaches. State of Oregon offers dissolve or restructure? Boice, said there were recordings on this from previous meetings. Ostrowski said he would like to hear it. Gold would like him (Crumley) to be present for questions.

Ostrowski indicated he wants county's plan for the future. He asked what was taken into consideration when Kallstrom put the budget together. Kallstrom said there was no 5-year plan, and no 10-year plan. She indicated they had looked at doing some kind of revenue generating plan, but now the interim Administrator was gone and a new one was coming on. She is hopeful they would be working on this. Ostrowski noted the county appeared very anti-tax, asking, given that, how do you plan on raising revenue? How can you put budget together if you don't have a roadmap, or just get through this year, worry about next year? Kallstrom said it was revenues vs expenditures driven. King recalled memory noting there is a multi-year plan for maintenance and replacement of motor vehicles in the road dept., not set aside, capital improvements budget...amount to be expended every year, clarifying while there isn't a long term plan, there had been some short term planning. He stated two years ago, they tried to put a budget together to have reserves available. He didn't know how many reserves were left at this point, as had been consumed, and noted he agreed with Ostrowski. Ostrowski asked how much can be drawn down off the reserves of the road fund? Kallstrom said the only thing to draw down from the road fund was for four (4) deputies. King said if we keep taking from the road fund, there will not be any road fund money left in a few years. Huxley restated Mr. Ostrowski's question as to how the budget this year was developed, and to that point, he said on page 1 of the budget message it was clear the general fund was \$8.895 million compared to \$7.760 million last year, which was a 13% increase. He questioned who decided in this budget that 481K in road funds was going to be used? Kallstrom said there was a workshop with Commissioners on budget and interim Hitt did say he was going to propose this in the budget - to add the four deputies. Huxley said he didn't have that understanding, and would listen and review the video. Kallstrom reiterated that was Hitt's talk, noting a lot of the proposed budget was working with Hitt before he left, and using Road capital improvement fund to fund the deputies as it was one of the discussions. Ostrowski asked Kallstrom if budget had increased by 14%, what guidance/guideline had she been given. Kallstrom stated in the meeting that took place, there was a handout of a list of budgets, and status quo budgets, and when she received all the department budgets back, they were status quo from the prior year. Ostrowski asked for clarification as to what a status quo budget was. Kallstrom explained. Brand asked if the road department money used for

road deputies was a loan. Kallstrom explained that it was not, as ORS allowed the use of the road fund money for road deputies. Boice commented on a point of observation, noting it doesn't take long to realize not to have tax increases in this county. He said he had been trying to create a citizen advisory board, to no avail. He wanted the public to know that effort went out. He stressed the importance of getting something before the voters, to generate 2.5% increase in tax revenues. He said Hitt was working to come up with something to generate revenue that would have gone before the voters. He then said he tried to keep Hitt here, but that he was catapulted out of here, rudely. Ostrowski asked if that was the only answer to fall back on for a shortfall in revenue, using road money or increasing taxes. He wanted to know other external/ internal revenues that could be considered. Kallstrom, replied with "none, none and none". Brand asked to continue on as far as reducing expenditures asking Kallstrom about staff or departments. She replied there was no way to reduce staff, as currently all positions were at minimal or below staffing levels. She said you could eliminate departments or services. Boice suggested another option utilizing natural resources – harvesting board feet. He said logging was currently at 20-25% and there was a lawsuit against BLM re this issue, but moving slowly. Brand questioned how the logging process provided money for the county and how much the county received. Kallstrom said she doesn't know that percentage. Brand said he couldn't remember, but had spent time with Mr. McVay. Recalling, he believed it was \$8.57 per million board feet, but not sure. He didn't think the county could depend on logging for salvation. Boice agreed but felt it has been overlooked and ignored and is optimistic they will prevail with the lawsuit. Brand said in looking over the schedule, he doesn't see anywhere on the schedule for this type of discussion with Mr. Crumley, noting it would take some time for this to go someplace. Want's time for this scheduled before King leaves next week. Kallstrom gave some possible openings for this to occur. Ostrowski said they owe it to the public too. Ostrowski asked Kallstrom for a projected shortfall. Kallstrom said they had before them a balanced proposed budget. Boice informed the committee that he an important conference call and would have to be excused. Boice leaves at 10:58A.M. Due to Crumley not available to present to the Board, Kallstrom suggested having a workshop. King, changed motion to have a workshop, not special meeting. Brand seconded the motion. Motion passed 5-0, Boice absent. It was noted there would be a workshop tomorrow. Brand asked for a video presentation by Crumley. Huxley stated perhaps they could find that. It was noted Charles from Brandt Media would not be available tomorrow. Huxley asked to take a 10 minute recess. Brand said he would still make time for public comment. 11:02 recess until 11:15a.m.

