

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING, ROOM 113
TUESDAY, JULY 28, 2009
10:30 A.M. OR IMMEDIATELY FOLLOWING
THE REGULAR COUNTY BOARD OF COMMISSIONERS MEETING**

Commissioners Present: Bernie Heier, Chair
Ray Stevens, Vice Chair
Larry Hudkins
Deb Schorr

Commissioners Absent: Bob Workman

Others Present: Kerry Eagan, Chief Administrative Officer
Gwen Thorpe, Deputy Chief Administrative Officer
and Interim Lancaster Manor Administrator
Dennis Meyer, Budget and Fiscal Officer
Tom Fox, Deputy County Attorney
Kristy Bauer, Deputy County Attorney
Cori Beattie, Deputy County Clerk
Dan Nolte, County Clerk
Ann Taylor, County Clerk's Office

The Chair opened the meeting at 10:13 a.m.

AGENDA ITEM

1 APPROVAL OF THE STAFF MEETING MINUTES, THURSDAY, JULY 23, 2009

MOTION: Stevens moved and Hudkins seconded approval of the July 23, 2009 Staff Meeting minutes. Hudkins, Stevens and Heier voted aye. Schorr abstained from voting. Motion carried.

2 ADDITIONS TO THE AGENDA

None were stated.

3 NEGOTIATIONS FOR PURCHASE OF REAL ESTATE (EXECUTIVE SESSION)

MOTION: Hudkins moved and Schorr seconded to enter Executive Session at 10:20 a.m. for the purpose of negotiations for a real estate purchase. Hudkins, Schorr, Stevens and Heier voted aye. Motion carried.

MOTION: Stevens moved and Schorr seconded to exit Executive Session at 10:31 a.m. Stevens, Schorr, Hudkins and Heier voted aye. Motion carried.

4 BUDGET UPDATE - Dennis Meyer, Budget and Fiscal Officer

- General Fund

Dennis Meyer, Budget and Fiscal Officer, said the General Fund property taxes have increased by \$182,000. The fund balance has dropped by almost \$1,000,000 and expenditures have increased by 0.5%. He said he has prepared the budget showing a transfer of approximately \$1,500,000 from jail bond proceeds to reimburse the County for pre-construction costs that were paid out of the General Fund, adding reimbursement could go up to \$3,200,000.

Stevens noted the Board has assumed a 0% change in the valuation and asked what impact a 0.25% change would have in terms of dollars.

Meyer estimated the amount at \$100,000 to \$150,000.

- Health & Dental Fund

Meyer noted an increase of 12.3% to 18.3% is projected for the medical plan. He said the plan runs on a calendar, rather than a fiscal, year so the impact will probably be at mid-year and to next year's budget.

Stevens noted a spend-down of excess assets has been re-amortized over a five-year period and asked Meyer to check whether it could be re-amortized over four years instead.

- Rural Library

Meyer said the fund balance has decreased and said a \$9,400 increase in property tax is needed to get it back up to where it should be.

Hudkins asked Meyer to check how much of the library allocation is related to capital improvements.

- Rural Fire Districts

Meyer said he has not received all of the rural fire district budgets yet.

Hudkins said he is interested in seeing the impact of having the rural fire districts pay for emergency ambulance services, through the Lincoln Fire Department (LFD), to all areas of the County outside the City limits.

Heier reported the Mayor has indicated the County's share of the cost this year will be \$95,000.

- Keno Fund

Meyer said the majority of the funds are allocated to road projects. He estimated there is approximately \$150,000 remaining.

- Debt Service Fund

Meyer said there will be a \$690,000 decrease in property taxes in this area. He said it is due in part to cancellation of the County Treasurer's project (a property tax software program).

In response to a question from Hudkins, Meyer said most of the County's leases are paid off.

- Building Fund

Meyer said the property tax asking will be the same as last year.

- Jail Savings Fund

Meyer said there is approximately \$2,000,000 remaining in the fund.

- Community Mental Health Center Budget

Meyer said Dean Settle, Community Mental Health Center Director, has reduced expenditures and increased revenues by \$250,000 so the property tax increase will be just over \$500,000.

