

**MINUTES OF THE INFORMAL MEETING OF THE JOHNSON COUNTY
BOARD OF SUPERVISORS:
JANUARY 21, 2011**

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Chairperson Harney called the Johnson County Board of Supervisors to order in the Johnson County Administration Building at 9:00 a.m. Members present were: Pat Harney, Terrence Neuzil, Janelle Rettig, and Rod Sullivan; absent: Sally Stutsman.

FY 2012 COUNTY BUDGET

Cost of Living Adjustment

Executive Assistant Andy Johnson said the Board had discussed the cost of living increase for the non-bargaining employees and had some questions for Human Resources Administrator Lora Shramek about making that decision. Sullivan said Shramek sent an email to the Supervisors regarding the pros and cons of lowering the non-bargaining pay increase, and he found this very helpful. Neuzil said he needs to have a copy of that email. Sullivan said it is a good outline of what the Board has to consider in their decision making process. Shramek said after sending information like that to the Board, she continually thinks of more pros and cons. Neuzil said the Board can have a discussion about Shramek's email; he does not need to look at the document immediately. Sullivan said Neuzil introduced this topic about a week prior. He said Neuzil suggested that the Board does not have to increase the wages by the traditional amount just because they have done this in the past. Sullivan said the Board needs to determine the pros and cons of switching to another amount.

Neuzil said this decision would be more philosophical and would also keep future negotiations in mind. Sullivan said when things are done the same way year after year, people tend to think that is the way it is always done, even if there is not an actual rule.

There is some benefit in breaking the trend to get people to understand that things are not necessarily always given. There should not be an assumption that things are going to be done a certain way. There is some psychological value in breaking that pattern. Harney said the current state of the economy and other trends are variables that come into effect, and he thinks the Board needs to take due consideration of those variables if they are serious about addressing needs for FY12. It will likely be even more difficult in FY13. The Board needs to start to adjust or there will be problems.

Rettig said some people call this increase a cost of living adjustment. If that was true, then people would have seen a reduction in their salaries one and a half years ago. The current cost of living increase is 1.5% according to Shramek's memo. A 1.5% increase is a cost of living adjustment, but anything over 1.5% is a wage increase. Rettig said a 3% increase is not sustainable in the current economy of uncertain times. The Board is backfilling the budget with reserves, and that will not work for FY13. The Board needs to get a handle on salaries, health care costs, and other things the Board can control, such as energy costs. Rettig said she does not have any problem separating the administrative unit from the non-bargaining employees, and she does not have any problem making the increase lower than 3%.

Rettig said Shramek has some interesting arguments in her memo, including the topics of longevity being taken away for FY12 and the occurrence of discouraging job evaluations. Although the parking issue is an interesting argument, it has been argued for two years that salaries need to be raised because people will have to pay for parking. Sullivan said the Board took that argument into account one year ago. Rettig agreed, and said she finds that argument a little less compelling. She thinks the increase should be lower than 3%, but a 2% increase may be too low based on the information provided by Shramek. She said she is happy to find a medium point, but a 3% increase is too high. She said the Board should set an example with this situation.

Harney said he does not accept the argument of parking being the issue. Everyone else in the community has to pay for parking, depending on where they work. The County employees have gotten by without paying for parking for a very long time, and the County has invested a lot of money into parking infrastructure. It is only fair for the employees to pick up a part of that cost. The price employees are paying for parking is very cheap. The parking cost for much of the City of Iowa City was \$30 or \$35 per month ten years ago. Sullivan said County Treasurer Tom Kriz has done some research on the actual cost to maintain a space, and it is about \$70 a month per parking space. The cost is incredibly high. Harney said it is pretty expensive for people from the University of Iowa to rent parking spaces from the City of Iowa City or elsewhere. Neuzil said he is not supportive of charging employees for parking. However, as the Board continues to move forward with this, he hopes some of that money will be reinvested into the employees that are paying. For example, some dollars could be put toward the wellness programs.

Sullivan said the good thing about parking is that employees have some control over it. Neuzil said yes; the employees do not have to use the County parking. Rettig said she

is in favor of charging for parking but not necessarily for the purpose of making money. The purpose is to stop subsidizing an automobile culture. The County has invested millions of dollars into parking, but it has invested nothing into discouraging people from driving up to this point. Neuzil said the cost to park in the County employee lots is going to be \$1.25, and the cost to take a bus is \$1.50. Rettig said she agrees with Neuzil in that parking is a nonissue. If the County employees worked anywhere else in downtown Iowa City, they would be paying more. However, Rettig does not see charging for parking as a money making venture; it is a way to discourage the subsidizing of the automobile culture. She said she does not have a problem with working on some employee benefits when amending the parking fees into the budget. These benefits could be related to green issues, wellness, and alternative transportation. Sullivan said the County does the same thing with health insurance. It is the same approach; the County has ways that it gives back to employees through health insurance. There are flu shots and a wellness program that extensively benefits both the employee and County. It is the same theory for this situation.

Sullivan said he talked to some people at the City of Iowa City, and it sounded like the City unions were going to go from \$0 per month to \$40 per month for single health insurance coverage. The main reason was that there could either be an increase from \$0 to some amount for the single coverage or an increase from \$75 or \$80 to \$150 for the family coverage. The City basically decided that it was better to have everyone paying in. The employees that utilize the family health insurance coverage were of the opinion that everyone needs to pay in. Neuzil said insurance coverage will change in the County's negotiations for FY13, especially if the State of Iowa starts to try to push something different.

Neuzil said Shramek put together a really good list, and he thanked her. Many people will be approaching the Board about this topic. Another factor that is not included on the list is the fact that the County is still adding more employees to the budget. He does not know of many other governments doing this. The Board's philosophy of investing in public safety and investing in positions that are paying for themselves is a good approach. However, it is another reason to start thinking a little more as it is amazing that the County is still able to add employees, with all the priorities identified by the Board.

Harney said Neuzil had mentioned not having employees pay for parking. If that is the case, then parking should possibly be listed as one of the employee benefits. It is still a part of the payroll package; parking is worth a certain amount of dollars. He said he is concerned about adding employees within the County because the County is going struggle in the future. Employees are an overhead cost that goes on and on once the positions are added. The ongoing cost is the reason he had concerns about eliminating the money for one position and putting that money toward other services. He understands that there are needs within the community, but it is getting expensive, and he thinks the Board really needs to curtail some of this.

Sullivan said when he worked for the State a long time ago, employees received an annual document about compensation. At the time, he did not think he made anywhere near the amount listed on the document. However, the State added the cost of health insurance, life insurance, and all other benefits to the number indicating total compensation. This is very eye opening for employees, and he thinks the County should consider doing something similar. The County could give employees an annual document listing their compensation from the County. The total amount is much more than just what a person is paid. Neuzil said the total amount of compensation is a lot more when benefits are added in, particularly for union employees. Union employees get longevity, Iowa Public Employees Retirement System (IPERS), and many other things. The list goes on and on. The County is doing a really good thing for a lot of people, many who do not even live in Johnson County. Neuzil said that is something he does not like.

Harney said it is unfortunate that the Board cannot reduce the percentage increase for all employees; that would be fair for everyone. However, reducing the increase only for non-bargaining units will result in some employees receiving a larger amount than others. Sullivan said if the Board breaks the cycle of increases and changes the trend first, then everyone else may follow. The Board does not know if this will occur; it is always a bit of a gamble. However, that could be a goal. Harney said it would be more acceptable if the increases were reduced across the board. Neuzil asked Shramek if that would be fairly advantageous if union negotiations go into arbitration. Shramek said yes. Bargaining units are going to be looked at first in arbitration, but the non-bargaining employees would also be looked at. Neuzil said that unit comprises half of the County's employees. Shramek agreed.

Rettig said Shramek's memo states that a 1% change represents \$160,000. Neuzil said that was an estimate. Rettig said \$160,000 is significant with all the things the Board is under stress to do in the budget. It is not of no importance. The Board has discussed a \$10,000 expenditure for an hour. That is how detailed the Board gets in its discussion. Rettig said she is happy to make this increase not be 3%. She said Shramek might be correct in saying that 2% is a little bit low due to everything else the Board has changed for FY12. However, a 2% increase is still a 0.5% salary increase after taking the cost of living adjustment into account.

Sullivan asked if the Board is comfortable with a 2.25% increase. Harney said the cost of living adjustment Rettig was referring to is nationwide; it was not necessarily based on the local area. Rettig said she is not sure the data gets broken down that way. The information says it is a consumer price index. Shramek said the number is the same as what is used during bargaining, and it comes from the Iowa Workforce Development Center. Harney said he does not have a problem with a 2% increase. Sullivan said he was simply taking Shramek's advice. Psychologically, 2% may be a bit of a barrier, so a higher number may be more acceptable. Rettig asked how much the IPERS contribution is increasing. It is increasing for both the employer and the employee. Shramek said she does not know for sure, but she thinks it is 6.95% increase. Rettig said there is a change in employee evaluation, an increase in personal pay-in for health care, a change in the

parking situation, and an increase in IPERS for FY12. There is a fall back in the 1.5%. Sullivan said FY13 could be a very big year in the County. The assessors seem to indicate that it could be a make or break year in terms of the occupancy of many commercial establishments. Every year builds on the past year, and it is good to be cautious for FY12.

Rettig asked for Shramek's opinion of a 2.25% increase. Shramek said she likes this number better than 2%. She said people will be appreciative of any increase, and she would recommend anything below the 3% increase. Sullivan said people are not going to be appreciative of anything the Board does. Rettig said the Board is not talking about layoffs and furloughs. Sullivan said people are not going to shake the Supervisors' hands after this meeting.

Neuzil said he can see both sides of this discussion, and it is not that big of a deal in the scheme of the whole budget. This is a topic that relates to where the County wants to start negotiations in FY13. If the County wants to ultimately have an increase of less than 2%, then even a 2.25% does not match that. He said he is still comfortable with a 2% increase, but he would like to look at this topic from the standpoint of FY13 negotiations. The Board can work something out if three Board members want to do something different. Shramek said the direction from the Board was to start FY11 negotiations at 2%. Sullivan said yes; that is where the County started. However, there was only one open bargaining unit, and the Board knew the other units were getting a 3% increase in the second year. Therefore, those instructions may not be quite the same for FY13. Shramek said all six bargaining units will be open in FY13. Sullivan said yes; the Board was just trying to be realistic with the knowledge that five units were already set.

