

BOARD OF MASON COUNTY COMMISSIONERS' BRIEFING MINUTES
Mason County Commission Chambers, 411 North 5th Street, Shelton, WA
Week of November 6, 2017

Monday, November 6, 2017

- 9:00 A.M. Support Services – Frank Pinter
Commissioners Drexler and Neatherlin were attendance. Commissioner Shutty arrived at 9:20 a.m.
- 2017 holiday schedule, December 26 is a 4th Tuesday and the Board is good with canceling the meeting and briefings that final week of December. If a regular business meeting is necessary, it will be scheduled at 9 a.m.
 - Recommendation from Lodging Tax Advisory Committee to spend \$1,500 from Lodging Tax Reserve so Mason County is included in the Olympic Peninsula Tourism Commission Waterfall Trail brochure was approved. This will be placed on the December 19 Action Agenda to allow for the 45 day waiting period from time the proposal was presented to LTAC.
 - Letter of support for Transportation Improvement Board funding to City of Shelton for Downtown Connector Project was approved and will be placed on the November 7 agenda. Frank stated he has talked to the City of Shelton regarding the loss of parking in front of the Courthouse and Building 8. It is proposed to improve the gravel parking lot on 4th Street and the City has proposed placing parking across Alder Street. The trees on 6th Street (Bld 8) will also be removed because they are dying and the sidewalk will be repaired.
 - Sheriff Fee increase was approved by Commission on September 26; needs to be adopted by Ordinance and will be placed on the Action Agenda.
 - Frank provided an update on CDBG funding for the Micro Enterprise Program. Work has been suspended until Department of Commerce receives funding from the state.
 - Frank shared draft comments to the State Auditor and the exit conference will be this afternoon.
 - Discussion of the ILA with Lewis County for use of jail. There is no money budgeted in the 2018 Sheriff's preliminary budget for jail outsourcing and Cmmrs. Drexler and Neatherlin want assurance the Sheriff wouldn't overspend his adopted budget. Frank stated he understands the ILA is for exigent circumstances. There was discussion of various options such as placing a cap on amount spent under this ILA and/or referencing a jail population cap that is established by the Sheriff. This will be briefed again next week.

9:45 A.M. BREAK

- 10:00 A.M. Community Services – Dave Windom
Commissioners Shutty, Drexler and Neatherlin were in attendance
- Dave provided an update on WSALPHO business
 - Board of Health membership, Dave has made contact with a possible school board member to sit on the BOH.
 - Staff is working on a water mitigation plan.
 - Cmmr. Drexler stated the Public Benefit Rating System was pulled off the Comp Plan update and asked when it will be addressed. Dave stated it will be reviewed at the next PAC meeting. Dave believes existing staff can manage this program. Cmmr. Drexler asked that this topic be briefed next week.
 - Cmmr. Drexler brought up the criteria for citizen driven changes to the Comp Plan and when is the \$2,000 fee charged. Dave will research this.
 - Dave stated he has met with Port of Shelton regarding future development on Port property. He approved a septic system on Johns Prairie that won't be serviced by sewer.
 - Arcadia Pointe boat launch – portable toilets have not been delivered and Dave will follow up.

Mason County Commissioners' Briefing Meeting Minutes
Week of November 6, 2017

- Alex Paysee's lead pay will be effective October 15, 2017 and the agenda item will be amended.

10:15 A.M.

Public Works – Jerry Hauth
Utilities & Waste Management

Commissioners Shutty, Drexler and Neatherlin were in attendance

- Approved to close Old /Belfair Highway on December 3 for the Belfair Christmas parade.
- 2018-2023 Six-Year Transportation Improvement Program. Loretta stated a survey has been sent out and she will gather the results and present to TIP-CAP and Commissioners. Cmmr. Neatherlin brought up the funding of the Belfair Sidewalk project. Grant funding was applied for and denied. Complete Street Ordinance needs to be adopted in order to be eligible for TIB Complete Street funding. Cmmr. Drexler doesn't know if this project would qualify but there may be other funding options. Loretta stated that finding funding for these small projects is difficult.

Commissioner Discussion

- Cmmr. Drexler stated she thought we were going to find the funding for the Belfair Sidewalk project; Cmmr. Shutty understood we were waiting for TIP-CAP input. \$750,000 from bond fund will be part of 2019 Road Fund. Cmmr. Drexler asked if the \$185,000 funding is enough for that project. Cmmr. Drexler pointed out that Belfair is a UGA and the Commissioners need to consider the walkability of downtown Belfair. Cmmr. Neatherlin stated Judy Scott is ready to pay for sewer hook ups for her housing project.
- Review of letter to Puget Sound Regional Council regarding the Bremerton Manufacturing/Industrial Center. The Board will bring this back up this afternoon as to whether to put on the November 7 agenda.