After reconvening, Kallstrom said Debbie Crumley heard from Dan Crumley stating he was not home right now, but preparing to leave on a vacation and would not be able to come tomorrow at a workshop. Huxley encouraged a recess to try to have Crumley come in today. Ostrowski asked if Crumley's last presentation was on video. Huxley said he didn't know. If the video could be located, it could be presented first thing Monday morning at start of budget meetings. Kallstrom said she would look for it. Brand asked if there was any discussion for long term planning and asked what the committee would be trying to accomplish with this budget. Kallstrom said she would defer to the new County Administrator (CA). She said there was a long term plan for IT, building, and road dept. for replacement of equipment, a 5 year plan, but regarding revenues, would defer to new CA. Brand asked how much life would be in the county, if nothing changes due to current trends with tax increases, etc. Kallstrom said the Assessor's pilot program is about assessment of properties within the county. Brand said for every dollar brought in, the county gets a very low percentage of money. Huxley suggested having public comments and then revisit with additional questions for Kallstrom on budget message, page 2. Would hope, if any budget members have questions, they would contact County Accountant Kallstrom directly. Kallstrom prefers written

questions come in and she could answer those Monday A.M. so the committee as a whole would hear the answers. Ostrowski agreed with that. Boice returned at 11:24A.M.

Ostrowski asked how much of budget was discretionary spending. Kallstrom didn't know the percentage. Ostrowski questioned what was discretionary spending. Kallstrom said the budget was reduced down to bare bones. Ostrowski again asked Kallstrom for definition of discretionary spending. Kallstrom responded by saying it was a zero based budget with no padding.

Brand, mentioned that \$19 mil plus was unappropriated. Kallstrom said most was in the Capital Road Improvement Fund. Brand stated a few years ago that was \$53 mil. Kallstrom wasn't sure. Kallstrom said it was \$31 mil when she came in but would have to review that particular fund for statistical purposes. Huxley said the \$50 plus million was everything, including other major departments, which were no longer in the county budget, and that changed the numbers. Ostrowski wished to move on to public comments.

4. PUBLIC COMMENTS –

Jan Barbas spoke re the road fund. Suggested hearing from Mr. Crumley, or hear from Mr. Smith, Office of Legislative Council to get their side. He asked for definition of the State of Oregon's position for using road funds. Not saying whether to use or not, but need to fund Sheriff's Dept. as there was not adequate staffing. He felt there was a need to understand what the road deputies do. Public safety number one for this county and Board needs to look for new revenue streams. He said the TLT tax strong could be a strong proponent, as it could fund two or three deputies as well as fund Economic Development (ED) in the county.

Jim Kolen commented on the current budget noting an item had been before the BOC a month or so ago, re two unions, and road departments, receiving some form of increase in pay over past two years. A group of employees that were non-represented, some supervisory in nature, dept. heads, etc.... had no increases over the last few years. Represented employees have been given raises....consider giving those non-represented employees increases in pay. Ostrowski said he would take that into consideration.

Ostrowski asked about legality of using the road funds as brought up by Barbas asking if this was investigated before using. Huxley said it was long and complicated and had been discussed over various years, stating \$4-5 million over those years had been transferred to fund deputies. With ongoing Legislation, and now loaning road funds, another topic to be had, topic for a future Ordinance defining the new Bill. Ostrowski asked if the County was in compliance with the law. Huxley said he couldn't argue that. Boice said if no solid state support behind us, a list of supporting staff, could be subject to penalties. Boice said Curry County was recognized as most economically depressed in all 36 counties in the state, especially since the fire.

