

WADENA COUNTY BOARD OF COMMISSIONERS SPECIAL MEETING
May 28, 2009/8:30 A.M.

The Wadena County Board of Commissioners Special Meeting was held on Thursday, May 28, 2009, at the Wadena County Courthouse Auditorium at 415 Jefferson St. S., Wadena Minnesota. The meeting was called to order at 8:30 a.m. by Chairman Dave Schermerhorn and the pledge of allegiance to the flag was said.

Present were: Commissioners Lane Waldahl, Rodney Bounds, Ralph Miller and William Stearns, Paul Sailer, Social Services Director, Karen Nelson, Public Health Director, Lee Brekke, Assessor, Jim Carlson, Extension Director, Joel Ulring, Highway Engineer, Kathy Langer, Todd Wadena Community Corrections Director, Mike Carr, Sheriff, Kyra Ladd, County Attorney, Sean Uselman, Building Services Director, Dave Anderson, Veterans Service Officer, Sole Henriksen, Recorder, Jeri Scheller, Courts Administrator's Office, Deana Skov, Zoning/Parks Director and Char West, Auditor/Treasurer.

Chairman Schermerhorn stated that the purpose of the Special Meeting was to discuss and review a recommendation from the County Department Heads for proposed 2009 Budget reductions which were in response to the anticipated 2009 Un-allotment of County Program Aid. He turned the Meeting over to Auditor/Treasurer Char West.

Ms. West, reviewed a handout developed by the Wadena County Department Heads which outlined their proposed 2009 Budget reductions. She pointed out from the report the 2009 Budget, 2009 Expenditures to date, Anticipated Expenses and the proposed Budget Reduction Recommendation columns.

The Board requested each Department Head review their specific reductions.

County Coordinator #032—proposed reduction of \$70,000 which was the current budget balance. Ms. West pointed out that this budget had included negotiation expense in 2008 and the Board would need to decide whether they were going to conduct negotiations or hire someone to do this, as it would not be budgeted for with this proposal. She stated that there currently was \$5,000 budgeted in the General fund profession services budget which, prior to 2008, usually reflected a budget of \$30,000 for negotiations within the General Fund.

Auditor/Treasurer #041 – Ms. West stated that she was able to cut \$1,750 from her 2009 Budget; travel expenses and office supplies. She pointed out that 80% of the Auditor/Treasurer budget, as well as most General Fund budgets, reflect personnel expenses. Ms. West stated that it was her understanding that the Boards and Department Heads goal was to avoid, at all costs, lay-offs or even furlough days at this point.

Data Processing #061 – Ms. West stated that \$16,640 was the 2009 Budget reduction Kevin Stensrude, MIS Director, had previously proposed which could be saved with his being out of the office.

Attorney's fees #92 – Ms. West stated that the Board had budgeted \$67,225 for potential CHIPS cases in 2009 and to date \$5,300 had been spent.

Ms. Ladd stated that, with the information she had available, she felt comfortable reducing the CHIPS budget \$40,000.

Workers Compensation/Liability/Property Ins. #801-6179 – Ms. West stated that \$160,000 had been budgeted in 2009 based on the previous year's expenditures, but the actual expense was \$25,000 less.

Karen Nelson, Public Health Director, stated that she was able to reduce her 2009 budget by \$7,328; was able to cut mileage; also Regional Planning Meeting attendance was cut to quarterly instead of monthly; Disaster Preparation cut because of the monthly premium expense. She explained that some things could not be cut such as Drug Free Communities as it was from a Federal Grant; if funds were not used, they would take the full Grant back.

County Assessor #102 - Lee Brekke, Assessor, stated that he was able to cut his 2009 Budget by \$6,000 mainly from rental and service agreements and small equipment.

Veteran's Service Office #121 - Dave Anderson, Veterans Service Officer, stated that he was able to cut his 2009 Budget by \$500; by receiving a new software product he was able to cut the maintenance agreement on the old software.

Building Maintenance #111 - Sean Uselman, Building Services Director, stated that he was able to cut his 2009 Budget by \$13,500; the majority would come from the Building Repair account as the remodeling was being paid for under the Building Account #114; some small equipment purchases were cut.

