

September 5, 2017 – Budget Hearing (Timed Item During Regular Meeting), 10:30 a.m.***BUDGET MESSAGE***

CAO Carunchio presented the FY 2017-2018 Budget Message via PowerPoint presentation, and made hard copies of the presentation available to the Board and audience. He thanked the members of his budget team, especially Auditor-Controller Amy Shepherd and Senior Budget Analyst Denelle Carrington, for their hard work and support in preparing this year's budget, and acknowledged the Department Heads, with whom he thinks the Budget Team was able to have meaningful discussions in April. He noted that new information is always coming in which affects the budget outlook, and reviewed items that impacted the "Big Picture" for Fiscal Year 2017-2018, including \$2,696,585 in new expenses, \$447,398 in additional revenue (including a \$25,000 uptick from fines and forfeitures), and an expected \$800,000 loss of Transient Occupancy Tax (TOT) due to the Furnace Creek Resort being offline for a planned remodel. CAO Carunchio reviewed steps taken to balance the budget, including assuming a General Fund Balance being certified at \$3,859,476, decreasing non-personnel requested expenses by \$347,765, not recommending \$129,915 in new positions, taking \$112,629 in salary savings, projecting a \$324,166 increase in the General Revenues & Expenditures budget, and a series of Operating Transfers In and Out of the General Fund, which he went over in detail. CAO Carunchio cited the following overall budget highlights: absorbs higher wage and benefits costs as of July 1; adds five new positions as a cost of \$250,871, including a new position for the library not shared by the museum; provides \$160,000 for a new voting system; devotes \$449,267 for Deferred Maintenance, a number that could have been higher without the hard work and innovation of the Public Works Department; identifies funding for a new employee tuition program; continues to support additional juvenile services programs although he recommends a mid-year review; and provides \$522,000 for the landfill purchases. Known changes and additional needs include \$112,718 in wage increases due to the deal struck with the ICEA and approved last week and possible overtime adjustments. CAO Carunchio said looking ahead, the County will face at least \$1.6 million in higher costs to adopt the status quo budget in Fiscal Year 2018-2019. Supervisor Griffiths asked CAO Carunchio to discuss the new positions included in this year's budget in more detail. CAO Carunchio explained that many of the new positions being added to the County's Authorized Strength in support of department requests were previously eliminated through the Voluntary Incentive Separation Program at the recommendation of Department Heads. Supervisor Griffiths said it's important for the public to know that these positions were eliminated during the difficult 2013-2014 Fiscal Year to balance the budget and a lot of thought was put into when to responsibly bring them back. CAO Carunchio then reviewed each position, noting that the addition of a position devoted 100% to the library, which has suffered staffing reductions through attrition, was done in advance of the Grand Jury report and the Library Director had previously assured him the addition would solve closures related to staffing issues. He also noted that all of this information was publicly available in his Budget Message, published two weeks ago with an expanded Personnel section to provide more detail this year. Discussion turned to this year's Fund Balance, and Auditor-Controller Amy Shepherd confirmed she had certified this year's Fund Balance at \$4,262,790 – \$403,314 higher than the Fund Balance placeholder used to build the Recommended Budget. She attributed the difference to factors like increased court fines and TOT, and recommended the Board distribute the excess Fund Balance to one-time uses considering the unstable nature of the funding sources. Supervisor Griffiths recommended not using this year's actuals as a Fund Balance placeholder for next year's budget and CAO Carunchio noted he was hesitant to even use the figure he did this year given the challenges faced. Supervisor Pucci said he thinks CAO Carunchio's conservative but not overly restrictive approach is correct. Recommended uses for the additional \$403,314 were discussed and include contributions to the Computer System Fund, Economic Stabilization Fund, General Reserve Fund, OPEB Trust for retiree healthcare costs, and contingencies. Shepherd was asked to discuss the Reserve Fund, and explained that the number quoted in the media came from the County's financial statements, which includes every fund in the

County. The County's reserve, meanwhile, contains 5% of what the Board can appropriate with a 4/5ths vote. The Unassigned Fund isn't "assigned" like other funds, but it is not unrestricted either, and the monies must be used for law enforcement or Health and Human Services, for example. Supervisor Griffiths said the distinction is important to recognize, because in his mind a disingenuous interpretation of the County's financial situation was reported. CAO Carunchio noted that while most credit rating agencies recommend General Reserve Funds be funded at 30-55% of total current fiscal year General Fund expenditures to be able to address emergency shortfalls, Inyo County's is and has been at 5% for more than a decade, with some years' gains coming solely from interest. Supervisor Griffiths compared Inyo County's Reserve to a coin jar next to the washing machine and noted the County would like to be able to contribute more while still funding important services like the Library.