The Board took a break 10:45 a.m.

11:00 A.M.

Lewis-Mason-Thursday Area Agency on Aging Interviews

Commissioners Shutty and Neatherlin interviewed two applicants for the LMTAAA advisory board.

11:55 A.M.

Audit Committee – Leo Kim

Commissioners Shutty, Drexler and Neatherlin were in attendance

- Leo spoke to the Audit Committee's recommendation is to amend the resolution for the Cash Basis Financial Reporting to eliminate the open period. If approved, the last 2017 accounts payable will be December 28, 2017. Comments were not solicited from other departments however Audit Committee members did contact other counties who have moved to cash basis, State Auditor and grantors. If 2017 invoices are received after December 28, they would have to be paid from the 2018 budget. The Board approved placing this on the November 7 agenda and departments will be notified.
- Cmmr. Drexler asked if it's appropriate for the Audit Committee to review position control. Treasurer Lisa Frazier stated they would want clear direction from Commissioners on how position control would be used. Frank will bring this up for an Audit Committee agenda item.

2:00 P.M.

State Auditor's Office

Commissioners Shutty, Drexler and Neatherlin were in attendance

- Zac Wilson reviewed the State Auditor 2016 Accountability Audit that has been completed.
- There was a discussion of the continued finding on the Belfair Sewer. The utility rates should pay for the sewer system. Cmmr. Drexler asked if REET and .09 Funds are dedicated for debt service will the Belfair Sewer always have a finding. Zac stated there

needs to be a formal financial plan that shows the sewer system will become self-sustaining and you need to look at the total financial status that includes reserves, cash in bank and other factors. Plan needs to be evaluated annually and make changes as necessary.

- The Management Letter includes an item on the General Fund's financial condition. Expenditures have increased at a higher rate than revenues received. Best practice is to have at least 60 days of expenses in reserve. Budget compliance issues include two departments and one fund exceeding budget authority.
- Exit Items include recommendations on jail inmate property; establish a master list of small and attractive assets and tag the assets; implement controls to ensure compliance with restricted Building Permit revenue requirements.
- Audit costs are estimated at \$110,000 for 2017 audit that will be conducted in 2018.

2:30 P.M.

Executive Session – RCW 42.30.110 (1)(i) Potential Litigation

Commissioners Shutty, Drexler and Neatherlin met in executive session from 2:30 p.m. to 2:45 p.m. for potential litigation. Also in attendance were Tim Whitehead, Chief Deputy Prosecuting Attorney, Tim Higgs, Deputy Prosecuting Attorney, and Dawn Twiddy.

Commissioners Shutty, Drexler and Neatherlin then met in another executive session from 2:45 p.m. to 3:45 p.m. for another potential litigation matter and along with Tim Whitehead and Tim Higgs, Dave Windom, Paula Reeves and Kristopher Nelsen were in attendance.

Commissioner Discussion

Commissioners Shutty, Drexler and Neatherlin were in attendance

- Comment letter to Puget Sound Regional Council regarding the Bremerton Manufacturing/Industrial Center will be placed on the November 7 agenda.
- Commissioners directed Diane to contact Loretta regarding the 2012 Stormwater Manual and asked that Loretta plan to brief the Board and if not adopted, to prepare to do so.

Wednesday, November 8, 2017

2:00 P.M.

2018 Budget Workshop

Review of Proposition 1 Election Results

Commissioners Shutty, Drexler and Neatherlin were in attendance.

- The levy lid lift did not pass in yesterday's election and Frank is looking for direction for the 2018 budget. The preliminary budget revenues are at \$31,373,174 and expenditures are at \$36,473,478 for a \$5.1M difference.
- Revenue Discussion

In a budget workshop several revenue options were presented and there are some adjustments to make to the City/County assistance and the DNR revenue. Other options include Swift & Certain revenues – how to increase and how would they be used; increasing the traffic diversion and could be used to purchase patrol vehicles with the possibility of purchasing vehicles with an interfund loan or a LOCAL loan; also possible for a levy shift up to approximately \$3M. Frank asked what he should incorporate. Cmmr. Drexler asked if the Sheriff had adjusted their revenue projection to include the increase in the civil fees that were increased. Frank will check with the Sheriff. Cmmr. Drexler brought up field usage fees for Parks; increasing concessionaire fees and commercial boat launch fees. Frank responded that the Parks Advisory Board should have a proposal that would amount to about a 10% increase or \$84K.

Lisa Frazier stated the majority of revenue increase in her budget is due to the city/county assistance from the state. There is the \$80,000 transfer from Mental Health fund to Public Defender budget.

