

1/29/2019 - Minutes

1. Call To Order & Those Present

PRESENT: Commissioners Donnie Boyd, Derrick DeGroot, Kelley Minty Morris, Finance Director Sue Murphy, Chief Budget Officer Vickie Noel, County Counsel Mika Blain, HR Director Renee Blakely, Sheriff Chris Kaber, CDD-Stephanie Brown

2. North State Grocers Update

Commissioner Boyd stated that he had spoken with Rich Morgan and Michelle Lagrande of North State Grocers. They expect to submit final billing to Klamath County within the next week for the sidewalk costs and asbestos abatement agreed to in the sale negotiations. Sidewalk costs are limited to a maximum reimbursement from the County of \$50,000, but no limit was established relative to the asbestos abatement costs. Following settlement of those amounts, a check will be issued to Klamath County to satisfy in full the \$190,000 promissory note plus accrued interest due.

Interest on the notes is a General Fund receipt, not revenue to Economic Development. Per the intergovernmental loan agreement between Risk and General Fund, the net gain realized when loan principal is paid will be recorded as Economic Development revenue. This revenue will be recorded as the last dollars of principal repaid.

Commissioner Boyd noted that the Holliday Market property is currently for sale. Any sale of the real property would trigger immediate payoff of the notes due to the County. He added that North State Grocers intends to continue to operate the grocery business from this location. They expect that having acquired the vacant real property, remodeled and then successfully launching a business operation brings added value to the real property upon subsequent sale. This is the business model of Holliday Markets, to operate the business, but not hold long-term investment in the real property.

3. Road Funds Budget Allocation To Sheriff's Department Budget

Vickie reviewed prior year funding allocations from Road Funds to Sheriff's Office:

2018-19 \$1,665,000; 2017-18 \$2,000,000; 2016-17 \$850,000; 2015-16 \$850,000; 2014-15 \$1,700,000; 2013-14 \$1,700,000; 2012-2013 \$2,000,000

Additionally, the Sheriff's budget received \$1,855,000 from the General Fund for 2018-19. Approximately \$718,000 was returned from the 2017-18 fiscal year operations. Patrol returned just under \$200,000 of the \$718,000.

Commissioner DeGroot commented that he foresees an overall budget increase of about 2-2.5%. He also stated the need for operating reserves to fund the cash shortfall from July to November. Budgets are expected to be flat for revenue in all departments.

The Commissioners agreed to set the assumption budget at the combined amount of 2018-19 funding from Road Fund and General Fund, but with the full amount coming from General Fund. They plan to limit Road Funds to only the amount needed using amended budgets.

4. Klamath Promise Graduation Sensation Funding

The Commissioner set the distribution at the allocations used for last year's contribution (6 \$500 scholarships to KCC and 2 \$1,000 scholarships to OIT) and identified the funding source as Economic Development.

5. REACH Funding

Mika Blain commented on this matter. She feels there is an ability to fund recycling equipment under the

alternative method for use of Solid Waste Funds within the statute. This payment will constitute a one-time payment to REACH under the line item of Public Outreach and does not represent an equipment purchase by the County. The Solid Waste Equipment Reserve Fund will move the amount to Recycling Funds. The payment to REACH should proceed from there. The check will be delivered from Finance to BOCC so that one of the Commissioners may present the check to REACH.

6. General Fund Financials

No data reported for the current month.

7. Other County Business

Sue presented Commissioner compensation data compiled from the OACTFO Google group, which had just posted the subject today. Current compensation from over 15 counties was presented. Renee shared the decision of the Compensation Committee, who recommended an 8.65% increase at their meeting held yesterday. The committee indicated that the 8.65% should be considered inclusive of any COLA. The County comparative data will be made available to the Budget Committee during hearings for consideration.

Mika discussed the pending City Schools loan agreement. The language related to default provisions was discussed. Current language in statute does not allow for the State to remit payments directly to the County on behalf of schools in the event of default on the loan agreement. It is anticipated that the school district will request a draw on the loan within the next few weeks. Terms of the loan agreement require at least 2 weeks after signing of the document before funds can be drawn. The balance of any draws is expected to occur around June 1.

8. Adjournment