

**BOARD OF MASON COUNTY COMMISSIONERS
BUDGET WORKSHOP MINUTES
Monday, November 14, 2011
Commission Chambers
411 North Fifth Street, Shelton WA 98584**

The 2012 budget workshop commenced at 1:30 p.m. Commissioners Ring Erickson, Sheldon, and Bloomfield were in attendance.

Cmmr. Sheldon stated he was in a Senate Democratic caucus this morning and they are going in to a special session in two weeks. The Governor's budget will be out a week from today, November 21. Because the liquor initiative passed, they are removing the liquor profit proposal. He is very concerned about jobs in Mason County. They are looking at possible revenue solutions for 2011-2013 and then looking ahead to the 2013-2015 budget that will be further reduced. This is not a one-time occurrence that could be fixed by a revenue package and is a long-term problem.

Cmmr. Ring Erickson asked Lisa Frazier if she has any re-evaluations based on approval of I-1183. Ms. Frazier answered she has not received anything from the state. Cmmr. Sheldon noted the tax amount doesn't change; the liquor distributors will pay a B&O tax.

Cmmr. Sheldon stated the widespread feeling is that the state has to do more to create jobs. They are looking at ways to stimulate the economy.

Cmmr. Ring Erickson asked if reduced property valuations would impact property tax next year.

Cmmr. Sheldon stated the county needs to press on with the budget and live within our means. It's hard to ignore the economic reality that the state will have a \$2 billion dollar reduction and he believes there will be cuts to local government. Even if a revenue package was passed, it takes months to collect any new revenue. If we receive unanticipated revenues, the budget can be restored.

Cmmr. Ring Erickson agreed they have to budget to the best realistic expectations.

Cmmr. Bloomfield reviewed what has been discussed – the Governor's budget is due 11/21, anticipate a \$2 billion reduction, the liquor initiative will do something to taxes, in order to maintain local services, local taxes may have to be increased.

Cmmr. Sheldon stated there could be early release of prisoners, cuts to health services, a shorter school year, and cuts to transportation.

Cmmr. Ring Erickson would like to explore the maximum use of REET 2 money to fund parks operations, which is available for three years and would free up Current Expense money; Public Works and the Utilities Director are exploring the possible merging of the two departments; she is willing to explore a levy shift, not sure if she wants to do that and a traffic diversion. She is reluctant to do a levy shift because the roads are a valuable asset and important to businesses. She doesn't believe those items will fix much.

There was an ER&R discussion – Dave Loser stated ER&R rates have already been cut \$750,000.

John Keates will check on the maximum allowed from REET 2, he thinks it's 35%. They need to consider capital projects are also coming out of that fund.

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Cmmr. Ring Erickson noted there is a traffic diversion from the road levy and doesn't know what capacity is available for a levy shift. Karen Dowling will provide information on a levy shift.

Cmmr. Sheldon stated a levy shift has been discussed. He thinks it will treat the citizens differently depending on where they live. He suggested the County plan for the worst and hope for the best and continue with writing a budget with an 8.5% decrease for all the departments. The budget hearing is in December and next week we will know what the Governor's budget is. That may mean less than 8.5% is cut but it gives something to work with.

Theresa Ehrich pointed out that the preliminary budget needs to be printed two weeks prior to public hearing, which is this Friday.

Cmmr. Sheldon stated he is not a fan of across-the-board cuts, but to go through the exercise of prioritizing mandated vs. non-mandates services is a lot of work to accomplish in a week. He believes the Governor's budget will have service cuts and revenue cuts. He would like to continue with departments writing budgets with an 8.5% cut for the public hearing, but believes it will not be passed with across-the-board cuts because some services are mandated and some are not.

Cmmr. Ring Erickson recommended preparing a budget with a \$500,000 cut and a \$1.5 million levy shift. Although she believes a levy shift is a lousy idea, there are basic services that are required, and it still will be a painful cut.

Charlie Butros talked about a levy shift. The road levies are applied to citizens living outside of city limits. It would reduce the road levy taxes for those living in the county, but increase the general government levy. City residents are not assessed a road levy so they would have no reduction but they would have the increase in the general government levy. It also gives Public Works less money for county roads.