Kallstrom, this week is preparing for the meetings. Having this meeting a week in advance is a plus. Huxley said this year was first year, good change to get the proposed budget to budget members a week in advance for preview. Ostrowski appreciated time given the committee. Kallstrom will have laptop next week for immediate answers.

Sheriff Ward – follow-up on question re road funds. Each time was able to get road fund money, never used it all, and takes months to get the deputy, training, etc., 6 months to a year to get out on their own. \$481K but in reality would not use that much. Ward said Governor Brown recently wrote a letter to BOC to fund the Sheriff, including using Road Fund. Wanted to make

that clear. Brand's question was if you use road funds to hire deputies, would you agree that automatically builds in recurring costs for the following years, year after year? Brand said it's not like taking fixed dollar amount this year, then over with. And each year thereafter...compounded. Not saying shouldn't do it, but every year must consider options. Sheriff responded by saying there is a need to find stable funding for sure. Law enforcement levy for 3 years, district, etc....pushed door to door, for law enforcement district only. Must find stable funding beyond this year. Road funds not a stable funding. Limping along for several years now, not doing justice for our community. Doing a good job, burning guys out, don't feel secure in their jobs, want stable funding with better pay to keep guys. Brand, doesn't disagree. He said he had worked with Metcalf, Bishop and now you. Keep taking from savings. Eating ourselves. Ward addressed Huxley and Gold by stating they agreed to work without pay, but need support from leaders to push through for funding. Gold said this had come up previously and doesn't feel the people will vote in a property tax. She stated the TLT would be a good thing. Ostrowski said had tried but it was defeated. There was discussion of a possible luxury tax, but not really in favor of hitting the poorest of the poor with a tax on wants rather than needs. The consensus was to work with the new CA on these issues. Ward gives overview on last attempt for 3 year levy. Ward suggests going out for a jail levy. He said he feels it would pass. Huxley recalled the last measure and the rate, although he didn't recall what the rate was, he believed it was two or more times of what the existing tax rate at the time, stressing the difficulty it has on retired people with fixed income. He discussed the increasing PERS referencing an article in the Oregon Watchdog.

Boice discussed cities to come on board to work with counties, noting county will continue losing opportunities, until this happens. He stressed the exposure to the Sheriff's Office and having millions sitting in an account, didn't make sense, noting the county needs to equip them and give them the right numbers of deputies or will come back to bite us. He asked the Board to borrow or transfer just 1% of the road funds to the Sheriff's Department. He said to let public know about this.

Brand said when state reviewed our county, we got high ratings in two areas, no long terms debt, and had savings. Take those away, and we are just like the other counties. Working for a reasonable compromise to do what we can for the dollars we have. Boice said need to invest in our police officers. Ostrowski stated it was a balancing act - how much to keep in road funds, and give to law enforcement. Ostrowski said it was up to the Commissioners to figure out what the balance is. Budget committee is there to approve a budget. Huxley requested a recess.

Jim Kolen wants a conversation for the future of Curry County. Would like to see budget committee determine what next year's budget might look like if didn't use road funds. Before denying use of road funds, would like to see you (Board) put down a road map as far as services, a year in advance so the public could see what that looks like. He stressed the worth in taking the time to do this. Ostrowski feels that is idea is worthwhile. Brand referenced the Blue Ribbon Committee, which did that, and he believed it cost over 100K. Kolen said the study only looked at law enforcement. Brand concurred he believed that to be correct. Brand said all were working hard at doing less with less, noting it was getting to the end stage at this time. Kallstrom said the discussions need to involve the CA, noting the budget through this year was not sustainable year after year after year. King agreed the new CA needed to be involved and wants to see committee come back to a workshop and address these issues, and noting he is willing to serve after this budget.

Scott Faas asked Brand what was the projected plan. Suggested setting up a 5 year plan, going forward, so everything this year, isn't just a bandage. Ostrowski brought up waiting for the new CA, doesn't know if that's the right answer, but need a plan.

Gold said she would like to see budget committee work together to come up with possible ideas for revenue. Ostrowski said that made sense, but would like to get public involved. Ostrowski asked what Commission's opinion for revenue is. Huxley said his opinion is to pass a budget, and in no way can the Committee develop a 5 year plan with these members and then do the budget.

