

The Wright County Board met in regular session at 9:00 A.M. with Husom, Sawatzke, Daleiden, Potter and Borrell present.

The following correction was made to the 5-13-14 County Board Minutes: Page 27, 4th paragraph, 7th line, should read, "She questioned what has changed" (Husom). Daleiden moved to approve the Minutes as corrected. The motion was seconded by Potter and carried unanimously.

Daleiden moved to approve the Agenda as presented, seconded by Borrell, carried 5-0.

The Consent Agenda was discussed. Daleiden pulled for discussion Consent Item E1, "E. Planning & Zoning Accept the findings and recommendations of the Planning Commission for the following rezoning: FRED JUDE - (Corinna Twp.) - Planning Commission unanimously recommends approval of the request to rezone 39 acres from AG General Agricultural to A/R Agricultural-Residential and also a Rural Planned Unit Development District." Daleiden moved to approve the remainder of the Consent Agenda, seconded by Potter, carried 5-0:

CONSENT AGENDA:

A. Administration

1. Claim, Madden, Galanter & Hansen, LLP, \$652.00

B. ADMINISTRATION

1. Charitable Gambling Application, Form LG220, Dassel Cokato Regional Ice & Sports Center, 4852 Reardon Ave. SW, Cokato, MN 55321 (Cokato Twp.)

C. Highway

- 1) Request approval of Wright County Highway Right of Way Plat No. 68, for CSAH 12 construction planned for 2015.

Reconstruction of CSAH 12, from TH 55 to CSAH 37, is scheduled for the 2015 construction season. Right-of-Way acquisition is required to construct the highway to current standards.

D. Human Services

1. Position Replacement

- A. Financial Worker, Adult Financial Services

Daleiden brought forth discussion on Consent Item E. Planning & Zoning, Accept the findings and recommendations of the Planning Commission for the following rezoning: "FRED JUDE - (Corinna Twp.) - Planning Commission unanimously recommend approval of the request to rezone 39 acres from AG General Agricultural to A/R Agricultural-Residential and also a Rural Planned Unit Development District." Daleiden asked why Corinna Township is not taking this action. Sean Riley, Planning & Zoning Administrator, said Wright County is responsible for any changes to the official Zoning Ordinance per State Statute. Daleiden moved to approve Consent Item E, seconded by Borrell, carried 5-0.

Denise McCalla, Chief Deputy Auditor/Treasurer, requested approval of the April Revenue/Expenditure Report. Daleiden moved to approve the Report and to request that it be posted on the website, seconded by Potter. The motion was amended to also post on the website additional information supplied in an email from the Auditor/Treasurer on specific line items in the Report. The motion carried 5-0.

Brian Asleson, Chief Deputy Attorney, requested the Board approve an administrative fine of \$200 to Whispering Pines Golf Course, an establishment that failed an alcohol compliance check. The fine relates to the sale of alcohol to a minor. Asleson said the County Board adopted a resolution in prior years that imposes a \$200 fine to establishments who fail this check more than once in a two-year period. This is the second violation for this establishment but it is under different owners. The County Board is required to approve the fine notice. The retailer is given 30 days to pay the fine or appeal. Potter moved to approve the administrative fine of \$200 for Whispering Pines Golf Course. The motion was seconded by Daleiden and carried 5-0.

The claims listing was discussed. Daleiden referenced costs associated with Livestream (streaming of Board Meetings) which have increased because of updates needed due to the new website. Daleiden moved to approve the claims as listed in the abstract, subject to audit, for a total of \$189,640.42, 211 vendors, and 379 transactions. The motion was seconded by Potter and carried unanimously.

Steve Jobe, Surveyor, asked that the Board extend the Aerial Photography Contract one year through 12-31-15. Because of the weather conditions this spring, the vendor has been unable to obtain the photography required. The conditions of the contract, including price, will remain the same. All three counties that are involved with the contract are going to proceed with the same recommendation. Jobe stated that the vendor will cover the costs associated thus far with test flights. Daleiden moved to extend the contract for one year to 12-31-15 at no additional cost. The motion was seconded by Borrell and carried unanimously.