PUBLIC COMMENT

Chairperson Tillemans asked if there were any members of the public who wished to speak on the budget.

Drew Wickman of Friends of the Lone Pine Library, thanked CAO Carunchio and the Board for including the additional Library position in the budget and said that rather looking at costs, the County seems to be looking at the Library's benefits in human terms. He also cautioned the Board about creating positions where librarians move around a lot because as librarians get to know patron's tastes, preferences, and needs, it's important to be able to provide consistent service levels.

Earl Wilson said the Lone Pine Library is unique in that it receives a lot of travelers, as well as residents from as far as Darwin and Keeler who have to plan their whole day around visiting the library. He also noted that it is one of two places in town with wi-fi and is the preferred location.

BOARD DISCUSSION

Supervisor Kingsley said he appreciated Mr. Wickman attending the Budget Hearings and thanking the Board for the Library position it is able to add this year. He said he hopes that, after going through labor negotiations a few years ago that resulted in raises and a subsequent need to shrink the workforce, the public understands the different needs the Board has to balance with limited resources. He said sometimes the decisions are agonizing. He said the County adds half a million dollars a year to senior programs in order to provide better services, while a lot of counties provide merely what the State gives them. He said a lot of counties charge enough at their landfills to make a profit while Inyo County has to subsidize its landfill operations. He said he appreciates the support this year but hopes the Board also gets support in years when it has to make those tougher decisions again.

Chairperson Tillemans said the balancing act can be agonizing but the Board is committed to doing what's right, and has been able to avoid layoffs. He said the Board takes a lot of blame, but it can also take credit for that. He said credit also goes to the staff in the room for their hard work.

Supervisor Totheroh said CAO Carunchio did a wonderful job on the Budget Message. He said he appreciates the concept of being appropriately conservative, especially because he went through layoffs in his previous career, and it is not something he ever wants to do again.

*DEPARTMENTAL
BUDGETS –
DISCUSSION*

Chairperson Tillemans asked if there were any Departments who wished to speak on the budget.

Assessor David Stottlemyre said he desperately needs another position due to a backlog of work, including mandated audits that are not being performed, and the Auditor/Appraiser I position that is included in the budget comes with a contingency and performance measures. He then cited a report stating the majority of the County's revenue is generated in the Assessor's Office, and noted that there were 13 positions in the office in 2002, compared to roughly 7.5 now. He said he is in need of a compliance program. He said there is only one Auditor/Appraiser and his workload is so overwhelming that tasks needing to be finished by June 30 aren't completed until the next year and extensions have to be filed. He said even if the position in the budget is approved, it would still take 6 months to fill it. He quoted State Board of Equalization documents to explain that the Assessor answers to the BOE, not the Board of Supervisors, and said setting performance measures is the first step in opening the door for potential corruption. Supervisor Griffiths asked how his request differs from the

Recommended Budget. Stottlemyre explained that the CAO is supporting the addition of a position only on the condition that he provides the Board with performance measures. Chairperson Tillemans asked for clarification on other areas of Stottlemyre's presentation. Stottlemyre clarified that he needs a compliance program in his office. Chairperson Tillemans asked if having one is part of what he was elected to do, and Stottlemyre said yes. CAO Carunchio said he and Stottlemyre are in alignment with regard to the addition of a position, the description of which has been changed due to difficulty recruiting past positions for the Assessor's Office. He said he was told the position is needed because a lot of work was not getting done, thus it seemed appropriate to give the Board some assurances that the work is indeed getting done after it adds the position. He said he had no preconceived notion of what those performance measures should be, but in no way mentioned or suggested reports for dollar amounts. He also said that geothermal royalty assessments used to be done by an outside firm but Stottlemyre brought them in-house, as is his prerogative. However, because the Assessor's Office has highlighted staffing issues, he has added money into the budget for Stottlemyre to outsource the work again if he chooses. Supervisor Kingsley asked how far out Stottlemyre is from being able to fill the position, whether Stottlemyre disagreed what the performance measures should be, or just to having any, and also asked if it made sense to him to use the money for a geothermal consultant. Stottlemyre reiterated that the new position will only bring him up to 8.5 positions. Supervisor Griffiths asked him to focus on what's in the budget relative to his request today. Stottlemyre said it could take as long as a year to fill the position, and said he terminated the contract with the geothermal consultants because they were no longer bringing fresh or innovative ideas to the table, and it took staff just as much time to work with the consultants as to do the work on their own. Supervisor Totheroh asked what Stottlemyre's issue is with providing performance measures. Stottlemyre said he reports to the Board of Equalization. Supervisor Totheroh wondered how the Board of Supervisors is expected to gauge whether adding the position to his office was the right move without any performance measures. Chairperson Tillemans asked whether the Assessor could not produce anything to show he was getting the work done after the position was added, and Supervisor Griffiths again asked for clarification on the fundamental difference between his request and the CAO's Recommendation. Stottlemyre said it is the condition of having to provide performance measures. CAO Carunchio said the performance measures were not worth holding up approval of the budget and would remove them as a condition.