Trost, Juvenile Parks Director said the county must forecast a future. He said Department Heads and Elected Officials are all passionate about what they do. He said when an emergency hits your "family", you don't just sit on your reserves, adding we are living in an emergency, by not providing 24-hour safety. He recommends dipping into reserves....to get back on track. He concluded by saying he appreciates the discussion and this group. Ostrowski agreed.

Brand said all getting together to discuss sounds nice, and he's happy to do that, but doesn't want a repeat of what has been done with only focus on cutting costs and raising revenues. He'd like to see other options. He said in reality, a betting person wouldn't bet on raising taxes. He said he's been hearing same thing every year, since sitting as a budget member. Gold said there needs to be "out of the box thinking". She commented on the Districts and their revenue stream, and wanders about redistributing those funds. King said he was bemused in part, as a progressive democrat, conservative friends and comments re taking from the districts, taking from those who managed so well, to give to those who refuse to manage. He said those districts elect a board, set a tax rate and provide a service. He suggested looking at solutions that can happen. Have to pay for service, can't cripple rest of county to make this up. Gold – come up with a tax that doesn't hit all property tax owners (luxury tax). Gold – tourists. Boice, plan in place, need refinement, can get this on the ballot. Need to recruit Gold and get this moving forward.

Ostrowski reiterated this committee must be united (unanimous) on issues.

Brand motioned to recess for 10 minutes to try to contact Crumley. Recess at 12:33P.M.

12:43 Meeting Reconvened.

Brand said Crumley could be here at 3:00P.M. today to go over what had been said in the past and answer questions. Ostrowski motioned to recess until 3:00P.M.

Prior to recess, Sheriff Ward had another comment on the road fund issue. He explained dating back to when he became sheriff in 2015, this very issue came up, and it had been approved up to three times, three years ago, including Huxley. Ward reiterated what's different now than back in 2015. Sheriff said Brand voted to use Road funds - can't remember how many times. He said the county was eating ourselves alive, not just road funds, but county as a whole. Sheriff said he was asking for less, small fraction for what used in the past. Brand said he liked Trost's comments (above). Brand said it doesn't bother him asking the state to help us out, in an emergency state. Ostrowski said that was an interesting comment. King seconded the motion to recess (above), and reconvene at 3:00P.M. Motion passed 6-0.

3:00P.M. reconvening of the meeting

Mr. Ostrowski announced they were back in session.

Guest - retired Road Master, Dan Crumley - Road Fund Discussion

Crumley said he had put on presentations a couple times, and would summarize.

Reserve fund were federal dollars. No state motor vehicle fees. Any state money in that pile, beware. Assuming all money is federal dollars. Started in 1908, over 100 years dedicated to roads, federal still sees that, coming from federal forest side. State, initially 2 counties, and were wealthy counties. Then some other 5 counties were added to that including Curry. Some other timber counties didn't get added to the list. Feels state rules are risky. State says use for road patrol, but then the issue is it the right thing to do? Law of the land is law of the land until challenged. Risky if dedicated to one fund to another. Very challengeable to use money given for one person, if the sender says it's not its purpose. Crumley asked "is it illegal"? He suggested checking with the attorney. He said it was very challengeable, but the problem is bigger than what you do with this challenge. It can solve general fund problem, but when road reserve money gone, then it's very challenging. King asked if the definition of road use to include patrol was made by the state or federal government. Dan said this was brought up in the early 2000's. There had been a vote before the people and they said no, and the state knows this. Brand said ongoing expenses exceed revenues now. Brand informed Crumley that the Sheriff was asking for approximately \$450,000 start up, then approximately 250K each year thereafter and asked Crumley if that moved him one way or another and asked if there was a compromise position. Crumley said he understands all decisions before the board, reiterating this was not a personal thing at all. Only so much in the reserve fund, when gone, it's gone. If this was challenged, Crumley felt would be successful. He didn't know if the county would have to pay back all the money spent for non-road purposes. Brand said if reserves gone, would be limited to whatever was generated. He asked Crumley if cuts had to be made, what he recommended cutting. Crumley said he would eliminate capital improvement plan, payment managing system overlays, probably eliminate maintenance, other than very minimal. Crew had been pruned a lot already, can get down to a point where you can't function. Level of service would be drastically reduced. It was asked of Crumley if there were any counties where the money went away. Crumley said Coos County was in that situation a few years before he retired. He said they decommissioned some roads, had public meetings, but it didn't go over well, noting it was ugly. He said that was the only one he knew of. Huxley said roads was already using its reserves, totaling millions from the reserves. Boice thanked Mr. Crumley. He said the Government had locked us out of our own resources, noting it wasn't right the Sheriff has to beg for money. No win situation and that it was a matter of priorities in his opinion, inadequate roads or inadequate funding for Sheriff, again saying 1% wouldn't push the County over the cliff for what the Sheriff was requesting. Boice wrapped up saying if it wasn't for Dan and his people, funds wouldn't even be there. 3:25P.M. Crumley discussion ended.

