

Traverse County Commissioner Board
Special Meeting
December 19, 2013 8:30AM

The meeting was called to order by Commissioner Chair Kevin Leininger. Other Commissioners present included Dave Salberg, Jerry Deal, and Todd Johnson. Don Appel was absent. The pledge was recited. The agenda was approved unanimously upon a motion by Salberg, second by T. Johnson.

Sharon Klumpp, Senior Vice President of Management Consulting Services, Springsted Inc., presented the preliminary results of the wage study. She discussed the study objectives highlighting the need to establish a fair and equitable compensation relationship between County positions, reflect relevant market conditions, develop a study that can be applied to all positions consistently and objectively and ensure that the study can be maintained in accordance with best practices. She stressed the importance of developing a pay plan that has everyone in it. It's important for internal equity. She acknowledged there are adjustments needed between the Chief Deputy and Sheriff. Various questions were asked by employees present at the meeting and answers provided. Factors used in evaluating each position included training and ability, level of work, physical demands of the position, independent action needed, supervision exercised, experience required, human relations skills, working conditions, and impact of end results. Klumpp explained that there has been a perception that people are paid per task and that isn't how compensation should be based. That task may be in-line with what the other tasks are and that by adding more tasks doesn't necessarily equate to higher compensation value. Klumpp also shared that the study revealed, based on 2013 salary data, 43 Traverse County employees are within the new pay grades, 14 are below the new pay grades, and 1 employee is slightly above the new pay grade. The good news is when you find you're being paid at a competitive level, and have been paid at that level all along. Not seeing an increase is not necessarily a bad outcome in a pay plan. The priority is getting everyone up to the minimum step of the plan.

Elected Official's salaries were discussed. The question was asked about where the Sheriff is listed and noted that surrounding counties are all higher. Klumpp explained the difficulty with applying a salary to Elected Officials because a lot of counties set a salary and it is not part of a step-system, so often they are receiving the maximum salary. She also emphasized that the County Attorney is extremely low compared to market. She invited the Board to consider other options for setting Elected Official salaries acknowledging that County resources must also be considered.

Klumpp distributed a memo outlining one recommendation that considers minimum, midpoint, and maximums for the Elected Officials. Their focus was lining up midpoints. She said a good fit is within 5%. She asked the Board whether they believed Elected Officials should be on the pay grade. Leininger said that's why he thought we did the study. Salberg agreed. T. Johnson said it appears Traverse County is right in line and only a few cases we need to look at. It gives us a starting point on what to look at but he would like more time to review the impact on the overall payroll in the future. Klumpp offered an idea to do a percentage increase for 2014 and Springsted can provide some options for 2015 to bring them on to the plan. Justin Anderson, Human Resources Professional, read from signed union contracts and recommended implementation be consistent. Each position was discussed further but in the end, a motion to increase all Elected Official's salaries by 3% January 1, 2014, was made by Salberg and seconded by Deal and approved unanimously.

The issue of implementation of the pay plan for all other employees was discussed. Anderson asked, assuming there were no appeals by employees to the preliminary study, would this be the final report? Klumpp answered yes, she's comfortable with where the numbers fall. Upon a recommendation by Anderson, a motion was made by Salberg and seconded by T. Johnson to adopt and implement the study for 2014, with the exception of Elected Officials. The motion was approved unanimously. There will also be an opportunity to appeal the results and those materials should be available by December 23rd and due back January 10th. If that timeframe is followed a complete and final report should be available by February.

The Board discussed the final recommendation for the 2014 budget. Matt Franzese, County Attorney, discussed his budget and requested \$15,000.00 to cover private office expenses for the year. These expenses include mal-practice insurance, legal bar dues, as well as supplies and other miscellaneous costs. By consensus of the Board he was approved for \$15,000.00.

T. Johnson asked Kit Johnson, Auditor/Treasurer, with regards to the changes they've made with the budget thus far and the excess reserve, whether it appears we could have a 0% increase moving forward without compromising the fiscal position of the county? K. Johnson agreed we could maintain our state recommended fund balance. He added that it doesn't help with the county's nursing home debt or issues with the old jail and other projects, but if you're happy with where we're at with those issues then we're fine. Deal asked if our fund balance would exceed the 5/12 required by the State Auditor's, even with a zero percent levy increase. K. Johnson said it would by approximately \$ 800,000.00. Deal said he was involved with the audit exit meeting with the State Auditors and they recommended 5/12. T. Johnson made a motion to approve a 0% levy increase for 2014. Deal seconded it. Leininger said sooner or later the 0% will catch us. T. Johnson said he's comfortable we're putting more money into the economy and we could safely take it out of social services. The motion failed with Deal and Johnson in favor and Salberg and Leininger opposed. With Appel absent, the motion failed on a tie.

Salberg then made a motion for a 2% levy increase. T. Johnson reminded everyone we have record fund balances and a continued trend of population decline. As a tax payer we have no business increasing fund balances higher than they are. Deal believed collecting money with no designated purpose is wrong. The people we're collecting it from are paying 6-8% on the money needed to pay their taxes and we as a County get less than 1%. T. Johnson said the 2% motion amounts to \$100,000.00. That's as far apart as we are. Would tax payers think we need that \$100,000.00? If we can't hold the line now, we're telling the tax payers we're going to automatically raise the cost of government no matter what.