Neuzil asked if Rettig has an opinion or if she minds either 2% or 2.25%. Rettig said the difference between these two is \$40,000. If the Board establishes a 2% increase, then they are putting \$320,000 toward some other use. If the increase is 2.25%, then the amount would be \$280,000. Either amount is moving in the right direction. Rettig said contracts for FY13 probably need to be in that range of below 2.5%. Sullivan asked where Rettig got those numbers. Rettig said she got the numbers from Shramek's memo. The budget savings is \$160,000 based on a 1% reduction. Shramek said the 1% reduction represents going from a 3% increase to a 2% increase. Rettig said a 2% increase would be \$320,000. Shramek said no. Neuzil said it amounts to \$160,000 per 1% reduction. Shramek said 0.5% reduction would have a budget savings of \$80,000. Rettig said a reduction from a 3% increase to a 2.25% increase would be a savings of \$120,000. She said she is OK with the 2.25% increase, and she would listen to arguments for 2%.

Neuzil said the Board should keep the number on the higher end for now. He asked if Stutsman gave any indication. Harney said no; Stutsman left some notes, but she did not mention this topic. Harney said he does not have a problem with 2.25%. Budget Coordinator Rich Claiborne said he put a star next to the topic. Harney said Stutsman said she would like to keep the non-bargaining cost of living adjustment the same as the administrative unit; she does not think it is the time to reduce the cost of living

adjustment because of the parking and salary survey increases. Neuzil said that means Stutsman has indicated a 3% increase. Neuzil said he is fine with a 2.25% increase, and Rettig and Harney agreed.

Health Insurance Budget Increase

Rettig said Claiborne has inserted a 10% increase for health care costs in the budget based on something Shramek told him a couple months ago. Shramek said her initial recommendation was a 6% increase, and that was based on the previous year. That amount ended up being too small; Wellmark Blue Cross Blue Shield came in at 8.5%. At that time, the Board was looking at including the Joint Emergency Communication Center (JECC) in the County health insurance program. She thought the County should maybe assume a higher increase such as 10%. Now that the JECC is not in the picture, the increase would be 8.5%. Rettig said that means Claiborne needs to build an 8.5% increase for health care costs into the budget. Claiborne said that money will go back into the reserves just like the savings from the cost of living increase. Rettig said she may not want to tax for that money if the County does not need it. Sullivan asked what 1% of that amount is. Claiborne said it is a part of the \$3.50. The County would tax for it anyway, and it will just return back to the fund balance. Neuzil said he is comfortable with that for now, as long as the numbers continue to hold true for the Board going with the 1.3% or 1.8% tax increase scenario. Sullivan agreed and said that is the key. Neuzil said he is still OK with it. Harney agreed and said he would like to have a cushion. Neuzil said the important thing is to make sure the County is accurately reporting what it is taxing. Harney agreed.

Rettig asked what a 1% increase in health care cost amounts to. Sullivan asked if anyone knows the overall increase. He asked what the increase was for FY11. Shramek said there were claims that were \$4.5 million, and the new claim is \$5.7 million. She can email the information to the Board, but she cannot recall the numbers from memory. Rettig asked if Shramek could email Johnson when she gets to her office, because that amount would have an effect on which tax scenario is chosen and maybe lead to taxing at a lower level. Harney asked when the health care increases or decreases take effect. Shramek said it is done on fiscal year basis starting on July 1.

Grant Writer Position

Neuzil asked what other things need to be resolved. He said the Board is going to postpone the discussion on compensation until Stutsman returns. Harney said Stutsman said one issue she would like to bring up is the \$35,000 for a grant writer. He said Stutsman wanted to know if that will be a new hire and a contractual request for proposal. The Board has spent hours discussing the minute details and justification for budget items that cost a lot less money. There are no policies or plans in place yet. However, the County is budgeting and taxing for \$35,000 on pure speculation that the position will pay for itself. He said Stutsman asked if this position is needed and if it is a good idea; she would like to be consistent with all budget deliberations.

Rettig said it is interesting that Stutsman would say that since Stutsman voted yes for this on multiple occasions. Sullivan said his thought has always been that the Board cannot discuss the position if it is not budgeted for. He said that was Neuzil's point. Neuzil said the Board is speculating on quite a few new initiatives. The Board is relying on some future decision making and on having some funds in place. He said he looks at the grant writer position in the same way. Sullivan said he is completely comfortable with the idea that if the Board starts talking about a grant writer and does not think it will work, then the Board will not spend the money. The Board cannot go forward if the money is not budgeted. He said he is not committed to a grant writer position because he does not know enough about it. However, he is committed to exploring the position, and he thinks the Board had to budget for the position in order to explore it. Neuzil said he thinks it is a position that will pay for itself. This falls in line with the Board's philosophy on employees. Sullivan said the Board is not obligated to spend that money if the position does not pay for itself. Neuzil said that is correct.

Harney said he thinks hiring a grant writer is a good idea. The problem is that the Board does not have any guidelines laid out about what is expected in a grant writer and what the Board is looking for. Rettig said the Board has not even started writing the position. Harney said there is a book that is three inches thick with information about all the nationally available grants. He said the County needs someone to monitor and go through those grants to find ones that would fit the County needs. Sullivan agreed that the Board has no guidelines laid out for a grant writer. However, the County cannot ever hire a writer or find out the effectiveness of the position unless something is budgeted. Neuzil said the Board could do this in a budget amendment. Sullivan said there is not usually a lot of political will to do a budget amendment to hire a person midway through the year. That is typically seen as poor politics. He would prefer to have the position budgeted. If the Board decides that it is not a good fit, then the Board will not go through with hiring someone.

Neuzil asked where the grant process is in the Strategic Plan. He asked if it is under the category of level of service. The Board will need to have some kind of dialogue about who manages the grants process. For example, there may be a couple of Board liaisons working with Shramek. Harney said he thinks the grant management should be done under Claiborne or Johnson through the Board. Sullivan said he would assume that the person in the grant writing position would answer to Johnson, whether it is a contract position or regular County employee. Neuzil asked if the Board is thinking of having someone internally work on grants.

Rettig said multiple department heads have said there are grants available that could diversify the income stream for projects the County is already going to do, but the department heads do not have the time to do the research and writing. She said the Board has heard this from Mental Health/Disability Services (MH/DS), Facilities Management, Social Services, Planning and Zoning, and SEATS. The new windows at the Administration Building were funded by a grant. She said the County is about to spend \$30,000 on a boiler for Chatham Oaks, and there was a grant available earlier in the year that no one had the time to write. If the Board wants to diversify the income stream

beyond property tax and have department heads look for more money, the department heads have said they need assistance. The details can be worked out as the Board progresses toward hiring a grant writer. However, if it is not budgeted for, then the Board is not going to do it. Harney said there may also be funds available for roads projects that the County is missing out on.

Sullivan said he agrees with Stutsman that there is a lot of discussion to do about what the position of a grant writer means. However, the County cannot do this without having money budgeted. Neuzil said he is comfortable with keeping the funds in the budget. Harney and Rettig agreed.

Audio Visual Equipment

Harney said one thing that needs to be discussed is budgeting for audio visual equipment upgrades. He said Rettig mentioned that she thought there was enough money in the FY11 budget to address that issue without budgeting for FY12. Rettig said she was not clear; Johnson kept the Board technology budget line, and that is what the Board bought the ELMO projector with. Johnson said the savings created from purchasing a lower priced projector turned out to be nearly the exact cost of the new screen in the Boardroom. Rettig said she understands, but the budget line was not removed from the FY12 budget. Johnson said he is not sure. Rettig said the Supervisors had talked about trying to go paperless by using Apple iPads. Neuzil said the Board did not get that worked out. Rettig said the Board did not get it worked out, but the money was kept in the budget so that it could be worked out if the Board decided to. Neuzil said the piece of technology Harney is talking about would just enhance the televised portions of the Board meetings. Harney said it would give them the ability to run the date, County website, and information about the meeting across the bottom of the television screen. If someone is speaking, then their name could be on the bottom of the screen. Sullivan said this equipment is essentially to add graphics.

Harney said Videographer/Video Center Owner Andy Small said the computer and equipment would cost approximately \$3,200. Harney said he talked to Information Technology Director Jean Schultz about it, and she said she could investigate the costs if she was provided with the specifications. Schultz could perhaps get some good savings on the equipment. Harney said he asked if the County could give a used computer to Small to use, but Small replied that this would not work because it is a different type of computer. Sullivan agreed that the Board would want to have Schultz work with Small to find this equipment. Harney said Schultz said she would also work with the City of Iowa. Neuzil said he thinks that is essentially the same equipment the City has. It is basically a little box system with a laptop. The laptop has to be compatible with the system, and that is probably what Small is talking about.

Rettig said she has found the budget for the Board of Supervisors, but she does not see the line item for the ELMO projector. She said the Board had budgeted \$5,000 for the ELMO projector, and she asked if that is correct. Johnson said they budgeted around \$4,200, but it actually cost about \$1,000 less than that. Rettig asked if the ELMO

projector item was included in the Technology budget. Johnson said yes. He said he can check with Schultz to see if that money is still in the Technology budget.

Neuzil said he knows there are additional Boardroom expenses with wiring and microphones. Rettig said this money is not in the Board of Supervisors budget, so it must be in the Technology budget. Rettig said the \$4,200 would be carried forward because the Supervisors were not sure what they wanted to do about technology for going paperless. She said she is not clear where the wiring, the sound system in the Health and Human Services (HHS) Building, and the television screens in the Boardroom are budgeted. Neuzil said he spoke with Facilities Manager David Kempf, and that is in the Physical Plant budget. Harney said Kempf said these items do not require additional money because they are already budgeted for.

Rettig said the Board had the \$4,200 in the Technology budget because the Board talked about trying to go paperless. She thought Johnson had mentioned another item that required a slight increase. She said she cannot remember whether this pertained to the need to upgrade the visual portion of the audio visual system in the Boardroom. Sullivan said the Board has already paid for the Boardroom repairs. He said the company that supplied the Boardroom microphones is still obligated to get them to work properly, but that has not happened. It is not going to cost the Board any more money. However, the sound system in the HHS Building will cost money. Harney said the microphones are going to be hard wired in the Boardroom because of the problems and the batteries. The microphones supposedly meet the specifications. He said Kempf has the money set aside for the audio visual system in the HHS Building, but does not include money for any screens the Board may want to put up. The Board did not budget for screens in the HHS Building similar to those in the Boardroom.