Brian Asleson, Chief Deputy Attorney, presented a draft resolution supporting conveyance of three tax forfeited parcels to the City of Howard Lake. On 4-29-14, the County Board adopted a resolution supporting the acquisition of 69 parcels in Terning Trails, Plat 2, by the City of Howard Lake. Asleson said 3 parcels were omitted. The City has taken action to adopt a resolution including the 3 omitted parcels. Borrell moved to adopt Resolution #14-29, seconded by Potter, carried 5-0 on a roll call vote.

Asleson requested the Board approve retaining Kevin Casserly to perform appraisals of three properties for the purpose of tax court. The costs are \$6,000 each for the first two properties and \$6,500 for the third property. If settled prior to tax court, the costs associated with Casserly's service will be a portion of those amounts. Potter moved to approve retaining Kevin Casserly for three properties for purposes of tax court. The motion carried 5-0 on a second by Sawatzke.

Transit in Wright County was discussed. At the last County Board Meeting, the Board authorized Sawatzke and Potter to meet with MnDOT. Sawatzke said he and Potter met with Eric Davis, MnDOT Chief of Staff, and Mike Schadauer, Office Director for MnDOT Transit, who didn't necessarily prefer the County's approach to transit (proceeding with a private vendor and procurement process) but understood it. They discussed the advantages and disadvantages of the different models. Sawatzke said Davis provided three options at the conclusion of their discussion:

1. Trailblazer option for transit with the cities. This will be dependent on whether Trailblazer is willing to provide the transit and whether the cities create a Joint Powers Agreement (JPA) with Trailblazer. Sawatzke understood that Trailblazer was meeting to discuss whether they will provide service.
2. Wright County proceeding with a procurement process to allow Request For Proposals (RFP's) from private transit companies such as Midwest Paratransit and to utilize Trailblazer in the interim. Sawatzke said Schadauer cited a possible six month gap versus three months because of the procurement process. He spoke with the River Rider Director on 5-13-14 who indicated that River Rider would be up to providing service for six more months. Wright County would stand alone on the administrative process and cooperate with another entity on the delivery of transit services.
3. Wright County would potentially work under the Tri Cap administrative umbrella and proceed with the procurement process. Sawatzke said Davis was intrigued with this concept.

Sawatzke said he and Potter left the meeting with MnDOT feeling pretty good about the prospects. Potter said they articulated the County's case and what was transpiring (how they align with AMC, traffic patterns). Potter felt MnDOT listened to them.

Potter said the follow up email correspondence dated 5-16-14 from Davis reflects that for now, Trailblazer is the most ready to assume Wright County's transit needs. In the future, they would be willing to listen if the County wanted to discuss another method. Sawatzke said he and Potter knew when they were visiting with MnDOT that Trailblazer would be talking about whether they would be willing to provide service to the cities. They found out later that an offer had been made which was outlined in information provided to the County Board. Sawatzke said on 5-15-14, the Board members received an email from Gary Ludwig, Executive Director of Trailblazer, declaring

Trailblazer as the service provider for Wright County. He said they would be able to provide service to Functional Industries effective 7-01-14. Relative to the cities, Ludwig was unsure whether they could provide service to the cities by 7-01-14 or shortly thereafter. Husom thought there would be some service on 7-01-14 but they would add cities as they could. Sawatzke thought Ludwig was concerned with being able to provide the current level of service by 7-01-14 for cities but was guaranteeing Functional Industries. He said that is consistent with what Trailblazer had indicated previously. Borrell asked if there would be cities that are served right now that would not have service. Sawatzke said there is potentially a gap in service on 7-01-14 for cities that are served now (for a short period of time).