Ostrowski invited current Road Master Richard Christiansen before the Committee. Christiansen said he feels the same way as previous Road Masters. He said he doesn't know the full values of all the assets. He talked about leveraging dollars, i.e. getting \$4 million of work done for \$400K. Leveraging at 10% of cost, was invaluable, to get the most bang for the buck, and having the road fund money available was the only way of doing that (leveraging). Christiansen said they would be going to more of a "maintenance" crew if funds go away. King asked if inventory of bridges and culverts and current testing of their capacity gets done. Christiansen said they did, and roads as well. Christiansen said 1992 was the last created facility plan. He said he has \$80K in this budget to have a facility plan approved. He has a feeling it would be in the \$100 million range when completed. He said it should be done every 5-8 years, along with infrastructure,

total assets, total liabilities, etc. Ostrowski said that must be hard to do a budget. Christiansen said he just started 4-5 months ago, still trying to get his feet under him.

Crumley for the record said bridges were systematically inspected on a timely basis – every two (2) years. Gold asked who pays for the inspections. Crumley said the State performs that work. Christiansen said he was just asked to de-rate a bridge and was not sure what that would cost. He said he was getting ready for funding of the project.

Sheriff Ward addressed the committee again re the importance of funding the Sheriff’s Department. Gold questioned Ward if when the levy was last put on the ballot, were all the different services brought out. Ward said they were. Ward said they were in the talks re combining PSAP district, but this would take some time. Gold asked if they were charging for people incarcerated in jails. Ward said no. Ward indicated they were renting out three beds to Coos P&P. Gold asked if we could charge them (cities). Ward indicated there were talks of consolidating. He also noted there was a need to upgrade towers and said we are talking in the millions. Ward continued by saying the County is responsible for inmates, once they hit the Sallie Port.

5. ANNOUNCEMENTS – Ostrowski announced the upcoming Budget Meetings.

- A. May 14, 2018 Budget Committee Meeting 10:00AM – Commissioners’ Hearing Room
- B. May 15, 2018 Budget Committee Meeting 10:00AM – Commissioners’ Hearing Room
- C. May 16, 2018
 - a. Budget Committee Meeting 10:00AM – Commissioners’ Hearing Room
 - b. Curry County Public Transit Service District (CCPTSD) Budget Committee Meeting 10:30AM – Commissioners’ Hearing Room
- D. May 17, 2018 Budget Committee Meeting 10:00AM – Commissioners’ Hearing Room
- E. May 21, 2018 (IF NEEDED) Budget Committee Meeting 10:00AM – Commissioners’ Hearing Room

Kallstrom noted this was now on the website. Clarification on the handout, (lower right hand corner – date s/b 21st not 24th).

6. ADJOURN

Meeting was adjourned at 3:48P.M. Ostrowski Moved to adjourn. Brand seconded. Motion passed 6-0.

Dated this _____ day of _____, _____.

Curry County Budget Committee of 2018

Sue Gold, Commissioner

Thomas Huxley, Commissioner

Court Boice, Commissioner

Bill Ostrowski, Chair

Carl King

Thomas Brand, Vice Chair

(Taken and transcribed by B. Starbird)