Rettig said this idea came up because Social Services Coordinator Amy Correia wanted to use the ELMO projector in the HHS Building for a meeting, but discovered that there is no screen to project onto. Johnson said the ELMO projector can be used over there. Sullivan said it can be projected on the white screen. Johnson said there are two screens in the room. Sullivan said it is not a television screen. Johnson agreed. Harney said Kempf suggested taking the screen behind where the Board sits in the HHS Building room and installing it off to the side of the room. They could then install some other screens in the room for people to view.

Rettig said the Board should first check to see if the amount budgeted in Technology in FY11 has been carried over for FY12. If the Board needs to add a little bit of money to the budget for this to be done right, then she thinks the Board should do that. Johnson asked if Rettig is talking about Small's proposal or the audio visual system. Rettig said she agrees with Small's proposal, but she does not think the equipment has to cost that much. She said Schultz tells the Board she can get computers for cheaper than \$1,200. Sullivan said Small might be able to use the computer already in the Boardroom. Rettig said she thinks Schultz would purchase the equipment and determine what the Board needs. However, if the Board can go more paperless, then there are savings with that.

Sullivan said he views the idea of going paperless in the same way that he views grant writer position. The Board is not going to make the decision in the next week, but if the Board does not budget some money, then it cannot be done. If the Board finds out that the proposal is cost prohibitive and does not spend that money, then that is fine. However, if the Board does not have anything budgeted, it cannot be done. Harney asked if it would be viable to put \$5,000 aside. The anticipated cost for the audio visual portion and a couple of screens in the Health and Human Services Building room is \$3,200. He said Kempf said he had money for everything else, and he already has quotes.

Neuzil said the Board should see if any money has already been budgeted before adding anything. Johnson said he thinks he budgeted \$3,500 for the iPads. Neuzil said it does not sound like the Board resolved the problem of the iPad and personal information. Rettig said the Board should budget as if they are going to figure that out. The cost savings on paper was important. If the Board decides not to do this in FY12, then that is fine. Sullivan said he does not think the Board delved far enough into this topic. He said the Board did not get Schultz involved very much. Neuzil agreed.

Johnson asked if the Board wants to budget \$5,000 for Board technology. Rettig said she would like to budget a placeholder for the total cost of the iPads, screens for the HHS Building , and Small's proposal. The purchase of the iPads could be done through a technology reimbursement up to a certain amount or an outright purchase. If the Board later decides that these purchases do not make sense, the Board would just not spend the money. She said she is not sure if the total cost is \$5,000. Harney said he does not know, either. Neuzil said the Board has not even decided on the topic of iPads. Harney said the cost for the first portion is basically \$3,200.

Neuzil asked if each Board member is willing to not print anything anymore. That is really the commitment of purchasing the iPads. If each Board member gets a machine, they should not use the printer anymore. Sullivan said there would basically be zero printing, or it would be very rare. Neuzil said they also need to resolve the question of whether the equipment can be used outside of the office. Sullivan said that is his biggest issue. Neuzil said it is a big issue. Sullivan said the iPad is just like a cell phone. Neuzil said if the iPad can not be used outside the office Board members are going to be carrying two pieces of equipment everywhere they go, and that does not make a lot of sense. Rettig and Neuzil agreed.

Sullivan said the Board does not know prices at this point and he is comfortable with Harney's suggestion. He said \$5,000 is a reasonable placeholder. Johnson said there are some savings in the Technology fund from times when things have cost less. If something comes up that costs a little bit more money, then there would be some flexibility. Sullivan said Schultz might suggest that she has enough carryover in the budget that the Board does not need to budget anything. Johnson agreed. Harney said that is what the Board needs to find out. Johnson said he will talk to Schultz. Neuzil said Johnson should also talk to Small.

Sullivan said the Iowa City United Nations Educational, Scientific and Cultural Organization (UNESCO) City of Literature had requested about \$2,500. Johnson said the Iowa City UNESCO City of Literature requested \$2,500 for FY11 and \$5,000 per year for the following five years. Sullivan said the Iowa City UNESCO City of Literature was asking for \$5,000 for FY12. Johnson agreed. Sullivan said the response from the Economic Development Committee was \$0. He asked if the Board is interested in contributing even \$500 just to be included. He said he has been serving on the City of Literature Board of Directors. It has been a little unclear whether he is a Board of Supervisors appointee. In theory, the City of Literature Board of Directors said they wanted the Board of Supervisors at the table, and that is how Sullivan became involved. Rettig asked if there are Iowa City UNESCO City of Literature bylaws yet. Sullivan said yes, but he does not know what the bylaws say about this topic. Rettig said she was told that bylaws call for the County to appoint one person to the City of Literature Board of Directors. She said she did not read the bylaws herself, but she was told that this is stated there.

Neuzil said Sullivan can have that position. Sullivan said the City of Literature Board of Directors was an offshoot of the Iowa City/Coralville Convention and Visitors Bureau, and Sullivan was the County representative for that organization. That is how he got involved with the City of Literature Board of Directors. Neuzil said he can see both sides of this discussion. One possibility is for the County to give a token amount as the County does this with other organizations. Another possibility is to use some of the potential fund the Board has set up and fund the Iowa City UNESCO City of Literature. Sullivan asked if Neuzil is referring to the competitive grant money. Neuzil said yes.

Rettig said she is torn about this issue. The County does not do tourism because the County does not have hotel/motel tax. Neuzil and Sullivan said the County could have this. Rettig said there are only two hotels or motels that would be applicable. Neuzil said yes; there is a bed and breakfast near Kalona. Rettig said the County will not have hotel/motel tax until a large hotel is built in the unincorporated area. The usual way to fund tourism is through hotel/motel tax.

Rettig said she is a huge supporter of the City of Iowa City's Summer of the Arts and all of the other festivals, but she is not sure that contributing to these groups is always the County's role, because the County does not have a hotel/motel tax. She asked if the UNESCO City of Literature designation and the recognition involved are actually categorized as economic development. This also refers to plans for people coming to the community and events being held. Rettig said she can distinguish the Iowa City UNESCO City of Literature from Solon Beef Days. However, the County does not have the resources or funding streams to fund every festival that comes along.

Harney said his opinion is that contributions support more of the arts and culture of the area and it does not necessarily relate to economic development. However, these areas may have some overlap. Neuzil said the City of Literature involves arts and culture, which are identified in the County's Strategic Priorities under Quality of Life and Livable Community. Given the nature of the Iowa City UNESCO City of Literature,

Neuzil wants some funding to go toward it. However, he thinks it should be a competitive process. Sullivan asked if this would be done through a process that will be set up. Neuzil said yes.

Sullivan said the Board did not have any specific discussion about the Iowa City UNESCO City of Literature, so he wanted to bring up the topic. Neuzil said as the Economic Development Committee and Strategic Priorities look at divvying up the competitive fund, a portion could go toward local foods organizations and others. If the Board continues to not increase budgets the competitive fund could be significant. The process of holding budgets includes the use of Iowa City Area Development (ICAD) money, and it eventually will include the use of money designated for some of the Community Attraction and Tourism (CAT) grants that are coming off the Johnson County Historical Society's capital investment.

Rettig said she heard some people question the difference between the Iowa City UNESCO City of Literature and the Johnson County Historical Society. She said her answer was that tradition is the difference between these groups. The County has probably been supporting the Johnson County Historical Society since it was founded. Neuzil said he thinks FY12 should be the last year of funding for the Johnson County Historical Society. Sullivan asked if Neuzil is talking about all funding for the organization or just the capital campaign money. Neuzil said he is talking about putting the money in as part of the competitive funding similar to what the Board is talking about doing on the Social Services side. An entity has to competitively seek these funds based on policies and measurements the Board wants to support without assuming that funding is guaranteed.

Sullivan said he is sure the Board will have a lot more discussion on this topic. He said he has been looking for a hybrid solution where the entities can count on some amount of funding, but compete for additional money. Neuzil said the strategy of how to get to that point could involve a formula of small steps. It could involve a change of 10%, 20%, and then more over a five year period. The Board could come up with different ways so the impact is not so severe on the organizations that have relied on funding from the County and assumed that this funding will be in their coffers.

Rettig said the difference between a festival and the Iowa City UNESCO City of Literature is that the City of Literature has an international designation. Having a governmental buy-in to the City of Literature makes a difference. She said she sees the City of Literature similar to the Vision Iowa grants. County needs to be involved so that Vision Iowa can say all of the governmental bodies are on board. As Iowa City UNESCO City of Literature goes after larger grants, conferences, and funding streams, a token contribution from the County indicates that all governmental bodies are on board and that the area really is the City of Literature. She said she is willing to contribute a smaller amount, but this does not mean the Iowa City UNESCO City of Literature could not apply for competitive funding.

Neuzil said there are other things to consider in relation to the competitive part. In particular, there is the question of what the County gets back. Neuzil said he is talking about advertising for the County. He wants the County to get credit for what it does; he is very frustrated when he sees certain organizations recognize the City of Iowa City and ignore the County. He said Sullivan and he experienced that with the CAT grant for the City of Coralville's new Center for the Performing Arts. Sullivan said the City of Coralville recognized the City of Iowa City, which did not contribute to the project. Neuzil agreed; the City of Iowa City did not give the City of Coralville a nickel, but the County gave the City of Coralville tens of thousands of dollars throughout the process.

Harney said when the Grants Committee actually met to discuss the whole issue, the City of Literature did not fit the criteria that had been laid out for that type of a grant. Considered the returns and how many people it serves City of Literature did not fit with the criteria. Rettig said she views the City of Literature as more of a Vision Iowa type model. If the Iowa City UNESCO City of Literature is going to move forward on the regional designation, then they need everyone's buy-in. She asked what the City of Iowa City is paying into the organization. Sullivan said the offices are in the Iowa City Public Library, so there is some in-kind donation. The total contribution from the City of Iowa City is \$100,000 when taking the in-kind and cash contributions into consideration.

Sullivan said the University of Iowa's cash contribution is \$100,000, but the total contribution is realistically closer to \$200,000. Rettig asked how much the City of Coralville is contributing. Sullivan said he thinks the City of Coralville contributes between \$5,000 and \$10,000. He said the City of North Liberty has also bought in. Rettig said the City of North Liberty has hotel/motel tax. Sullivan agreed. Rettig said she is fine with contributing a token amount to show that the County is supportive of the whole concept. However, she does not think that opens the County up to fund every fair and festival. Sullivan agreed.