Cmmr. Shutty stated it is difficult to predict increases to Swift and Certain. Cmmr. Drexler believes Swift & Certain should be budgeted at zero.

Cmmr. Neatherlin stated the Swift & Certain revenues are dependent on Sheriff's actions, which he disagrees with, so cannot count on it.

Cmmr. Neatherlin would like the exact number for each department and revenues generated and the impact of new revenues. Be prudent with estimating unexpended budget amounts; may need to use some of the DNR revenues.

Cmmr. Drexler doesn't want to count on unexpended budget expenditures and if that happens, put it towards cash flow; DNR should also go to reserves; it's time to be super conservative.

Lisa Frazier cautioned on counting on DNR dollars because it will be a small amount of money the County would actually see, if it comes in.

Traffic Diversion – Jerry Hauth stated the Public Works preliminary budget used all available resources. Cmmrs. Neatherlin and Drexler would like to see Traffic Diversion maintained at \$1.5M.

Mental Health transfer to Public Defender – Casey Bingham stated there is a fund balance of about \$1.2M and considering current programs, the \$80K would draw down the fund balance.

Levy shift – Cmmr. Drexler not in favor of a levy shift for on-going costs and would reduce Road Funds. Cmmr. Neatherlin supports considering a small levy shift to maintain on-going operations; Cmmr. Shutty stated he is open to a conversation for specific limited uses.

Loan options for purchase of patrol vehicles. Ms. Frazier asked where would the interfund loan would come from; should be used as a last resort and doesn't believe any fund has enough fund balance to loan. Cmmr. Neatherlin does not support loans. Cmmr. Drexler asked Cyndi how many vehicles are beyond the 150,000 miles. Answer – 11 vehicles.

The direction was to increase \$343K in Treasurer's revenues; no Swift & Certain; Traffic Diversion stays at \$1.5M; vehicle request – no loan.

Ms. Frazier asked if the levy shift could be used for patrol vehicles. Or could Traffic Diversion be directed for purchase of vehicles. Cmmr. Drexler questioned the number of vehicles that are necessary. Cmmr. Neatherlin pointed out that if deputies are in fact cut, they don't need cars. The cost of a new outfitted patrol vehicle is \$55K. Depending on if and how many deputies are cut, could increase traffic diversion to purchase up to six vehicles.

- Expenditure Discussion

Certain departments were excluded from potential budget reductions – District Court Probation; DCD except long range Planning; Juvenile Services; Child Support Services; Traffic Policing; Courthouse Security. There has been a request to consider excluding the \$620K sales tax revenue that goes towards the juvenile facilities. This is from a sales tax that can be used for juvenile facilities or jail. The expenditures are at \$840K for juvenile facilities. There has been discussion of using a Probation Officer as a Detention Officer when population is at zero; average daily population is 2 to 3 in Juvenile Detention; the mandate is to make provisions for juveniles; have to have a male and female Detention Officer available 24 hours a day.

Impact if a department has proposed increased or decreased revenues in 2018 in the preliminary budget. Frank will separate those increases for further review.

Cmmr. Neatherlin requested Frank provide on Monday a 5-year roll up of DNR tax, unexpended budget authority; and logging tax.

2:30 P.M.

2018 Budget Workshop

Commissioners Shutty, Drexler and Neatherlin were in attendance.

- Review of the Utilities/Waste Management 2018 budget. Capital improvements include installing water meters at Beards Cove; sewer line at Rustlewood and improvements at the Transfer Station. Anticipating opening the transfer station at Hoodspout on Sundays

Mason County Commissioners' Briefing Meeting Minutes
Week of November 6, 2017

and the additional expenditures and revenues were not anticipated in the preliminary budget. New recycling regulations in China could impact recycling costs. Cmmr. Drexler expressed concern with spending fund balance for operations. Belfair Sewer's beginning fund balance is budgeted at zero. Will need to transfer REET and .09 Funds in January. May need a registered warrant for the bond payment due December 31. Anticipate being at \$10,000 negative ending fund balance. The Board authorized \$10,000 be transferred from REET 2 and will be included in the December 2017 budget hearing.


Commissioner Discussion – There was discussion of various 2018 budget reduction options and budgeting methods such as line item budgeting and deeper cuts in larger departments so there are smaller cuts in smaller departments.

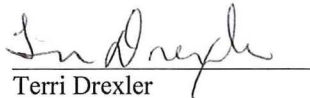
The meeting adjourned at 4:28 p.m.

Respectfully submitted,

Diane Zoren, Administrative Services Manager

BOARD OF MASON COUNTY COMMISSIONERS



Kevin Shetty
Chair

Terri Drexler
Commissioner

Randy Neatherlin
Commissioner