County Recorder #101 - Sole Henriksen, Recorder, stated that she had compared the current year expenses with the previous year's expenses and noted a \$2,500 difference; most of the reduction came from her office supply account; other items could not be cut as she was already short on some items.

Planning & Zoning #103 - Deana Skov, Zoning/Parks Director, stated she was able to cut her 2009 budget by \$1,500; gas cost was based on a higher rate than what it was at present; office supplies; travel expenses - mileage was reduced somewhat and also conference trainings for updating Septic Inspector's License; anticipated holding over until 2010.

Sex Offender Treatment Budget Reserve #092-6356 – Ms. West stated that this was funded by allocating the annual interest income of the Social Services cash, which was retained in the General Fund. She stated that the Social Services Director and County Attorney were comfortable with reducing the reserve from \$50,000 to \$20,000 which resulted in a \$30,000 reduction.

Ms. West stated that the MCIT dividend was currently budgeted in the County Building Fund Budget #114. She stated that the Department Head's recommendation was to retain the \$50,000 budget for the MCIT dividend in the General Fund to offset the reduction in CPA; spend \$75,000 from the #114 budget of \$125,000 for the current remodeling and any remodeling expense exceeding the \$75,000 would come from the County Building Fund Reserve.

County Attorney #91 - Kyra Ladd, County Attorney, informed the Board that she did not have any numbers to provide however she was currently operating under budget. She stated that expenses, except for salary reductions and labor costs, were all directly attributed to case loads, such as service of subpoenas and paying experts to come in and testify, which she did not have control of. Ms. Ladd added that she had some large trials coming up. She pointed out that she and her staff had driven back and forth to meetings or found other lodging, which reduced the cost of meals and lodging.

Sheriff #201 - Mike Carr, Sheriff, stated that he was able to cut \$5,000 as the Sheriff's Department gas expense had been estimated based on the previous higher cost. He added that Out of County Boarding had also been considered as the expense had reduced; pointing out that over the past two weeks there had been an increase in Out of County Boarding so he was not comfortable with reducing that Budget.

Community Corrections #252 - Kathy Langer, Todd Wadena Community Corrections, stated that she had been able to previously reduce her allocation expense to Wadena County by \$15,651 pointing out that this was due to being under budget and carry over from 2008.

Extension #602 - Jim Carlson, Extension Director, stated that he was able to reduce the Extension Budget by \$300 for postage and training. He pointed out that support staff training had been reduced as it had been covered by the University of Minnesota.

Ms. West reported that the Department Heads recommended the following Appropriation Budget reductions in the General Revenue Funds pointing out that the Kitchigami Regional Library was required by statute; the first half 2009 Appropriation had been requested and paid to the Soil & Water Conservation District, Wadena Ag Society for operation expenses and Crisis & Referral; total Appropriation requested and paid to the Council on Aging;

Legion/VFW	\$ 280
Soil & Water	\$11,472
Ag Society/Operation	\$ 3,000
Ag Society/Bldg Rep	\$ 4,000
Humane Society	\$ 150
Initiative Fund	\$ 400
Historical Society	\$ 1,000
Old Wadena Society	\$ 500
Crisis & Ref Center	\$ 830

Paul Sailer, Social Services Director, reported that Governor Pawlenty had indicated that most of the State un-allotment would occur in the second year biennium. Mr. Sailer reviewed a handout with the Board which indicated the Social Services Budget adjustments he was able to make; Stimulus Revenue: Child Support/NH/DD - \$43,000; Additional Revenue: Care Coordination and SNBC - \$43,000; Reduced Costs: Out of Home Placements - \$80,000; Delayed Staff Replacement - \$2,500 for a total adjustment of \$168,500.

Mr. Ulring reported that the Highway Department un-allotment was basically 50% of the County

Program Aid received by the Highway Department or \$107,500. He stated that his Budget reductions were reflected in lower insurance premiums; labor savings; fuel adjustment due to lower prices and lower bids received in 2009 for a total Budget reduction of \$107,500.

Ms. Ladd stated that one of the questions that had arisen during the previous Department Head meeting was regarding Commissioner per diems, what they were and whether that was expended out of the General Revenue Fund.