Neuzil asked how much money the Board members are willing to fund. He asked if they are thinking of a \$500 contribution. Sullivan said that would be a good token to show that the County has bought in. Rettig said this is similar to the Iowa City/Coralville Convention and Visitors Bureau dues. Neuzil said the County pays a fee to the Convention and Visitors Bureau. Sullivan agreed.

Sullivan said he was just at a City of Literature Board of Directors meeting on January 20, 2011. There are only 27 cities in the world that are part of the UNESCO Creative Cities Network. The Iowa City UNESCO City of Literature could not afford to send anyone to the UNESCO Creative Cities Network International Conference in Shenzhen, China, but the University of Iowa did send a representative. The representative reported that there are hundreds or even thousands of people preparing to visit Iowa City because of the UNESCO City of Literature designation. The UNESCO designations are tourist destinations. Many people in the world, especially in Asia, visit the cities that have the designation. The Iowa City UNESCO City of Literature is excited about the possibility of trying to organize these tourist visits in some way. It is going to

take a lot of work to figure out exactly how to do this scheduling, but it has good potential.

Neuzil asked if the Supervisors like the idea of a \$500 contribution. Rettig asked if the \$500 contribution is being proposed for both FY11 and FY12, because the Board was asked for funding for both years. The Board was asked off budget for FY11 and on budget for FY12. Sullivan said the off budget request for FY11 should be put on an Informal Meeting agenda. Neuzil said this would be a spring budget amendment issue. Rettig said she is curious to know what Sullivan thinks the Board should do. Sullivan said he does not think it would be a bad idea to contribute for both FY11 and FY12. The buy-in is important, and it is minimal contribution similar to a CAT grant. Neuzil said he is OK with putting \$500 in the budget as a placeholder, but someone needs to communicate with Iowa City UNESCO City of Literature Executive Director Jeanette Pilak to determine if that amount is enough to get the County on their literature. If it is not enough, then he is probably not interested in contributing. Sullivan said the website already has the County on it, but there are no brochures or other materials yet. Neuzil said maybe the County emblem will be made smaller. Rettig said she is OK with that.

Johnson asked if the Board wants the \$500 to come out of the pool or be added into the budget. Neuzil said the \$500 should be added to the Block Grants Department 20 budget or to the part of the budget that includes funding for the Convention and Visitors Bureau or the East Central Iowa Tourism Association. Johnson and Sullivan said those organizations are in the Block Grants Department 20 budget.

Other Projects

Neuzil asked Claiborne if items relating to projects with the Jail, Secondary Roads, and Ambulance have been placed in the budget following direction from the Board. Claiborne said yes; he went over that with Kempf. Neuzil asked if Claiborne also covered the location of carryover dollars.

MH/DS Budget

Claiborne said he would like the Board members to look through the three budget packets and decide which they would like to use. Claiborne said he has still not received the MH/DS budget. He said he talked to Stutsman on January 20, 2011, and she was supportive of Claiborne entering the FY11 numbers. Rettig said she is really disappointed in this. She said she talked to Assistant MH/DS Director Jan Shaw on January 18, 2011, and MH/DS Director Kris Artley was working on the budget at home. Rettig said she told Shaw that Artley must have the MH/DS budget in by that afternoon, and Shaw told Rettig she would call Artley at home and let her know. Even though Claiborne had told Rettig that it was OK if the budget was submitted by the morning of January 19, 2011, Rettig told Artley that she must have it turned in on the afternoon of January 18, 2011.

Rettig said the Board scheduled MH/DS as the very last departmental budget in the process for the FY12 budget because they knew how complicated the budget is. However, when Claiborne gives Artley the final deadline, it is the final deadline. Claiborne agreed. Rettig said this makes her not very interested in doing budget amendments later on. She said she does not know how that has to work.

Harney said he knows it has been difficult for MH/DS because the State has been making many changes. Claiborne said due to the size of MH/DS, he needs to put it into the Government Employees Management System (GEMS) to keep up with the publishing schedule. This ran to the last day in the FY11 budget process, and the Board threatened to use the FY10 budget for FY11. He said he previously received the MH/DS budget around Christmas. Sullivan said it does really matter if Claiborne uses the MH/DS budget from FY11. For a \$15 million budget, there will only be a \$1,000 or \$2,000 difference between years because they cannot really change the budget. Harney said he thinks Claiborne has to use the FY11 budget for MH/DS at this point.

Rettig said Artley's re-estimated expenditure budget in FY11 was \$13.2 million. Artley had Claiborne put a placeholder of \$15.4 million into the budget. Artley was spending down her reserves significantly. Rettig said that is why she is disappointed that Artley is not at this meeting. The change in reserve dollars for MH/DS is \$3 million, and the ending fund balance for MH/DS is therefore \$3.7 million. That cannot be done a second year. That is significant. Sullivan said it cannot be done a second year, but Artley cannot raise anything, and the State of Iowa changes things every single year. Neuzil said both Rettig and Sullivan are correct. He said Claiborne will just need to put a number in the budget. This number will be very close to what the true number always is, because the State does not allow the County to change things. He said Rettig's point is that the Board and the public need to have a meeting to discuss the budget. Even if something is published, the Board needs to let the public know. Public servants are in charge of the budget. Rettig said the Board has one more budget meeting the day before the FY12 budget is published.

Sullivan said he shares the frustration of the MH/DS budget not being completed. However, the Board's decision on inserting a number really does not matter very much. Rettig said the County is going to tax for the same amount, but the County has to publish a budget. If MH/DS spends more than the published budget, then the Board will have to do an amendment. She said Claiborne could use the MH/DS number from the FY11 budget of \$13.26 million for expenditures, but Artley gave Claiborne an estimated budget of \$15.4 million. That is a \$2.2 million difference. Harney asked what MH/DS has for FY12 if it spent down the reserves. Neuzil said Claiborne should have that number to plug in. Claiborne said he can put the \$15.4 million into the budget, but he is not sure which line items to put the money in. The bottom line is what counts.

Claiborne asked if the Board wants him to use the amount of \$13.2 million, which he has separated into individual line items, or the amount of \$15.4 million. If he inserted the \$15.4 million amount, he would mark up a few of the line items that had been established with the \$13.2 million. The bottom line is what matters. Neuzil said Claiborne, Artley, and the Auditor's Office staff are going to have to make that recommendation. Sullivan

said Claiborne will have to call Artley to tell her that he is going to put a number into the FY12 budget in five minutes, and can ask her which number she wants. Claiborne said he has been in contact with Artley every single day. Sullivan said Claiborne should tell Artley he is typing the number in as soon as the telephone call has ended, and he should give her the choices of \$13 million, \$15 million, or a true number if she has it.

Harney asked if Claiborne talked with Artley on January 20, 2011. Claiborne said yes. Harney asked if Artley told Claiborne what her progress was on the MH/DS budget. Claiborne said Artley told him that she is working on it. Sullivan said Artley is focused on the details of the budget. The MH/DS budget is set up poorly because Artley has to figure out how much the utilities are paying into the fund. That may be an amount of only \$4,385, and in the grand scheme of things, those details do not matter. The Board just needs a number.

Rettig said the amount that the County taxes will not change. It has been the same for many years. Claiborne said it has been the same since 1996. Rettig said the County is going to tax for the same dollar amount. However, the difference between the two choices is \$2.2 million, and she does not feel the need to make the decision without Artley being in the room. She does not know if that means Artley needs to be present to justify the MH/DS budget on the day before Claiborne goes to publish the budget or if the Board needs to determine another date to do this. Rettig said Artley should be at a meeting to talk about this. Claiborne planned for the Board to informally talk about the budget going to the newspapers during a meeting scheduled for February 3, 2011, but the Board's last Budget Meeting is scheduled on February 2, 2011. The last time to discuss the budget is immediately before the budget goes to the newspapers.

Claiborne said the State budget form is going to be done, balanced, and ready to publish by February 2, 2011. It is very complicated to make changes at that point. That is why the procedure for the FY12 budget has been to decide everything, put the balanced numbers in once, and get everything ready to go. He said MH/DS is once again the wrench in the process, and this is what happened during the FY11 budget process. He said he always used to get the MH/DS budget in December.

Johnson asked if he should send Artley an email to see if she is in her office. Rettig said Johnson should tell Artley to come to the Boardroom now. She asked where Artley is. Sullivan said that is a good idea. Harney said Artley is not at home. Johnson said he will send a copy of the email to Shaw and Financial and Statistical Advisor Deborah Guard, as well. Rettig said the Board can talk about the rest of the meeting agenda while waiting for Artley to come.

Recessed at 9:59 a.m.; reconvened at 10:06 a.m.

FY12 Budget Scenarios

Harney said the three budget scenarios are for a 0.8%, 1.3%, and 1.8% tax increase. Sullivan said Claiborne had written that the 0.2% scenario provides \$4.7 million for

capital projects. Sullivan said he subtracted \$560,000 for the payoff of the HHS Building, and that resulted in \$4.2 million. He asked what the final number is on the decisions pending document. He said the Board potentially added \$5,500 to that number at the current meeting, and the amount is still about \$1.5 million. He said he came up with \$2.66 million for Capital Projects on the 0.2% scenario. Claiborne said OK. Sullivan asked what the starting number is for the 0.8% scenario so that he can do the same math. Claiborne said Sullivan should look at the information under Capital Projects Department 85; the number is \$3,791,471. Sullivan asked why that number is lower than the number for the 0.2% scenario. He said the math is already done. Claiborne said yes. He said he was discussing this with Kriz, and paying off the rest of the HHS Building in FY11 does not actually affect the scenario for the FY12 budget. This is because the \$500,000 will be made up in the revenue expense adjustment at the end of the year.

Claiborne said he is looking at the 0.8% scenario, and page nine of the packet gives the absolute worst case scenario for the beginning balance of FY12. Sullivan asked if Claiborne is talking about the \$7,349,000. Claiborne said yes; the number is based on a ten year analysis. The worst case scenario is saying that the beginning balance in FY12 will be \$7.3 million, and that is based on only receiving the revenue that was budgeted and spending every dollar in everyone's budget. However, Claiborne said Kriz agrees that the beginning balance is always around \$2 million more. The Board can look at the \$7.3 million and know that the actual beginning balance is going to be quite a bit higher. The extra \$500,000 on the HHS Building paid during FY11 will be absorbed in the revenue expense adjustment. The \$7.3 million will be updated when FY12 begins, and that is when the County gets the bank account balance. The Board will then see the actual balance.