Sawatzke said on 5-17-14, the Board received an email from Ludwig. His interpretation was the Trailblazer Board members did not know Wright County was trying to pursue something else. Trailblazer Chairman Bill Pinske contacted Ludwig and indicated that he was concerned by Wright County's attempts to find alternative public transit solutions. Sawatzke said Trailblazer is calling a special meeting on 5-21-14 to evaluate the action taken by the Wright County Board a week ago where they agreed the private sector procurement process was the best approach (i.e., Midwest Transit option that has the metro ties, the commuting population, etc.). The information provided reflects that if the Wright County Board decides to ask Trailblazer not to operate in Wright County, then the Trailblazer Board and MnDOT need to decide how to respond to that. Sawatzke said it seems they are suggesting that if Wright County has a different way they would like to proceed, Trailblazer would be willing to back off. His understanding is that MnDOT would allow Wright County to do one of the two other methods if an arrangement with Trailblazer was not able to come about. He asked Potter if that was a fair statement. Sawatzke said MnDOT is not going to let Wright County go without service.

Potter responded that MnDOT will not allow Wright County to be without service but they also made it clear they are not going to allow Wright County to stand alone in the long term. He believes Trailblazer is getting the same pressure from MnDOT. Trailblazer's view may be if Wright County is able to stand alone then they would like the same treatment. Sawatzke said MnDOT has acknowledged a number of times that Wright County doing something with a company such as Midwest does meet many of the goals and objectives of the future guidelines. He said the only thing Wright County would potentially be standing alone on is the administrative component which he said is a small component because it is a very small percentage of the overall cost and workload. The driving, dispatching, etc. is over 90% of the work relative to providing bus service. In those components, Wright County would be collaborating and coordinating with other entities.

Sawatzke said he suggested to MnDOT when they were meeting with them on 5-15-14, before they made this offer to Trailblazer, that it may be a challenge to get all of the cities to partner with Trailblazer. Sawatzke said the JPA with the cities has many questionable items. In the letter to Trailblazer making the offer, where the State is offering quite a bit of money, it states they would expect the cities to have a JPA in place within two weeks. He did not see this happening. As late as the end of last week, he was copied in an email that included multiple cities and only one city indicated they were signing the JPA. There were four or five cities that wanted to wait to see whether the County could negotiate a deal. Husom said the emails that she received were in support of the cities moving forward with Trailblazer. Borrell asked if it was fair to say that many cities see the value in a relationship with Midwest given the County's geographical proximity to the metro. Potter said the cities he represents in the eastern part of the County have not gotten enough information to make such a call. He said they are confused, as others are, as to what is going on.

Potter referenced Sawatzke's comments. He said it is ironic that they were at the Board Meeting Tuesday with MnDOT and Wednesday a letter is sent out from Mike Schadauer. On Thursday, they met with Eric Davis. On Friday, Potter spoke with Davis who was unaware that the letter had gone out. Potter said Wright County was negotiating with MnDOT and the letter had already been sent by Schadauer the day before. He said their minds had already been made up by the intent of the letter. Borrell asked whether it was a waste of the County's time to meet with MnDOT. Potter said they were able to get their point across and explain the situation. Sawatzke asked Potter if he agreed it was made clear that if Trailblazer doesn't agree to provide service or the cities don't proceed with an agreement with Trailblazer, there will be transit in Wright County and the options provided will be options that they will move forward on. Potter said his understanding is if Trailblazer is not able or willing then other

options will be looked at. His impression is if the cities don't come up with a JPA it will be tough to move forward with Trailblazer. Sawatzke asked if the approach Wright County came up with last week would move to the forefront. Potter said they left that door open.

Borrell said Midwest is ready to provide transit in two weeks. He has not heard them indicate anything about missing service on 7-01-14. Potter responded that to proceed with a company such as Midwest, the procurement process would have to be followed. That process would require a minimum of 45 days. Borrell said River Rider is funded to the end of the year. Potter said the funding is for Wright County, not River Rider. Borrell said MnDOT could authorize River Rider to continue until the paperwork is complete. Sawatzke said MnDOT agreed on 5-15-14 that they could do that and would be willing to do that if things don't work with Trailblazer. There would be no delay in services under that scenario.