*RECESS/
RECONVENE*

Chairperson Tillemans recessed Budget Hearings for a break at 12:33 p.m. and reconvened Budget Hearings at 12:39 p.m. with all Board members present.

*DEPARTMENTAL
BUDGETS –
DISCUSSION*

Assessor Stottlemyre said he understood the Board's position and said job descriptions come with performance expectations, so that is one performance measure. He said he doesn't know how many audits he will be able to perform if the position is filled. Supervisor Griffiths asked if Stottlemyre was in agreement with the Budget Recommendation now that CAO Carunchio had withdrawn the performance measure condition and he said yes.

Treasurer-Tax Collector Alisha McMurtrie told the Board she is opposed to the Assistant Treasurer-Tax Collector being added to her office as an at-will position and wants it kept a Merit System position. She said having her Assistant serve at the will of Administration creates a situation where the Assistant would be serving two masters: her, as an elected official, and Administration. CAO Carunchio said the determination to make the position at-will was made as a result of labor negotiations between the Elected Officials Assistants Association and the Board of Supervisors. He also noted an apparent fundamental difference of perspective. He said with the exception of department heads who are elected, every County employee serves the County of Inyo and the Board of Supervisors. He said County Code makes the CAO/Personnel Director the appointing authority. McMurtrie said that everyone in her office serves the taxpayer, and while she herself has sometimes gone against County policy, all of her employees are directed to follow County policy. She also noted that the vote taken by the EOAA to approve the option of making their positions either at-will or Merit System was not unanimous. Supervisor Kingsley said the Board is in a tough position, but in this case, because the EOAA did vote to have positions at-will or Merit, the Board should go with what is recommended.

BUDGET ADOPTION

Concluding discussions, the Board took no action to change the CAO Recommended Budget, accepting the recommendations for every department budget, with the exception of the Assessor's Budget.

Moved by Supervisor Griffiths and seconded by Supervisor Pucci to:

1. Approve the Fiscal Year 2017-2018 Budget as recommended by the County Administrator, to include the directions provided by the Board during the Budget Hearings, with the elimination of performance measure conditions for the Auditor/Appraiser I position;
2. Provide direction with regard to the use of Fund Balance the Auditor-Controller certified in excess of \$3,859,476, specifically: direct that \$72,649 of the unbudgeted Fund Balance be put into the Computer System Fund; \$72,649 be put into the OPEB Trust for Retiree Health; \$72,649 be put into the General Reserve Fund; \$72,649 be put into the Economic Stabilization Fund; and the rest, \$112,718, be stored in Contingencies;
3. Authorize and direct the County Administrator and Auditor-Controller to approve and make payments, greater than \$10,000, to InterAgency Visitor Center, CalExpo Exhibit, and Tri-County Fairgrounds as provided for in the Advertising County Resources Budget; and authorize and director the County Administrator to develop and execute contracts with all ongoing recipients of line-item grants and fishing promotion funding through the Community Project Sponsorship Program as revised by the Board on November 8, 2016;
4. Authorize the County Administrator to develop and execute contracts with all ongoing Grants-in-Support program funding recipients identified in the Grants-in-Support Budget;
5. Authorize the County Administrator to proceed with hiring requests from departments for new positions that are funded and added to the authorized strength;
6. Reaffirm the County Criminal Justice Realignment Policy adopted in Fiscal Year 2011-2012; and
7. Set adoption of the Final Budget for September 12, 2017.

Motion carried unanimously.

ADJOURNMENT

Chairperson Tillemans adjourned the Fiscal Year 2017-2018 Budget Hearings at 1:01 p.m.

Chairperson, Inyo County Board of Supervisors

*Attest: KEVIN D. CARUNCHIO
Clerk of the Board*

by: _____
Darcy Ellis, Assistant