Cmmr. Ring Erickson commented that less money for roads is a serious concern.

Cmmr. Sheldon commented he doesn't want to consider a levy shift until the Commissioners have more information.

Cmmr. Ring Erickson noted the city residents do receive county services – Superior Court, Public Health, Treasurer, Auditor, and Assessor.

Cmmr. Bloomfield asked what the cost would be to the city residents. He doesn't like inequities to city residents, but doesn't like across-the-board cuts. Maybe there is a compromise. Karen Dowling will get the cost to city residents.

Cmmr. Sheldon stated he believes a levy shift is a tax increase without a vote and he believes people like to vote on taxes.

Sheriff Salisbury questioned why go through the exercise of doing the 8.5% budget reduction if it's not going to be an across-the-board cut. He asked if the cut is also to cover labor costs.

Theresa Ehrich brought up that last year and this year the county passed a \$24 million revenue budget, and we're going to have \$25 million this year. There is an \$8 million ending fund balance at the end of last month and it's projected to be at \$7 million at the end of the year.

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Undersheriff Barrett pointed out that \$529,000 for the rural criminal justice was removed from the Governor's consideration to be cut and that would change the worst case scenario. He understands these are tough times, but suggested we operate off numbers that exist.

There was discussion if cuts should be made when there are not solid numbers to work off of.

Sheriff Salisbury pointed out that a levy shift is adjustable year to year, it's not permanent.

Margie Benson stated she believes she is hearing that roads are more important than people's safety.

Cmmr. Ring Erickson stated she supports a levy shift over cutting services.

The Commissioners discussed how much to consider shifting and/or reducing the budget in order to give direction to the departments. The recommendation is to have documents prepared for the Commissioners' review with a \$1 million levy shift and a \$500,000 budget cut, which is about a 2% across-the-board budget cut. Cmmr. Ring Erickson stated this will allow for a discussion and doesn't mean the levy shift will be approved. Cmmr. Sheldon recommended a higher budget cut.

Sheriff Salisbury presented an information sheet on his department. He is concerned if there is a levy shift, what does that do to the traffic unit.

Cmmr. Ring Erickson stated the Board has not discussed cutting the traffic unit.

Sheriff Salisbury talked about what would happen to their operations if there is a 8.5% budget cut. Public safety is their concern.

The \$283,823 supplement request for the Sheriff's Office was considered. This amount was extracted from the original supplement request and is for WASPC accreditation for one year; labor contract increases; and jail care & custody increase of costs. The Commissioners signed the request.

Sheriff Salisbury brought up the 3/10 of 1% sales tax. He brought this to the Board's attention a few years ago but thought with the economy downshift it may not happen. He has heard that Cmmr. Ring Erickson would support giving back the 15% to the city from the criminal justice tax that was passed in the city. He pointed out that could mean a position in his office and he is concerned since departments are being asked to cut their budgets.

Cmmr. Ring Erickson stated she believes the tax should be given back, particularly if there is a levy shift that would result in a tax increase for the City of Shelton residents. This is something she would like the Board to consider.

Cmmr. Sheldon interjected this is something the Commission would have to vote on and he believes would be unusual. The levy shift is also something the County Commissioners would do. The criminal justice tax is something the city residents voted on.

Sheriff Salisbury asked if these budget cuts are to pay for a labor contract.

The Board stated there are labor issues but no decisions have been made. There are many unknowns; decisions will be made that do not make everyone happy.

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Undersheriff Barrett pointed out that all the elected officials and employees have been doing more with less people and money and the County will have a bigger ending fund balance. He believes we are going down a road waiting for the sky to fall, but it's not falling in Mason County.

Cmmr. Bloomfield pointed out that roads are part of public safety.

The final direction was to consider a \$1 million levy shift and a 2.1% budget reduction to the approved 2011 budget.

The budget workshop adjourned at 2:44 p.m.

Respectfully Submitted,

Diane Zoren, Assistant to County Commissioners

BOARD OF MASON COUNTY COMMISSIONERS

Lynda Ring Erickson
Chair

Tim Sheldon
Commissioner

Steven Bloomfield
Commissioner