Sawatzke said the letter from Trailblazer suggests that if the Wright County Board has a different aspiration than Trailblazer, they would be willing to consider that. He thought Trailblazer would do the right thing and back off if Wright County preferred to do something else. If the Wright County Board felt one week ago that Midwest (or a company like that) was the best fit, then he presumed that is still the County's position today. He suggested there could be a motion asking Trailblazer to not provide service in Wright County so the County can pursue other options through a procurement process. Husom felt they needed to hear from those working with Trailblazer (the cities and Trailblazer). She was unsure whether the County can tell the cities what they can or cannot do with transportation. One of the rumors is that the County Board is trying to block Trailblazer from coming into the County. Sawatzke has seen through emails that there are cities considering getting on board with the County. Daleiden thought they were waiting to see what MnDOT came up with for an answer. They want to see what their options are. Husom said the cities she represents want the County's support and hope there can be a partnership. Right now, the County cannot partner with Trailblazer. That partnership would be between Trailblazer and the cities. Sawatzke said the County can partner with the cities in an arrangement such as was discussed last week. Daleiden said the problem is the way MnDOT handled this again. Husom agreed. Daleiden said MnDOT is not present today so the County doesn't know where it stands.

Sawatzke said Davis made it clear there were three things the County can do. What MnDOT likes best is for the County to work with Trailblazer. If that can't happen, MnDOT is willing to do one of the other two options. They will not let service cease in Wright County. Daleiden said it sounds as though Trailblazer is an option per the letter. Sawatzke responded that it does but there is an email from Ludwig asking for Wright County's position on them operating in Wright County. If the County indicates that it would prefer Trailblazer not operate here and, based on that, they indicate they will not provide service in Wright County, then the County can pursue another avenue. Daleiden said one letter states Trailblazer is going to proceed with service in Wright County without a partner. Husom said the letter says that if they had no partner to join Trailblazer, the Trailblazer Board voted to provide public transit in Wright County without a partner. Sawatzke said that is true. Since that time, Trailblazer has learned Wright County may have a different plan. Sawatzke said the Trailblazer Board possibly thought Wright County had nothing going and they were trying to help out.

Sawatzke read a portion of the email from Ludwig dated 5-16-14, that reflects, "Trailblazer Board members are interested in learning about the Wright County Board's response to Trailblazer's decision to move forward to provide transit in Wright County. In fact, there has been some discussion that leads Trailblazer to believe that the Wright County Board may ask Trailblazer not to provide service in Wright County against its wishes. If the Wright County Board decides to ask Trailblazer to not operate in Wright County, then the Trailblazer Board and MnDOT need to make a decision about how to respond to that request." Sawatzke said Trailblazer is meeting tomorrow. Daleiden said that is the key, that Trailblazer stated they and MnDOT will make the decision. Sawatzke asked Daleiden if he were deciding something that had to do with Sherburne County, and the Sherburne County Board said to him that they would prefer Wright County not proceed because they want to pursue something else, would he impose on them. Borrell thought that members of the Trailblazer Board may be recognizing the position Wright County is in and thinking they wouldn't want that done to them. Sawatzke said it seems the Trailblazer Board is asking for Wright County's position. He suggested that Wright County should at least indicate to them what they prefer.

Potter referenced an email that Davis sent on 5-16-14. He thought it was clear in the email that they have made their minds up for now; Trailblazer will be serving Wright County. That email was sent to Wright County and Trailblazer did not get a copy. Sawatzke said the Trailblazer letter went to Schadauer and Gottfried at MnDOT. He said the letter was sent from Trailblazer after Davis sent his letter. He said Trailblazer was aware of the letter from Davis and MnDOT's position. Borrell asked why the County doesn't pursue the best option, in his opinion, and go with Midwest. Otherwise, Trailblazer will come in for a period of time and then Wright County does what is best for the County. Daleiden said some of the Board members voiced earlier that this would cost the County a lot of money. Sawatzke stated that is one of the concerns. Daleiden understands with Trailblazer it won't cost the County any money. Sawatzke indicated that MnDOT will only guarantee the cost for a short period of time. Daleiden responded that the JPA is with the cities not the County. Sawatzke does not want the cities to incur that cost and 2/3 of Wright County residents are city taxpayers as well. Daleiden said that is their decision.