Rettig said Claiborne's point is that the County does not have to recapture the last payment on the HHS Building, because it will show up in unspent expenditure. Claiborne agreed. To keep the budget moving forward for FY12, it is safe to say the \$500,000 that will be paid off during FY11 will be absorbed in returned fund balance.

Sullivan said he was subtracting the \$1.566 million from Capital Projects, but Claiborne has already done that on the form. Claiborne agreed. Sullivan said the number in Capital Projects already includes that subtraction. Claiborne showed the Board a spreadsheet for Department 85 that includes all that has been committed so far for Capital Projects. The beginning balance for the 0.8% scenario is \$3.791 million, but \$380,000 of that is already committed for the justice center, and Chatham Oaks. Therefore, \$380,000 should be taken off of \$3.791 million, and that results in a number just under \$3 million. That balance is left over for whatever the Board would decide. Sullivan said Claiborne is going off of the 0.8% scenario. Claiborne said the \$5,500 discussed at this meeting is going to come out of the Capital Projects number. \$380,000 is already committed, and the other \$5,500 would also be taken off of Capital Projects. That results in approximately \$2.8 or \$2.9 million left in Capital Projects.

Rettig said she is not clear about what Claiborne is saying. In the spreadsheet, page one totals \$1.5 million, and page two totals \$380,000. Claiborne said those two pages are

different funds. Department 44 is Capital Expenditures, but Capital Projects is the big fund and the one the County uses to acquire money or do projects. Rettig asked if the \$1.5 million of spending would come out of Department 44 Capital Expenditures. Claiborne said it has already been done and is reflected in the spreadsheets. It is a different fund.

Sullivan said Capital Expenditures and Capital Projects are two different funds. Rettig said \$1.5 million of Capital Expenditures is already reflected in the spreadsheets. The spreadsheet says the County is going to spend \$3.4 million on Capital Projects, and \$380,000 of that money is already designated. Claiborne said yes. He said he was waiting to find out which tax scenario the Board wanted to use. He will then update the spreadsheet by inserting numbers for the chosen scenario, and that will give the remaining amount to be used for Capital Projects or reserve.

Rettig said the Board is considering spending down the General Basic and General Supplemental reserves by \$4.6 million. She asked how high the tax increase would have been if the Board did not have the reserves to spend down for the projects that have been laid out. Claiborne said he thinks it would have been a different scenario where the Board would not have done anything above and beyond. Rettig said she wanted to know how many of the decision packages were Capital Expenditures or Capital Projects, as opposed to permanent decisions in some regard.

Claiborne said the Ambulance inventory scheduling system has a start up cost along with a monthly fee. The cost of an Assistant County Attorney for the Attorney's Office is ongoing. The cost of the Account Clerk is ongoing. He said he is not sure what the Board is going to do with the fleet study grant position. If that position becomes an employee, then the cost could be ongoing. The Wellness Committee is ongoing for the equipment upkeep. Claiborne said Schultz wants to continue saving for the fiber optic system. Claiborne said the cost of a Patrol Deputy for the Sheriff's Office will be ongoing. Rettig said inmate housing will be ongoing; that situation is only going to get worse. Claiborne said the cost for a Medical Examiner Investigator position will be ongoing. The SEATS expanded driver hours and expanded routes will probably not go away.

Claiborne said he does not know how permanent the green initiatives costs will be, such as an AmeriCorps volunteer. Rettig said the AmeriCorps volunteer would not be ongoing; if the County does this, then it would only be for one year. Claiborne said Trails funding is a yearly expense. Sullivan said Claiborne is really looking at items in the Physical Plant budget, such as the \$500,000 for the tuckpointing. Those are one time costs. Claiborne said that is phase two of a project, and it should be in the budget already. Harney said there should be three phases. Claiborne said he thinks Kempf is budgeting for phase two. Sullivan said those projects in the Physical Plant budget are the items that are not ongoing expenses. Claiborne said the Patrol Deputy, the Medical Examiner Investigator, and the Account Clerk are the three positions. Sullivan said the Secondary Roads projects are one time expenses.

Rettig said some of the departmental budgets are increasing by significant dollar amounts even though the Board did not put new things into the budget. For example, the SEATS budget is going up by 20%, even though the Board agreed to budget an additional \$60,000 for the extra demand on driving and \$14,000 for the vanpool. She said Claiborne told her that the reason for this is the fact that there are 27 pay periods in FY12, as opposed to 26. It is also due to a 3% increase in salaries. She said Claiborne said that is how the Board arrived at an increase of 10% in medical. Rettig said these explanations do not suffice.

Rettig said that SEATS and Planning and Zoning are two departments that stand out. She asked why all of the budgets are not affected similarly if the increases are truly due to personnel. Sullivan said some of the departments are heavier in personnel than others. For example, Secondary Roads is spending a higher percentage of its budget on equipment and gas, so personnel costs should affect them less. He said he would have to look to see if that is true. Claiborne said SEATS has a very large payroll. He said each payroll averages \$74,000. The Sheriff's Office has around \$400,000 per payroll.

MH/DS Budget

Harney asked Artley how close she is to completing the MH/DS budget. Artley said she is probably two thirds done. She said she is trying to balance the FY11 differentials with what is needed for FY12 in order to see if there is enough ending fund balance to compensate for both years. Neuzil said the Board needs to put a number in for MH/DS so that Claiborne can publish the budget. Harney said the Board does not need the detail, just the overall number. Rettig said Claiborne does need the detail. Harney said Claiborne can use the FY11 detail up to a point. Artley said the budget is being published in February 2011. Neuzil said that is correct. Rettig said the current meeting is the Board's last Budget Meeting. The Board will either be using the FY11 numbers, and then Artley can argue about doing a budget amendment, or the Board will be using another set of numbers. She said Claiborne needs to have the numbers today.

Neuzil said Claiborne is going to be putting numbers into the budget. Claiborne said the re-estimate for FY11 expenditures is \$13,266,037 and asked if he should put that number in. A budget formula used in earlier discussion on the FY12 budget process brought the MH/DS budget number to \$15,462,691. Claiborne asked which number to put into the budget. He has the detailed information for the \$13.2 million budget, but would need to arbitrarily put in numbers if he uses the \$15.4 million number so that the bottom line is correct.

Artley said the Board is asking her a question that is very difficult to answer. On January 19, 2011, she received the third draft from the State for the FY11 community services and allowed growth dollars. With the new State formula, the County is now down to \$0 for community services and allowed growth dollars. Therefore, she has to take those dollars out of the MH/DS budget. Sullivan said the Board understands that Artley is being asked to do an impossible task, because the State is going to change things, anyway. The bottom line is that the Board has to put in some kind of number.

Rettig said the number that is put in and advertised cannot be raised. If Claiborne puts in an amount of \$13.2 million and Artley comes back to say the true number is actually \$15 million with the allowed growth, then the Board cannot change that. The Board would then have to do a budget amendment in the fall. Artley said that is the whole issue.

Artley does not get the opportunity that other departments have for amending because MH/DS only has what is available in the ending fund balance. She said she is still trying to figure out what that amount is for FY11 so that she knows how much she has left over for FY12. Sullivan said the Board can amend the budget to allow MH/DS to spend the fund balance. Artley said they cannot amend to change the MH/DS budget. Rettig said that is right. Sullivan said that is the way it is with all of the department budgets. The Board cannot raise the taxes beyond the amount that is initially set. Budget amendments are choosing to spend additional money, but the Board cannot raise more taxes.

Artley said she assumed Claiborne would go ahead and enter some of those dollars. She has not been able to enter what she has already provided to the Board. She said she does not know what that amount would be. She said she does not have the staff to do all of this, and that has been a big issue since she started in her position. She said former MH/DS Contract Administrator Doug White left, and she did not know about that. She said White was the certified public accountant (CPA) that was hired as a temporary employee. Artley said she has been trying to do the entire budget by herself. She apologized. Sullivan said he thinks everyone understands the difficulty. However, the Board has reached a day where a number has to be plugged in. Rettig said the County either has to live with whatever number is plugged in or amend the amount later. The number cannot increase once Claiborne plugs the number in and the budget is advertised. MH/DS cannot decide the next day to spend another \$1 million from reserves without doing a budget amendment.

Artley said she thinks MH/DS is going to spend all of its reserves, and that is why she is trying to get to a finite number for what, if any, is needed for FY11. She is trying to determine if she can use all of the reserves for FY12. The stimulus money for FY10 amounted to a little over \$1.25 million, and those dollars are going away. MH/DS has to supplement for that money, plus the FY11 budget. MH/DS will also have to pay an additional federal medical assistance percentage (FMAP). The first three months of FY12 will have an additional 9.97% or 9.98%, and the percentage jumps to 12% after that. It has been extremely difficult to calculate all of those numbers. Artley said she has to go through about six different processes for each line item. The current MH/DS budget process is not like it was for FY11.

Harney said the Board understands that Artley is in a difficult position because she does not know what is going on. He asked Artley if she thinks MH/DS would get by if the numbers from FY11 were plugged in. Artley said no. There was \$1.267 million of stimulus money in FY11. Claiborne asked Artley if she remembers several months ago when they came up with \$15.4 million for expenditures, an increase from the \$13.2 million for FY11. Artley asked if Claiborne is talking about cash. Claiborne said he is talking about expenditures. Artley said that is cash. Claiborne said yes. Artley said she

has to think in terms of accrual, because that is the way MH/DS reports to the State of Iowa. Claiborne said Artley did capture \$10.7 million in the estimate for revenues for FY11, and she has \$9.2 million for FY12. He said Artley is already recognizing a \$1.5 million decrease in revenues from the change in stimulus money. Artley said that does not acknowledge the increase in the FMAP that MH/DS is going to have to pay for the waiver services. She said the FMAP is a problem. It is a three month jump of 10% and a nine month jump of almost 12%.

Rettig said there is a time where a line has to be drawn in the sand. This is that time. Once the budget is advertised, MH/DS is stuck with it. Claiborne said MH/DS is stuck with the budget unless the Board amends it in the fall. Sullivan said the Board may have to do an amendment, but right now they need to put a number in. Neuzil said the Board will likely do a budget amendment, but they need to have a number to plug into the budget. Artley said she does not have the figure memorized, but MH/DS currently has about \$3 million for reserve. She asked if the Board has a copy of the report that was submitted to the State on December 1, 2010. The ending fund balance for MH/DS was approximately \$3.1 million. Claiborne said that is accrual, but he is looking at cash. Artley said she knows that.