Ms. West clarified that Social Services Board per diems were spent out of the Social Services Fund, but the majority of the per diems were relating to General Revenue Departments which were spent out of the General Revenue Fund. She stated that the 2008 per diem expense for the Commissioners was \$12,600; 2009 to date totaled \$9,225; total per diem budget was \$16,000 for each of the two years; based on a \$75 per diem.

Commissioner Waldahl commented that he felt the Board needed to reduce the number of meetings they attended pointing out that they had eliminated the County Road Inspection Meeting; needed to reduce the number of Special Meetings. He added that he did not feel it necessary for the Social Services Chair to meet with the Social Services Director prior to a meeting, which would save 12 meetings a year. Commissioner Waldahl stated that he felt there were ways the County Board could cut.

The Board commented on various meetings such as meeting with Department Heads as a Board liaison, which they did not charge for.

The Board expressed their thanks to the Department Heads pointing out the value of the cooperation.

Discussion was held as to not knowing what the State un-allotment would be but all were in agreement that if the reduction was less than the proposed \$573,301 2009 Budget reductions presented by the Department Heads, the budget reductions would remain in tact and used as County reserves.

The Board recessed at 9:16 a.m.

The Board reconvened at 9:25 a.m.

Commissioner Stearns stated that he had e-mailed Jim Mulder, AMC Director, questioning whether the County should continue working towards dealing with a possible 50% un-allotment of County Program Aid or did he have a new figure. He added that Mr. Mulder's return e-mail indicated the County should stay with the same percentage. Commissioner Stearns distributed a handout received from Mr. Mulder outlining 2010 Levy Limits, which would be between 1% to 1.5% or less; Maintenance of Effort; Cost Shares and Matches; Mandates; Budget Options; the Current Situation and County Funding at Risk. Commissioner Stearns pointed out that Counties will have Special Levies available again in 2010 which would allow them levy back the 2008, 2009 and 2010 un-allotment.

Mr. Sailer advised of a meeting that was to be held to discuss how Counties should deal with the levy problems; one recommendation was to transfer taxing authority to the Counties which would be more stable than sales tax. He pointed out that County Program Aid and Local Government Aid was

probably going to be considered a thing of the past and one proposal for compensation was to eliminate sales tax charged to governmental units.

Ms. Nelson stated that the State was considering the possibly un-allotment of state funds to Public Health which was only about 5.5% of the Public Health Budget. She pointed out that she was trying to consider any savings she could to compensate for this.

Mr. Sailer stated that the Governor had looked at treating small cities and counties differently when it came to State Aids. He pointed out that he felt it was worth sending a letter to State Officials pointing out that Wadena County was not the smallest county, but did have a very low reserve.

Commissioner Stearns added that the Governor was told by his Aides that he could not cut any counties with a population of less than 5,000 as it would be hard for them to recoup. He stated that previously Wadena County's net tax capacity rate was around 100% which was now down to 79%, while others have net tax capacity rates of around 30%. Commissioner Stearns stated that he had previously put together a letter to the Governor pointing out Wadena County's inability to pay, which could be used as a draft, if needed. He added that it should also be pointed out what Wadena County had already done to try to reduce expenses, such as all employees agreeing to take a freeze in wages, which was accomplished prior to the State doing the same.

Commissioner Bounds stated that his concern was that the County was spending their reserves so low and needed to start building it up; how low do we let the reserves go; delinquent taxes are not coming in; the County can not survive this way. He stated that he had no idea how to address it.

Mr. Ulring responded that when he, Ms. Skov, and Ms. West had previously met and discussed that the County was still unaware of what the un-allotment would be but were in agreement that whatever the difference was between the un-allotment and the Budget reductions presented that day; these funds would go towards building the reserve.

Commissioner Bounds stated that he understood this but it was a small amount.

Commissioners Waldahl and Stearns pointed out that the Governor indicated that he did not want the counties to have large reserves.

Ms. Skov added that everyone was aware that the job was not done and that this proposal was just to address the un-allotment in 2009; now everyone could begin to address reserves and the 2010 un-allotment in the 2010 Budgets.

Commissioner Bounds stated that he felt it was addressing it in a small way, that they had to do more than what was proposed.

Commissioner Waldahl questioned what his recommend was.

Commissioner Bounds stated that he really did not know but the only other way to reduce would be staff cuts.