Husom read from the 5-14-14 MnDOT letter which reflects, "MnDOT expects all nine vehicles with MnDOT vested value that are to be allocated to Wright County via the final disposition of the River Rider Joint Powers Board will be transferred to Trailblazer on or before July 1, 2014." Sawatzke said that is under that proposal, assuming Trailblazer agrees to provide service to Wright County. Trailblazer has asked Wright County for their input on whether Trailblazer should provide service in Wright County. They have suggested in the letter if Wright County responds they are not interested, by virtue of them having a meeting to discuss that, there is a good chance they will back off from providing service. He said that will provide the County the opportunity to do what it tried to initiate last week.

Daleiden said this keeps getting delayed and he is concerned that the people that need rides will not get them. Sawatzke stated that River Rider or Midwest can provide the rides in the interim. Bill Patten from Midwest told him of a scenario where Midwest was allowed to provide service for an interim period for a metro provider where service lapsed for a period of time. River Rider is able to provide these services and is fully capable to continue to provide them. Sawatzke stated there are two entities that can provide service July 1st and one that possibly can which is Trailblazer. He hoped they would not position the future of the next 5-10 years on how they are going to operate transit based on that 7-01-14 date, as there are two entities that can provide that. Borrell viewed this as the County getting fed something that isn't wanted. Then down the road it will be changed and it ends up costing the taxpayers a lot of money. He suggested that their efforts be toward something that works for Wright County into the future.

Sawatzke read from the 5-14-14 MnDOT letter which reflects, "MnDOT encourages the speedy passage of this JPB by the Wright County cities (ideally in the next two weeks), so Trailblazer can implement service as soon as logistically possible. Given this date, we acknowledge Trailblazer will be challenged to assure full service continuity on July 1, 2014, however that is the goal." Daleiden said the document further states, "MnDOT is committed to continued public transit service in Wright County and sees the Cities' JPB as the most viable local partner for Trailblazer JPB to achieve this." Sawatzke said on 5-15-14 it was made clear if it wasn't this, it was one of the other two options. He said Wright County is not going to be denied service and MnDOT acknowledged that. Potter said what MnDOT said in the letter of 5-14-14 and subsequent follow up is that they will not extend River Rider for three or six months. Sawatzke asked when MnDOT said that. Potter said it is in the letter that says buses will be disposed. Sawatzke responded that is if Trailblazer agrees to this arrangement, then the buses will go to Trailblazer. If Trailblazer decides not to use this arrangement then the buses won't go to them. Potter said that is not what the follow up letter stated which reaffirmed Schadauer's position. Sawatzke said he read the letter, and it was under the pretense that Trailblazer would provide the service in Wright County. If they agreed not to provide the service in Wright County, then the letter does not apply.

Potter said Trailblazer is waiting for Wright County to make a decision. He said they are getting a lot of pressure from MnDOT as well. Husom asked for input from audience members. She said at least two cities have signed a JPA. Their goal is to continue with uninterrupted service.

Tony Onnen is a member of the Functional Industries Board and also works for a company that provides services to special needs people. He has concern for not only special needs people but seniors and those unable to drive. He said public transit is needed. He referenced corrective action River Rider was supposed to have taken and he understood it did not. Sawatzke asked him to be more specific on the corrective action that was not taken because that is untrue. Onnen said he does not have data but read about this in the newspaper and made that assumption. He referenced the negotiation process that has taken place thus far by the County Board on transit. He understood from what he read that Wright County has been unable to work with Sherburne or McLeod Counties, Trailblazer, and Tri CAP. He said he had not heard of Midwest. He has concern with those relying on public transportation to get to their jobs. He asked the Board if they have a letter from the MnDOT that says River Rider will be continued after 7-01-14. Potter said they do not. The County has a letter dated 5-14-14 from MnDOT which reflects, "MnDOT expects all nine (9) vehicles with MnDOT vested value that are to be allocated to Wright County via the final disposition of the River Rider Joint Powers Board will be transferred to Trailblazer on or before July 1, 2014."