Claiborne said the beginning fund balance for MH/DS on July 1, 2010, is over \$5.2 million, and that number is from the Auditor's Office and the banks statements. Artley said that number is for cash, but she has to do everything on an accrual basis. After MH/DS paid in, by the time the information was reported to the State on December 1, 2010, the beginning fund balance was approximately \$3 million. It was substantially less than the figure Claiborne mentioned. She said she also had the figure of \$5.2 million, but MH/DS does not have anywhere near that much money. She said she wishes MH/DS did have that much. The stimulus dollars and any growth come off of that \$3 million.

Artley said the problem is that Claiborne operates on cash and MH/DS operates on accrual. She said she never gets to the numbers Claiborne has; she does not even come close. Sullivan said MH/DS has that problem every year. The Board still has to plug in a number. The Board knows it is going to be inaccurate, because the State is going to change things anyway. Harney said the Board knows MH/DS is going to be short. Since the Board knows that Artley does not know the numbers, then Claiborne should plug in the \$15 million that was discussed. The Board will have to adjust this amount later if it is necessary. Artley asked if that would be \$15 million for FY12.

Rettig said Artley had a placeholder of \$15,462,691 for spending. She also had a placeholder of \$9.2 million for revenues. Artley said the numbers for revenues just decreased as of January 19, 2011. Rettig said OK. Artley had a placeholder of \$3 million to use from reserves, and that leaves the ending fund balance for reserves on July 1, 2012 at \$2.7 million. Artley said she does not think the ending fund balance for reserves will be that high. Rettig said the Board has to plug numbers into the budget. MH/DS can always spend less than what was budgeted, but if MH/DS spends more, it will require a budget amendment. Artley said she will try to readjust the revenues, and she will send the page to the Board right away. She said she will do a best guess

calculation of the rest of the budget for the total amount. Neuzil said that is all Artley can do.

Artley said the FY12 budget has to go up, because the County will be charged more than they currently pay for all of the waiver services. Sullivan said Artley needs to put that into the budget. He said he knows that Artley does not know exactly what the amount will be, but she should include her estimates. Rettig said the MH/DS budget can only go up to a certain amount or else there will be a negative fund balance. She said the County cannot have a negative fund balance. Artley said that is why she works on the accrual; she then knows what her reality is. The cash balance does not tell her anything, because those are still outstanding bills that the State counts against the County's obligation when calculating the formula.

Neuzil said Artley will give the numbers to Claiborne. The Board is scheduled to hold the final Budget Meeting on February 4, 2011, and he would like to be able to look at the MH/DS budget during that meeting. The Board should have the MH/DS budget before that. Artley said she wishes the budget had been available for the Board before the current meeting. However, it has been an absolute nightmare. Neuzil said that is all the Board can ask for at this point.

Claiborne said he has the breakdown by line item of the \$13.2 million budget for FY11. He asked Artley to identify one or two holding accounts to put the additional money in for whatever number she decides on. The budget can then be published and it will be done. Artley asked Claiborne what he means by a holding account. Johnson said it is about expense lines. Claiborne agreed. He said he can adjust those amounts when Artley has the detail by February 2011. He said the County has thousands and thousands of line items. In order to get the budget finished and published, he needs to get the detail of the \$13.2 million into the budget. He already has this detail. If Artley can select a handful of accounts to hold any money beyond \$13.2 million, then the budget can be fine tuned at a later time.

Neuzil said it just seems reasonable for Artley and Claiborne to take an hour today and talk about exactly what is needed to get the budget done. Sullivan agreed. Rettig said Claiborne has to have numbers to plug into the budget by the end of the day. Artley said she needs to know where to hold the additional money. Sullivan said Claiborne and Artley will sit down together to figure it out. Rettig asked Johnson if he is available to help. Johnson said yes.

Rettig said Artley will come to the final Budget Meeting to go over the MH/DS budget. Neuzil said this will provide the public and the Supervisors with an opportunity to review the MH/DS budget. He said that seems reasonable. Artley asked Claiborne if he wants to meet later in the afternoon. Claiborne told her to send him an email or call him and he will come to Artley's office. Harney, Neuzil, and Rettig thanked Artley for coming to the meeting.

Budget Scenarios

Harney said the Board will continue the discussion of the three tax scenarios options. Neuzil said he wants to make it known that the Board is incorporating a significant amount of money from the JECC within the FY12 budget in any of the three scenarios. That is a fact. He said this information could be part of the budget presentation. The Board has cut back in a lot of areas, particularly in operating expenses, to have the ability to consider any of these scenarios. He asked if the County will be eating up more reserves to pay for a budget that was basically just handed to the County by the JECC. Neuzil said he thinks this has been forgotten in the last few weeks as the Board continues to work on the County budget.

Neuzil asked if the Board will continue to go down the line of cutting back on County functions and services in order to be able to incorporate an outside entity. The Board knows the JECC is good for the community, but it is a part of the County budget. In past years, the Board had talked about trying to find a way to separate the Conservation Bond and the JECC from the Board responsibilities. That conversation has dropped off a little bit. The Conservation impact is not going to occur in FY12, but this begs the question of whether the Board is prepared for the impact of another \$1 million or \$2 million out of that separate tax.

Harney said he wishes Kriz was at the meeting to give the Board an idea of whether a line could be added on the tax bill to show the Conservation Bond and the JECC. Sullivan said Kriz talked about that, but he is currently out of lines. He said Kriz would have to switch to something different. Claiborne asked if Kriz could be emailed about coming to the meeting. Neuzil said that could be addressed during the final Budget Meeting. Part of the agenda for that meeting should be the Board presentation.

Sullivan said Kriz would have to switch the whole way the tax mailing is printed in order to add more lines. He said Kriz explained this one time, and it would cost a lot more money and would be a hassle. Harney asked if it would be a one time cost or an ongoing cost. Sullivan said he does not know. Neuzil said this is something the Board needs to consider down the road. For the current conversation, he just wanted to remind the Supervisors, as they look at the numbers and think about FY12 and FY13, that they need to keep in mind that the Conservation Bond and the JECC are now a part of the County's budget. He said there are a lot of unknowns, particularly with the Conservation Bond. The County has to cut back its own budget if those entities want more. He asked if the Board is going to continue to go down that road.

Rettig said one way to even this out is to assume that the entities are going to spend \$1 million per year, so the County will keep \$1 million in the Capital Projects budget. That way, the County is taxing at that level and will only bond in the years the entities are actually funding projects. Harney said that was what the Board wanted to do in the first place. He said his understanding was that the County could not do that unless there was an identified project.

Harney asked if the County can tax for this along the way and legally transfer it to the entities. Neuzil said no. Rettig said the County can do this. Sullivan said the County will be able to do that, but it has to be done on the back end. For example, if Conservation Director Harry Graves identifies a \$2.5 million purchase, Conservation can make the purchase. However, it will not be bought the first year. It will be the Iowa Natural Heritage Foundation (INHF). The INHF will then ask the County to pay them back over a period of three years. The County then bonds \$1 million per year for three years to pay back that amount. Neuzil said the County can tax for \$1 million and put the money into the capital reserve. The County would not tax for the \$1 million in the year Conservation is going to ask for it. However, the Board is not doing that, and that is what he is trying to say. Rettig said that is what was done on the first project before she was a Board member. The Board at that time said the County was not going to bond for \$350,000 because it made no sense. The Board decided to advance the money out of the Capital Projects reserve and then bond when the amount reaches about \$1 million. Neuzil said yes.

Rettig said one way to flatten the amount out is to keep a flat line for Conservation bonding in the Capital Projects reserve. The County would tax less in the year it is actually bonded. Neuzil said it makes a lot of sense. That year is coming up, and it means the amount has to be raised up. It sounds like the JECC has reached a point where the County does not anticipate any more spikes from them. However, the FY12 budget is a significant spike. Harney said it amounts to \$100,000 a year because the bond payment goes up. Neuzil said he anticipates the amount increasing, but not in large spikes. There is a difference between an increase and what the JECC is asking for FY12, which is an incredible amount of money out of the County budget.

Neuzil asked if the Board wants to think about FY13, and particularly about the Conservation Bond. He asked if the Board is prepared to cut \$1 or \$2 million from the County budget in FY13 if the property tax rollback changes or the Conservation Bond comes in. If the Board keeps the taxing rate at the rate set forth in any of the three scenarios, the Supervisors may have to cut the County budget to keep the numbers close to those in FY12. Harney said he does not have a problem setting aside \$1 million a year. Neuzil said Harney would have a problem with this if it involved a tax increase. Harney said the problem is that someone may look at the reserves and think the County has that money in reserve. Harney asked how the County can designate the money to make it clear the \$1 million set aside per year is actually for Conservation.

Neuzil said the County is still not saving enough money in reserves. Rettig said the County would be saving enough in reserves if the Board was not spending the reserves down in FY12. The Board does not have a target number, but common wisdom is to have about 10% in reserves. One can make the argument that Capital Projects money is a part of the reserve balance. A different argument begs the question of whether reserves only include General Basic and General Supplemental.

Rettig said if the Board only gives employees a salary increase of 2.25%, then that saves \$120,000. She said Claiborne's numbers represented a 10% increase in health care

costs, but the real increase is only 8.5%. The reserves for Capital Projects are actually higher than the current identified projects. This is because the Board mindset had been to start setting aside for a new Ambulance building and/or Justice Center expenses. The Board could say that a certain number of expenses in FY12, which have not been entirely identified, are for the FY13 Conservation Bond. That would be a placeholder. Neuzil said it could be done, but he is not sure if that was Board's initial intent regarding the reserve.

Neuzil said another frustrating issue is that the County is reducing its own budget to incorporate the JECC. He asked if the City of Iowa City, the City of Coralville, the City of North Liberty, or any other community is doing this. Neuzil does not think those entities are making cuts to their own budgets. Neuzil said the County is basically reducing the size and scope of County government to pay for the JECC, and no other community is doing the same.