Commissioner Stearns stated that during the 2007 Audit report the State Auditor reported that the State reserve was less than one-half of 1% of their annual operating budget and Wadena County was at 26% of the annual operating budget with the recommended of the reserve to be at 50% of the annual operating budget.

Mr. Sailer stated that it was very likely that the next State recommendation for reserves would be lower than 2008 and 2009; pointing out that the County needed to look at what would actually be spent and put the balance in the reserves.

Ms. West stated that the State Auditors would be conducting the 2008 County audit in July. She pointed out that in 2009 the County had approximately two months of reserve instead of the six months recommended by the State Auditor.

Chairman Schermerhorn stated that he felt all in attendance understand Commissioner Bounds' question and that each Department Head was trying to do what they could. He added that it appeared that the State Auditor and the Governor were at odds as to how much in reserves a county should have.

Commissioner Bounds further commented that the County employees would want wage increases next year when we are trying to build a reserve; we can not give wage increases.

Chairman Schermerhorn stated that we can not control the economy and are in survival mode right now.

Ms. Ladd stated that she agreed that all employees were grateful to have jobs and agreed to no wage increases. She pointed out that the presented budget reductions were not "fluff"; we are going to continue providing the same, if not better, services to the residents and we are going to do it with less; the employees are willing to do that; that says more about them than just having a job, but to their commitment to being here and doing a good job.

Commissioner Miller stated that he was thinking of the negativism expressed towards him for not saying "yes" to a lot of things. He stated that he had sat in on the State Auditor Meeting and his interpretation was that it was not a pretty picture. Commissioner Miller added that he received calls almost daily on tax increases; he was a bit negative on spending and where could it be stopped or slowed down. He stated that he wanted to reiterate that he was negative for a reason when it came to spending; there were so many sacred cows in government; after reading the AMC handout his interpretation was that there was not much that could be cut as there was so much protectionism in government policy. Commissioner Miller stated that he did try to comprehend salary freezes. He added that when he was campaigning he was asked what big things he hoped to accomplish; he stated that he would work on small things and that would make the big things look smaller; there was some representation of that here today, maybe more than he appreciated. Commissioner Miller stated that the people had paid their taxes at a pretty high level compared to their income.

Ms. West informed the Board that a Board motion or resolution was needed to accomplish all the 2009 Budget Amendments that were presented.

The Board recommended one action to approve all the Amendments to be presented at their June 2, 2009 Board Meeting.

Ms. Henriksen thanked everyone for what was accomplished pointing out that they all worked together and did the best they could to cut from their budgets, which they would continue to do adding that they were proud of what they accomplished.

Ms. Skov stated that, in the absence of Kevin Stensrude, MIS Director, who had stated earlier at a Department Head Meeting, 'we are a management team and that the Board should use us as a Task Team'; the Board should let us help with items that they need help with; today was a good example of that.

Mr. Sailer commented that having been with the County a long time, one of the things he had noticed about the people elected to oversee this County and Department Heads; they had always risen to the occasion. He pointed out that there had been at least three recessions in his time with the County and this was a more difficult one; more tough decisions were to come. Mr. Sailer added that in regard to the gap in the ages of our employees, 40% were 53 years of age or older; there would be a series of retirements and this would reduce labor costs which was one of the things that would help some of their problems down the road.

Ms. Langer stated that she was proud to be part of the Team; the work did not stop here; the staff was the greatest resource and they would continue to do the best they could.

Commissioner Bounds stated that he did appreciate all the work everyone put into the proposal. He commented that the Department Heads did a great job.

Commissioner Miller stated that looking at the recommendations and having served on several Committees; he questioned whether these were definite cuts. He stated that the reason he questioned was because when attending the Old Wadena meetings, they question what they could expect from the County Board; could he report to them 'nothing'.

The Board pointed out that the recommended reduction for the Old Wadena Society was a \$500 reduction.

Commissioner Miller reported that at the RC&D Meeting, Stimulus money was applied for to improve the Wadena County Fair Grounds; it was reported that it would be \$900,000.

Commissioner Schermerhorn thanked everyone for coming and stated that he was very proud of everyone.

The Special Budget Meeting adjourned at 10:10 a.m.

Charleen West, Auditor/Treasurer

David Schermerhorn, Chairman
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