

**BOARD OF ISLAND COUNTY COMMISSIONERS MINUTES OF MEETING
NOVEMBER 19, 2008 – BUDGET WORKSHOP/FORUM**

The Board of Island County Commissioners reconvened in Regular Session for the purpose of conducting a Budget Workshop/Forum on Wednesday, November 19, 2008, beginning at 5:30 p.m. in the Board of County Commissioners Hearing Room (Room #102B – basement), County Annex Building, 1 NE 6th Street, Coupeville. John Dean, Chairman and Wm. L McDowell, Member, were present.

Staff Present:

Elaine Marlow, Budget Director

In attendance were approximately 50 County employees, 4 members of the public and one member of the press.

Handouts: Island County Annual Budget Calendar – Steps in Budget Preparation
Island County's 2009 Budget Basics
2009 Preliminary Budget Comparison to previous year
Graph – 2009 Preliminary Budget – All Funds/Current Expense Fund

Elaine Marlow, Budget Director, summarized for the audience the budget process. She explained that by law the Board must pass a balanced budget. The Board has reduced 9% overall from their budget. They have reduced 36% out of capital outlay, 9% out of maintenance and operation and 4% overall from salaries, wages & benefits.

The 2009 budget proposes no growth in sales taxes. Sales taxes are a major source of revenue for the County and overall a \$1.1 million decrease from the 2008 budget.

Interest revenue is projected to be \$1.7 million, which is \$400,000.00 less than the 2008 forecast, due to lack of growth in investment rates.

The preliminary budget does not include any estimates for cost of living allowances. The County will honor its agreements with its union employees. Salaries and benefits comprise the largest portion of the County's budget. Medical insurance plans and retirement rates have both increased. Island County pays \$20,000.00 a year for full family coverage, \$13,000.00 for a spouse and \$8,000.00 for an individual employee.

Unless grant funded, no new positions were approved as supplemental budget requests.

During the budget process the Board was asked to look at their mandated responsibilities and priorities. Providing public health and safety is a priority of the Board. For the audiences benefit Ms. Marlow went through the proposed staff reductions department by department. The Board has committed to providing affected employees with 3 months notice.

Commissioner Dean noted that he has received several cost savings ideas from both the public and employees. One idea was to cut the work week for all employees. The Board shied away from that concept because the Sheriff and Courts would not be able to participate and the remaining departments would have to make additional cuts. The remaining employees would be forced to look for jobs elsewhere, and the County in turn would have a difficult time finding someone to work those reduced hours.

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Public Comment

Janice Wilson remarked that King County is shutting down an extra 10 days scattered throughout 2009 and asking their employees to take unpaid furloughs on those days. She wondered if that could work in Island County.

Ms. Marlow pointed out that King County is proposing substantial layoffs as well as unpaid days to help fund the COLA's that were already agreed to.

Commissioner McDowell noted that the Board did look at that option. The problem with cutting hours is you still have to pay the \$20,000.00 in health care benefits.

Jill Smith asked if the Board would consider sending an email to "all" to see if any employees who are military spouses or dependents would be willing to give up their benefits and go to the base for a couple of years.

Larry Larson, Human Resources Director, explained that the County's dental and life insurance plans require 100% participation.

Anamaria Nunez noted that many companies are adopting the policy that if their employee's spouse is covered by insurance through the company they work for they are not eligible for double coverage. She asked if that was something the County had ever considered.

Commissioner McDowell noted that was a useful suggestion for next year's budget.

Bob Smith suggested looking at doing work in house instead of outsourcing it.

Commissioner McDowell noted that the reason the Board agreed to outsourcing the work was because the individual departments convinced them that it was a better way to go both financially and from a work load perspective.

Madeline Rose asked what the County's current expense fund was and what the ideal reserve would be.

Ms. Marlow said the total general fund will be approximately \$24.2 million which is down about \$1.4 million from last year.

Commissioner McDowell felt that the County should keep enough money in the reserve to cover the expense of a capital murder case which is close to 2 million dollars.

Ron Yount asked if early retirement was an option.

Commissioner McDowell pointed out the huge disparity in pay if you retire prior to 20 years of service. He stressed the fact that senior employees were not being targeted for layoff simply because they have a higher salary.

Amy Witt suggested changing the years of service to something less than 20.

Ms. Marlow explained that was not something within the Board's control. The PERS system was established and is controlled by the state legislature.

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Janice Wilson asked if every department has been given guidelines to follow on how they should layoff employees or whether it was up to the individual departments to determine how they are going to lay off.

Ms. Marlow explained that the guidance given to elected officials and department heads was to look at their organization and then talk with Larry Larson about how to discuss layoffs with their employees and what the proper procedure is.

Mr. Larson said that within each one of the union contracts there are specific guidelines that have to be followed with regard to layoffs.

Marty Bodley, President of Local 1845, appreciated Commissioner McDowell dispelling the rumor that senior employees were being targeted for layoff.

Lorene Norris asked if a new position within a department would more likely be cut than an established position.

Ms. Marlow reiterated that guidance was given to department heads and elected officials to look at their organization. The Board's expectation was they would do the right thing.