- Overall Budget

Meyer said the final property valuation numbers will be made available on August 20th.

MOTION: Hudkins moved and Schorr seconded to schedule the public hearing on the budget on Tuesday, August 25th at 7:00 p.m., and to tentatively schedule final adoption of the budget on Tuesday, September 1st. Hudkins, Schorr, Stevens and Heier voted aye. Motion carried.

- Lancaster Manor Budget

Meyer said he has reduced the projected \$3,500,000 deficit to \$1,800,000 by removing the "wish list" items (capital expenditures) and \$1,000,000 for Contingency; moving the \$1,000,000 that was in the Renewal and Replacement Fund over to cover operating expenses; and making \$160,000 in cuts suggested by the Manor's department heads. He said further steps need to be taken to close the \$1,800,000 gap.

Heier expressed concern about the lack of Contingency and Renewal and Replacement Funds and what could happen in terms of the deficit if the facility isn't sold.

Schorr said occupancy is the key.

Heier said he wants to have funds available for the facility, even if it means a tax increase.

Heier said the Board needs to restore confidence in the facility to bring the census back up. He added that the Board needs to adequately provide for the on-going operation until it decides what to do with the facility.

Meyer said there are several options: 1) Increase property taxes; 2) Reduce expenditures, possibly through layoffs; 3) Transfer some of the jail bond proceeds back into the General Fund and make a transfer to the Manor from there; and 4) A combination of a transfer of jail bond proceeds and a reduction of expenditures.

Hudkins said another option would be to increase revenues and reduce expenditures.

Meyer said the proposed transfer of funds is on the revenue side. He said revenues are based off March, 2009 numbers and said that month was used because it seemed to be a "normal" month for the Manor. Meyer said he can "bump" the revenues to balance the budget but cautioned revenues may fall short.

Schorr asked whether there is the ability to RIF (a reduction in force) some staff at this time and still maintain the necessary patient to staff ratios.

Gwen Thorpe, Interim Lancaster Manor Administrator, said she has identified 12-16 positions she believes could be cut, reducing the deficit by about \$460,000, but said she has not had a chance to discuss those cuts with her department heads. She also said the nursing staff level is down from the budget and said an inventory will help the Manor to slow down spending.

Hudkins again urged the Board to explore becoming a preferred provider.

Stevens said he would favor a reduction in staff if it doesn't impact resident care. He said the budget should be a realistic document and said he favors a reimbursement from the jail bond proceeds over a property tax increase.

Hudkins asked what an increase in census to 263 residents would generate in revenue.

Stevens estimated it at 10% more.

Hudkins asked what the March, 2009 number was.

Thorpe said it was 241. She said she believed that was a conservative number but said the census dropped further.

Schorr she does not support transferring the full amount from the jail bond proceeds as those funds will be needed for jail expenses. She suggested splitting the amount equally between property tax, a reduction in expenditures and an increase in revenues.

Stevens responded, "We know where the Manor sits. We don't know about the future jail expenses."

Hudkins concurred, saying he doesn't want to increase property taxes to cover the Manor unless it is absolutely necessary. He added there are funds in Jail Savings Fund that can be used for jail expenses.

Schorr said she could support \$1,400,000 transfer from the jail bond proceeds and a \$400,000 reduction in expenses.

Heier said maybe the Board should approach the American Federation of State, County & Municipal Employees (AFSCME) about cutting wages.

Schorr asked how much of a reduction would there be if the Board froze salaries.

Meyer said he isn't sure, noting a salary freeze would affect everyone covered by AFSCME.

Hudkins said he would also be interested in that information.

Meyer said he will adjust the proposed budget to show a \$1,400,000 transfer from the jail bond proceeds and said he will reduce expenditures to make up the difference. He added adjustments can be made up to final adoption of the budget.

Further budget discussion was scheduled on the July 30th Staff Meeting agenda.

5 ADJOURNMENT

MOTION: Stevens moved and Schorr seconded to adjourn the meeting at 11:27 a.m. Hudkins, Schorr, Stevens and Heier voted aye. Motion carried.

Dan Nolte
Lancaster County Clerk