Sullivan said the City of Iowa City started out discussion with a 6.5% tax increase. The City has now worked its way down to around a 3% increase, and there are still decisions to make. The City of Coralville went into budget planning hoping to be at a 0% tax increase, and they realized that could not be done. Rettig said the City of Coralville recently bragged to her that the increase was at 0%. Harney said there were some hidden dollars coming into those communities that were never taken into consideration. When the City of Iowa City and Johnson County were dispatching, the City of University Heights and the City of North Liberty were paying in for the services in the City of Coralville. There were some dollars coming in there that the County is absorbing within the JECC. Neuzil and Sullivan agreed. Harney said it did not only involve the operations on each end; there were also other revenues coming in.

Rettig said the tax increase page of the packet has to be taken into consideration along with the tax askings page. Tax askings would decrease by 0.4% in the first scenario, increase by 0.1% in the second scenario, and increase by 0.5% in the third scenario. The County is actually making progress on reserves and Capital Projects in the third scenario. The levy rate in all three scenarios is lower, and this has to do with the fact that the County is eating into some accumulated reserves.

Sullivan said he looked at these scenarios, and it is clear that the County could get by with less than a 1% tax increase. However, he is not sure this is wise. Sullivan said he would rather have a 1.3% increase in FY12 and a 1.3% increase in FY13 than a 0% increase in FY12 and a 3% increase in FY13. People will be strongly opposed to the 3% increase. Neuzil said if the Board does not designate additional dollars to compensate for the leveling of Conservation in FY12, the taxes will go up. Residents voted for the Conservation Bond. He said he does not want to take reserves out of the County budget to pay for something the voters asked to be taxed more to pay for. Sullivan said the Board can clearly cut the budget closer to the bone. That is not the question. The question is what impact there will be in FY13 if the Board feels like there are things the County needs to do but cannot afford them. Neuzil said there could also be an impact if the property tax rollback changes.

Rettig said she thinks absorbing so much of County reserves in FY12 is a mistake. Harney agreed. Rettig said the County is absorbing \$4.6 million from General Basic and General Supplemental. She had argued that the number should be closer to \$3.6 million, leaving about \$4.5 million in the reserves. Rettig thinks the County can get to the point where it is not financially solvent. The Auditor's Office has a number that is called financially solvent, but that number does not take any disaster into account or anything that is beyond the County's control and can happen relatively quickly.

Rettig said the Board is hoping to get to a higher level of reserves in funds they can actually do something with. One problem is that many of the reserves are targeted. The Board cannot borrow from MH/DS reserves in an emergency to fix a bridge. If an ambulance is crashed in an accident, the money from insurance may not come right away, and the County has to pay the bill. Some of the funds are not really reserves because the money could not be used in an emergency. There is a reason not to spend down the reserves quite so aggressively. Harney said the County does not have a lot of bonding items coming off either. The County had a loan on the HHS Building, and the County bonded for 180th Street. Those are things the County is going to be putting up front.

Sullivan said if the Board is going to do what Rettig suggests, then the tax rate needs to be a little higher or other items need to be cut out of the budget. Rettig said yes; if the 1.3% or 1.8% tax increase is chosen, then the Board can move \$1 million from the Capital Projects reserve to the fund balance. She said Claiborne actually created a scenario that looks like that. It involves a tax increase of 1.3%, redirecting \$1 million from Capital Projects to the ending fund balance for General Basic. She said Kriz agreed that having \$4.5 to \$5 million in those two fund balances would get the County on track for fiscal responsibility for emergencies. Neuzil said that is right. However, it does not incorporate the impending Conservation problem for FY13. Neuzil said he does not disagree with Rettig, but this also means losing the potential of \$1 million to invest in the Capital Projects. Sullivan said the Board will always know one year ahead with Conservation. If the INHF actually spent the money, then the Board knows to put \$1 million in the budget for the current year in anticipation of the following year.

JECC Impact

Neuzil said in the very first year of the JECC, he really wanted to explain the difference between the County budget, the JECC budget, and the Conservation Bond budget. He wanted to show people each of the individual budgets and then the budget when all three are combined, because these are three separate things. Sullivan said the Board should do that in the budget presentation. Claiborne said that was done at the budget hearings for FY09, FY10, and FY11, and it is on the County website. Neuzil said the Board is still incorporating that cost within the budget, and is impacting the County budget and decision making. He said no other community is doing the same.

Harney asked if the breakdown can be included in the State form. Sullivan said the County cannot change the State form. Harney agreed. Rettig said the JECC increase

represents about a 2% increase in taxes. She said when the County cut \$1 million in spending last year; taxes were reduced by 3%. The Board needs to know how the overall JECC operating budget reflects in the County's levy rate.

Neuzil said he hopes the Board will be able to relay during the FY13 budget process that two outside entities impact the decisions made by the Board. He does not think any other communities are doing this, and he does not know why the County is. Rettig said one of these is an entity that the voters told the County to spend money on. The voters said they want the Board to spend money on Conservation. She said Neuzil's point relates to the question of whether voters asked the Board to cut something else to be able to spend money on Conservation. She thinks the answer is no; the voters told the Board to raise their taxes by \$26 per year to pay for Conservation. At the time, the Board thought it would be able to do this for 20 years, and this would create the fund to draw down upon for projects. However, the County cannot do that because it is bonding. The County can do it in Capital Projects. Neuzil said the only way he wants to do that is if the Board increases Capital Projects funding by another \$1 million during FY12.

Neuzil said when he helped develop the JECC plan, the idea was that JECC and the County were separate things. The Joint Emergency Communications Services Association (JECOSA) Policy Board would come to the Board during budget time to show them and the public why overall County taxes are going up. The JECOSA Policy Board would never do that. He said this was a big argument between him and Iowa City City Council Member Regenia Bailey. The Board is going down the path of impacting the decisions for the County based on the JECC. Neuzil said all the Supervisors are afraid to go anywhere above a 1.8% tax increase and that amount is all taken by the JECC. He asked why the County is the only governmental entity that is impacting its budget based on the JECC. Sullivan said other communities are impacting their budgets positively. Like Harney said, the City of Coralville is not spending \$200,000 for dispatch. The City of Iowa City has gotten new firefighters because of it. Harney said those entities are taxing other areas now, also. Sullivan said this is clearly a tax shift.

Harney said that when the year end budget is put together the Board can show to the public the County budget, the Conservation budget, and the JECC budget, and then show a total. Claiborne said he broke out the budget using pie charts for the FY09, FY10, and FY11 budget. Claiborne said he and Deputy Auditor Dana Aschenbrenner talked about how the County relies on the newspaper to separate the three budgets, but the newspapers do not always do that. Claiborne said he and Aschenbrenner wondered if the Board could have a representative from the JECC talk about their budget during the public hearing in March 2011. The County budget could be presented to show how much was cut. Neuzil said that is all positive and has been done in the past.

Neuzil said his point is that the Board is looking at the bottom line, which is the decision for the current meeting, and they are doing exactly what they said they were not going to do when they created the JECC. This is another year where the Board impacts the County budget due to JECC. Sullivan said it is safe to say that the Board will probably do this forever. It is unfortunate. Neuzil said the County gets blamed.

Rettig said in the 1.8% tax increase scenario, the Board is asking the taxpayers to pay \$230,000 of additional money. That information is found on the tax askings page of the budget. The JECC is actually asking for \$660,000. The County is absorbing \$400,000 of the JECC increase from the County reserves. Neuzil said yes; that is what he is trying to get at. He asked if the Board wants to take money set aside for the County to pay for the JECC when no other community is doing this. That is what is being done in the FY12 budget. It is a good fundamental question to ask. The Board is taking County reserves to pay for the JECC increase and that was not the intent of the JECC. Sullivan said it is good to continue to bring it up, because it is an issue. Sullivan said he is not sure that he has a solution; he thinks the Board is always going to be in this same position. However, this does not mean he disagrees with Neuzil. It is frustrating. Harney said the Board is trying to be frugal with the taxpayers' dollars, but Neuzil is right. It is the cost overlying what the Board can do within the County budget.

Harney said Stutsman had said her first preference would be a 1.3% increase, then a 1.8% increase, and finally a 0.8% increase. Neuzil said that is Stutsman's preference. Rettig said that is also her preference. However, she thinks the County is spending down reserves too much in the 1.3% increase scenario. For financial solvency and the ability to help citizens in case of an emergency, spending down reserves by that much is a problem. In the 1.8% increase scenario, the Board is asking taxpayers for \$230,000 extra. Neuzil said the JECC is asking for over \$600,000 of that.

Credit Rating

Rettig said she is uncomfortable with spending down reserves to that extent. She understands Claiborne's argument about all departments sticking to their budgets. She would like to send another memorandum that says the Board is not interested in a lot of spring budget amendments. Rettig said the memorandum that Claiborne sent out for the FY11 budget worked. If all departments can hold the line on their budgets, then the County will not have spent down reserves. The County will end up with a higher than expected ending fund balance. She said she does not disagree with Stutsman; she would rather be at a 1.3% increase. However, she is very uncomfortable with the cash flow if the County spends down reserves to that low of a level. She said the County needs to make progress for the future, particularly if the voters ask the County to bond for \$50 million in the near future. If the County can improve its credit rating, then this will lower the overall tax burden at the time. The Board knows the County's reserves are not high enough for the size of the budget.

Sullivan said he is of the opinion that the County will never get the credit rating it wants. Realistically, Moody's Investors Services Incorporated (Moody's) will expect the County to have 20% or more of the budget in reserves before giving the County the credit rating it deserves. Sullivan said he does not think the County will ever get to the point of having 20% in reserves, and he does not want to get there. Rettig agreed; the County will never get to this point unless Moody's considers all of the County's accounts as reserve fund balances. If for example, the voters tell the County to bond \$50 million for a

project, one quarter of a point decrease in the interest rate results in \$125,000 savings per year. If the Board can do something now to save \$125,000 a year, then she is interested in doing that. She said the County is not at the fund balance that she thinks the County should be at. Sullivan agreed; he also thinks the fund balance should be higher. Sullivan said he worries about the argument of doing this for the bond rating companies, because he thinks the County will not ever please them. Claiborne said with the way things are currently set up, the money is transferred into Capital Projects where they accumulate. This is what the County has always done. If the Board would prefer Claiborne said he could redirect money to pull the \$1 million back into General Basic without affecting what the Board is looking at.

Sullivan said he thinks anything lower than a 1.3% increase is too low. That would set the County up for a very tough year for the FY13 budget process. Harney said he prefers the 1.3% increase. However, when looking at the overall picture of what the Board is expecting for FY13, a 1.8% increase may not be so bad. This may help try to avoid some of the issues for FY13.