A Member of the public said the general perception of the public is that the budget problems and layoffs were kept under wraps until the election was over. The public also questions why the County continues to hire when there a layoffs looming.

Ms. Marlow noted that she personally informed elected officials and department heads that 2009 was going to be a tough year.

Commissioner McDowell noted that once a month the Auditor and the Treasurer present a financial report. He personally spoke with the newspaper during the summer and informed them that Island County was down easily 12% in sales tax from last year. The Board does not make final decisions until after all the departments have made their presentations. The County currently has a lot of vacancies that have not been filled especially in departments that are permit driven.

Ms. Marlow noted that certain jobs are funded through dedicated revenue streams and grants. For example, the county has been recruiting mental health professionals and those positions are funded with a dedicated sales tax stream.

Anamaria Nunez remarked that employees who are covered by union contracts have recourse if they believe that they were selected to be laid off unfairly. She asked if there as any recourse for exempt employees?

Mr. Larson said that for non-represented employees the procedures in the Personnel Policy and Procedure Manual will be followed. For represented employees, the County will follow the labor agreements.

Janice Wilson asked if the Board would be receiving a 5% raise in 2009.

Commissioner Dean noted that the Board is not allowed by law forego the raise. However he was informed by the prosecuting attorney's office that individual commissioners can make a contribution to the County in the amount of their raise. The Board has taken a cut in their auto allowance.

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Mariah Knoblich asked if the Board was willing to work with people who want to donate a day a week to keep their fellow employees from being laid off. She noted that she would be willing to pay more for her benefits if it meant keeping her job.

Mr. Larson noted that benefit rates and salaries are all negotiated through bargaining with the union. A separate deal with individual employees cannot be negotiated. There are severe limitations on that with regards to what can and cannot be done under fair labor practices.

Angie Homola asked if there was some way to secretly ask all of the staff if they were willing to stagger a 32 hour work week so the full day is covered or willing to give up a day or percentage of their wage and then find out if it can be done legally so they could possibly bring back some people by the first quarter.

Mr. Larson explained that would be bargaining outside of the standard and an unfair labor practice.

A Member of the Public asked why that could not be done with exempt employees.

Ms. Marlow said that was something to keep in mind.

Andrew Hicks, Vice President of Local 1845, submitted a letter on behalf of the union representative for consideration. Ms. Marlow asked Mr. Hicks if he would like to read the letter into the record, and Mr. Hicks declined.

Marty Bodley asked how the money for consultants fits into the budget.

Ms. Marlow said that falls under maintenance and operation.

Commissioner McDowell said normally you hire a consultant because your staff does not have the capability or the expertise to do those refined type of consultant services. You can't keep on staff somebody that is an expert in every field.

A Member of the Public asked if the Board had any feel for how these layoffs will affect the general public.

Commissioner McDowell said clearly there will be an affect on the public if there wasn't an impact it would mean the County was 10% overstaffed. Some services will slow down and some may no longer be available.

Commissioner Dean noted that another idea that had been discussed was the possibility of not opening the doors at the County until 10:00 to give 2 hours time to the remaining staff to answer emails or catch up on paperwork. If this economic downturn continues and the County has to make additional cuts there is going to be a noticeable cut in public service.

Jill Smith asked if anyone had pursued the dollar savings of only heating and cooling the county buildings for 4 days a week instead of 5.

Ms. Marlow said the issue is you are still going to be opened 40 hours a week, whether it is four 10 hour days or five 8 hour days.

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Andrew Hicks said you have to also look at the efficiency of having an entire day where you don't turn on the lights or heat up the buildings. The other benefit with 4 10's is to the commuting employee.

Linda Riffe noted that opening the doors at 10:00 and closing at 4:00 to allow staff to do the extra work that will accumulate will impact customer service. The positive side to 4 10's is the fact that you are opened earlier in the morning and later in the afternoon allowing people who work to access county services before or after their work hours.

Commissioner McDowell said there will always be someone who needs a county service such as a public health nurse, recording or building inspection on a Friday.

Angie Homola said she hoped the first step would be to go to the union with the ideas that have been presented.

Mr. Larson indicated that he will be sitting down tomorrow with 3 of the unions that are most likely affected by all of this to begin some of those discussions.

A member of the audience asked about the proposed 1% increase in property tax levies.

Commissioner McDowell said that has already been factored into the budget. Surprisingly a 1% increase does not generate that much money, about \$70,000.00. On the other hand a 1/10 of 1% sales tax increase would generate 1 million dollars so when your down 10 or 11% in sales tax it is a lot of money. Sales tax increases have to be authorized by the state.

The Board will hold another budget workshop on Wednesday, November 26, 2008 at 2:00 p.m.

The meeting adjourned at 7:00 p.m.

BOARD OF COUNTY COMMISSIONERS
ISLAND COUNTY, WASHINGTON

John Dean, Chairman

[Phillip Bakke, Member: Excused]

Wm. L. McDowell, Member

ATTEST:

Elaine Marlow
Clerk of the Board