T. Johnson reintroduced his original motion of 0% increase in levy and Deal once again seconded it. How would the public receive this if they know we have this surplus and raise the levy 2%? Leininger asked what other counties have done. Franzese said it's also dependent on what projects are scheduled. The question was asked if today's implementation of the wage study lowers the projection but K. Johnson wasn't sure without crunching the numbers. T. Johnson said Social Services is doing a great job managing their department and their fund balance is at record high levels. To hold the levy to zero is the right thing to do. We can increase the levy but it doesn't mean we should. Numbers are saying no. Deal asked who would borrow more money than they need. Leininger expressed concerns about how much we may have to raise the levy down the road and if we end up with trouble with our roads. K. Johnson also expressed concerns over the legislature's ability to impose levy limits. Antrim commented sometimes we're exempt because of our lower population too, but you just never know.

T. Johnson discussed the recent letter they all received from the State of Minnesota discussing the positive outlook at the state level. A 0% levy increase for 2014 was approved 3-1, with Salberg opposed. The budget was approved as shown in the "Summary Budget Data" spreadsheet listed below.

Final Adopted Levy:

	2014 Gross Levy	From Reserves *	Gross Less Reserves	County Program Aid	Disparity Aid	2014 Net Levy	2013 Net Levy
Revenue Fund	2,803,446.99	-	2,803,446.99	76,793.47	11,262.02	2,715,391.49	2,453,061.86
Building Fund	-	-	-	-	-	-	-
Road & Bridge Fund	1,828,420.00	(339,420.00)	1,489,000.00	40,787.46	5,981.62	1,442,230.92	1,447,065.94
Social Services Fund	645,055.00	(313,392.64)	331,662.36	9,085.07	1,332.36	321,244.94	579,579.55
Jail/LEC Bond	196,507.50	-	196,507.50	-	-	196,507.50	195,667.50
TCC/PVP	103,326.00	(103,326.00)	-	-	-	-	-
Totals	5,576,755.49	(756,138.64)	4,820,616.85	126,666.00	18,576.00	4,675,374.85	4,675,374.85

Traverse County 2014 Summary Budget Data

December 12, 2013

	2013 Budget	2014 Budget					2014 Totals
		Revenue	Road & Bridge	Social Services	TCC/PVP	LEC Bond	
Revenues:							
County Portion of Tax Levy	4,675,374.85	2,715,391.49	1,442,230.92	321,244.94	-	196,507.50	4,675,374.85
State Aids used to reduce Levy	129,816.00	88,055.49	46,769.08	10,417.43		-	145,242.00
All other Taxes	30,500.00	30,800.00	-				30,800.00
Special Assessments	65,301.08	80,004.41	-				80,004.41
Licenses & Permits	7,608.00	10,008.00	-				10,008.00
Federal Grants	911,342.00	17,500.00	860,000.00	507,835.00			1,385,335.00
State Categorical Aid/Grants	5,142,335.00	253,524.00	2,045,000.00	246,418.00			2,544,942.00
Charges For Services	336,371.64	227,434.33	140,000.00	43,484.00			410,918.33
Fines and Forfeits	-	-	-				-
Interest on Investments	45,000.00	37,800.00	-				37,800.00
Miscellaneous Revenue	709,767.05	476,714.93	160,000.00	41,214.00			677,928.93
Transfers from Other Funds	-	-	-				-
Total Revenues /Financing Sources	\$ 12,053,415.62	3,937,232.65	\$ 4,694,000.00	\$ 1,170,613.37	\$ -	\$ 196,507.50	\$ 9,998,353.52
Expenditures:							
General Government	1,436,351.75	1,568,805.90					1,568,805.90
Public Safety	1,525,302.38	1,696,205.87					1,696,205.87

Road & Bridge/Maintenance	2,423,000.00		2,450,420.00				2,450,420.00
Road & Bridge/Construction	4,900,000.00		2,340,000.00				2,340,000.00
Sanitation	121,276.06	135,979.40					135,979.40
Human Services	1,398,366.00			1,484,006.00			1,484,006.00
Public Health	73,974.00	73,884.00					73,884.00
Culture and Recreation	59,409.25	59,960.00					59,960.00
Conservation of Natural Resources	360,538.68	393,867.48					393,867.48
Economical Development	8,530.00	8,530.00					8,530.00
Miscellaneous Expenditures	-	-			103,326.00		103,326.00
Total Expenditures	\$ 12,306,748.12	3,937,232.65	\$ 4,790,420.00	\$ 1,484,006.00	\$ 103,326.00	\$ -	\$10,314,984.65
Debt Service							
Principal	105,000.00					110,000.00	110,000.00
Interest and Fiscal Charges	90,667.50					86,507.50	86,507.50
Total Capital Outlay	327,500.00		243,000.00				243,000.00
Transfers To Other Funds	-						-
Total Expenditures/Financing Uses	\$ 12,829,915.62	3,937,232.65	\$ 5,033,420.00	\$ 1,484,006.00	\$ 103,326.00	\$ 196,507.50	\$10,754,492.15
Increase (Decrease) In Fund Balance	\$ (776,500.00)	-	\$ (339,420.00)	\$ (313,392.63)	\$ (103,326.00)	\$ -	\$ (756,138.63)

Attested to by:

Rhonda Antrim/County Coordinator

Kevin Leininger/Board Chair