Neuzil said if the County puts money into reserves for the purpose of having a better credit rating, that money is not spent. If the County is going to have a new Ambulance facility, then the County is going to spend the money. Rettig said \$1 million or \$1.5 million of the Capital Projects money should be designated for a new Ambulance facility. The County would be making the down payment on a building that the County is under pressure to do sometime in the next couple of years. She said she does not disagree with leaving the money in Capital Projects as long as the Board understands that is actually a growing fund balance for reserves and an emergency.

Sullivan said that is one of the topics the Finance Committee has been discussing. The Board needs to somehow designate that money and call it something different. Claiborne said he has this spelled out on internal documents. If the Board decides to put \$1.5 million toward an Ambulance facility, then the money will sit in Capital Project and the budget document will indicate its designation using the Governmental Accounting Standards Board (GASB) 54 terms. The Auditor's Office staff is convinced that there are certain terms that the County needs to use because of GASB 54. He said the Board probably needs to use the terms that the County's outside auditors want to use. The terms then have to be defined on paper for the Board members so that everyone knows what they mean.

Budget Scenario Decision

Rettig said one of the scenarios calls for a 1.8% tax increase, but it really is not a 1.8% increase. It depends on where a resident lives. It is called a 1.8% tax increase scenario because the number represents the majority of the population. Harney said it mostly represents Iowa City. Rettig said the County had a 1.8% or 1.9% increase for FY11. Sullivan said he thinks it was about a 1.8% increase. Rettig said the County has also had personnel cost increases of 2.75% in FY11, and health insurance costs also went up. In FY12, there will be a 3% personnel cost increase, an 8.5% increase for health insurance costs, \$660,000 for the JECC, and \$350,000 for inmate transport. She said

those are additions beyond the Board's control, and these are added before the Board ever makes a single decision. In the 1.8% tax increase scenario, the County is asking the taxpayers for approximately \$230,000 more money, and that would be a tax asking increase of 0.5%.

Harney said the rural tax asking increase will be a little higher. His argument is that the County is putting over \$500,000 of new money into Secondary Roads for further road construction. Neuzil agreed. He said he likes to talk about dollars and not percentages. He said the Iowa City residential tax asking increase will be \$0.50 extra per month. Sullivan said the Rural residential tax asking will be about a \$0.73 per month increase.

Rettig said she has spent a lot of time going over the tax increase scenarios and thinking about the reserves. The State calls it a rainy day fund, and individuals call it an emergency fund. She said she is uncomfortable with the other tax scenarios due to the amount of reserves the County would be spending. She said the County is more responsible at the 1.8% tax increase, and they preserve some rainy day emergency funds for unexpected circumstances. The County has been so tight with the budget that the County has actually been financially insolvent. At one point, when taxes were not coming in, the County was not sure if the next payroll bill could be paid. It is one thing to be tight with a budget, and it is another thing to be financially solvent.

Sullivan said he has had the same argument about fiscal responsibility with people many times. He said he always mentions the process of buying a car. If someone is looking to buy the cheapest car possible, then that person could probably find one for \$500. Most people do not buy a \$500 car because the best investment is spending a little more money on something that will last, get better mileage, have less maintenance, and so on. He said that is the same kind of decision the Board has to make. The Board will not want to buy the very cheapest car because it is not a good financial decision. The Board is also not going to buy an extravagant Lamborghini. However, the Board is going to buy something that is low maintenance, that is dependable, that is going to be there, and that is going to last.

Rettig said she thinks the Board should ask the taxpayers for 0.5%, slightly less than \$230,000 more in taxes. She said the County is absorbing the rest of the budget increases in its reserves. The Board should also send a message to all department heads to hold the line on their budgets as the Board expects not to have many spring budget amendments. Sullivan asked if Rettig is suggesting the 1.8% tax increase scenario. Rettig said that scenario means that an Iowa City taxpayer's property taxes go up 1.8%, and the increase is basically because of the JECC. The tax increase pays for about one third of the cost of the JECC. Neuzil said County taxes would have been cut if the JECC had come to the County with a flat budget. Rettig said there is no doubt that there would have been a tax cut.

Sullivan said he is OK with the 1.8% tax increase scenario. Neuzil said he is OK with the \$0.50 increase per month. Sullivan said he wants to make sure Claiborne knows which scenario the Board is talking about. Claiborne asked if everyone agrees with the

1.8% scenario. Sullivan and Neuzil said yes. Rettig asked if Harney agrees. Harney said yes. He said he is hopeful that the JECC budget will level out now. During the last week, the JECC was able to get the go-ahead to incorporate all services. They are also changing all vehicles over. Neuzil said he thinks Harney is right. Harney said the JECC is still paying off radios and other equipment, but he thinks the budget will level out.

Claiborne asked if the Board would still like him to include money as a transfer to Capital Projects. Neuzil said he thinks the Board would like more money in reserve. Claiborne asked if he should pull \$1 million back to put into General Basic. Neuzil said the idea is that the Board wants to make sure the reserve is at the level recommended by the Finance Committee. He said Claiborne should do what he can to get the reserve closer to that number. Rettig said the Finance Committee has not met to give that recommended number to the Board. Neuzil said there is a little bit of time left. The Board can at least predict or anticipate this recommendation.

Rettig said there is a \$2 million swing in Claiborne's scenario. The County has already committed to spend \$0.5 million to pay off the HHS Building even earlier than planned. If all departments hold their budgets, then that means \$1.5 million would go into reserves. She said the money stays in Capital Projects until the end of the fiscal year. If the Board desired to have a higher level in General Basic, then the Board could transfer it at that time. Claiborne agreed. Sullivan said the Board tried to get departments to tighten their budgets. Therefore, the \$2 million is a historic number. The real number may be lower than that, perhaps closer to \$1.5 million. Claiborne said the Board has chosen the \$0.50 increase, or 1.8% increase, scenario. He said he will keep the transfer as it is, and the Board can fix it later.

Neuzil implored the Board to keep the Conservation Bond separate in the future. The voters wanted an additional tax increase to pay for Conservation, and it should not be taken out of the County reserves. Rettig said in the spreadsheet Claiborne keeps for targeted spending, some of the money needs to be targeted for Conservation. In the year the money is bonded for, the County would tax for less. Sullivan said yes. The Finance Committee can build that into its recommendation.

Rettig said it is great that the County has a partnership with INHF, which is a nonprofit State organization. That entity is able to purchase properties on the open market where the government would be unable to do so. INHF is also able to carry the government for a year or two until the County has revenues in place to pay for it. Without that partnership, this would be a lot more complicated. She thanked INHF for the support.

Harney said he thinks the County is better off doing the 1.8% scenario, because if Iowa Governor Terry Branstad cuts back a total of \$7.3 million like he has indicated, then the effect on Johnson County will be over \$1.3 million. Neuzil said if the State Legislature throws a giant curveball into the FY13 budget, then the County will have significant cuts. He said the Board will know exactly where to tell people to call.

Next Steps

Claiborne said he will get together with Artley to hammer out the MH/DS budget. Rettig asked Claiborne not to wait too long. She said Claiborne and Johnson should call Artley after lunch to ask what time the three should meet. Neuzil said the Board will meet again at the final Budget Meeting to discuss the MH/DS budget.

Sullivan thanked Johnson and Claiborne for all of their work on the budget. He said it was the most enjoyable budget year process he has experienced. Neuzil said he thinks this is because of the recommendations to start the process by looking at the back end of the budget, rather than the front. That really helped. Sullivan said in previous years, the Board would get to the current point in the budget process, and the tax scenario would show a 7% tax increase. The Board would then have to go back in and cut things they had already approved. Claiborne said he thinks this is a perfect process. It was much more productive.

Johnson said he has a suggestion regarding Neuzil's idea. This may not be feasible, so he will rely on Claiborne for his input. He said the Board could maybe remove the JECC and the Conservation Bond from the tax scenarios. Then, the Board could compare just the County budget between different scenarios. The JECC could be plugged in last. This was the first year with this process, so the Board knew they would tweak it to some extent. Neuzil said he thinks the JECC issue will not be as big, as long as the JECC keeps things in line and its budget levels out. There is the Conservation Bond and eventually a justice center bond to consider.

Rettig said if the voters ask the County to tax for something, then that is different from services normally provided by the County. She said she campaigned for the Conservation Bond. Everyone knew their taxes were going to go up, and they expect that to happen. If the voters ask the County to build a justice center, it will seriously affect people's taxes. Rettig does not think the voters want the County to cut road maintenance in order to pay for a jail. The JECC is a little bit different, because the voters did not have a say in it, so this should be brought out in the budget presentation.

Neuzil said the voters got a say in the JECC in the sense that the voters elected the Board members to make the decision. The initial assertion was that all communities would be buying into the JECC and cutting back their budgets to help pay for it. In reality, Johnson County government paid for JECC. Harney said all of the entities are taxed for it. Rettig said she is an Iowa City taxpayer, and her Iowa City taxes did not go down to reflect the savings that the City of Iowa City got from the County paying for the JECC. Harney said the County taxes did not go down, either. Rettig said the County taxes would have gone down if the JECC would not have increased its budget by \$660,000. Harney said the County is spending some of the money on the Sheriff's Office and a new Patrol Deputy.

Neuzil said the County is spending over \$400,000 of its reserves to pay for the JECC increase. He asked what the City of Iowa City, the City of Coralville, the City of North

Liberty, the City of University Heights, and all other entities that benefit from the JECC paid. He said he wants to make sure what is taking place is well known. Harney said those entities are coming out ahead. Neuzil said the County also houses the JECC on County land. Rettig said the Board wants this to be spelled out carefully in the budget slideshow. Harney said he would like to really spell out the County's budget first, and they can then show the total budget when the JECC and Conservation budgets are added in. People can then see the effect. Neuzil said Conservation does not have an impact on the FY12 budget.

Claiborne said he will talk with the Board to put the slideshow together. The approach in the past couple of years was to show the County government and County services, what it all costs, and the tax levy for the County. After that, show the JECC, JECC services, and the total cost. Claiborne said he also separated out Conservation in one year's presentation. All three entities were broken out and then put together to show what the Johnson County budget is apart from the others. He said he will work on this with the Board. Harney thanked Claiborne.

Adjourned at 11:18 a.m.

Attest: Tom Slockett, Auditor
By Nancy Tomkovicz, Recording Secretary