Potter said at the meeting held on 5-15-14, MnDOT didn't close the door but didn't change their position. He referenced the follow up email from Davis reflecting MnDOT feels Trailblazer is the best partner and that is the direction it is going. MnDOT didn't indicate they would be extending River Rider service for 3 or 6 months. MnDOT conveyed this is the direction it is going to have uninterrupted service. Sawatzke said all the Trailblazer Board has to do is say they do not desire to impose their service in Wright County. Wright County would then have the ability to operate in a way that they see as most appropriate. He said Trailblazer cannot be ordered to provide transit in Wright County. Potter responded that Trailblazer has been encouraged strongly to provide service in Wright County.

Potter said it is time to make a decision. There is one option and the County should be moving forward. He said it has been a burden for the cities to attempt to assemble a JPA. There are too many questions and concerns. The cities are having their legal departments look at the JPA.

Onnen referenced the River Rider JPA and asked whether any of the Board members were involved with that. Sawatzke said he was. In the spring of 2013, MnDOT brought forth some issues relating to River Rider. They set timetables where the issues needed to be corrected and all of these were met. Borrell said that most were done within a week. Every one of the discrepancies related to best practices. In response to Onnen, Borrell said that Trailblazer operates inefficiently. Sibley and McLeod Counties may like it; it is a system they built. It costs over \$75/hour to place one of their buses on the road and the State average is \$50/hour. Midwest runs about \$48-\$50/hour. Borrell said he does not want to be matched with one of the most expensive providers in the State. He is looking down the road at taxpayers' money and what it is going to cost to run transit. Onnen said he understands that MnDOT funds about 85% of transit. He understands the County Board has to deal with the costs and what is best for the County. His concern is the 7-01-14 date. He does not want the County to close the door on a service that is supported by MnDOT.

Sawatzke said the State has indicated that Trailblazer may not be able to provide service on 7-01-14. If MnDOT allows Wright County to operate under the other options, there will be service on 7-01-14. Sawatzke said going with Trailblazer will cost everyone more, including the State and Federal governments and the cities of Wright County. Onnen said that is the information the Board has to look at. Onnen suggested obtaining a letter from MnDOT and Trailblazer with regard to on 7-01-14. Sawatzke said MnDOT told them in a meeting that their preferred choice was Trailblazer. If Trailblazer did not want to provide the service or the cities did not want to agree to Trailblazer, then MnDOT would be looking at options 2 and 3. Those were both acceptable options and they would have to go along with them. He did not think MnDOT would go back on their word. Onnen said it is always good to have it in writing. Husom agreed. If the County were to have Midwest provide service on 7-01-14, they need to know that MnDOT supports that and, in the interim process during the procurement, that a precedent has been set and that it would be paid for.

Potter feels MnDOT made it clear that River Rider is done as of 6-30-14. That is not open for discussion. Sawatzke said Potter is talking about an email that is based on the premise that Trailblazer agrees to provide service. Potter

said it is also based on the fact that Davis said it is going that way. He referenced the request for an extension of three to six months for River Rider. He said they specifically asked and MnDOT did not say yes.

Sawatzke said when he and Potter left the meeting with MnDOT, Potter said he thought they had it. Potter agreed he felt good about it. Sawatzke said the reason they felt that way is because they thought the cities would back the County. Because there would be no agreement with the cities and Trailblazer, it would fall back to the County. Potter said they felt positive because MnDOT was listening to what they had to say. Ultimately, when Davis met with his staff, the decision was made that they would stick with their original position. Sawatzke said that is because Trailblazer will provide the service and they think the cities will join a JPA. Onnen encouraged the Board not to close the door on a service that MnDOT recommends and would be available more likely sooner than later.

Rod Pederson, President of Functional Industries, viewed this as a difficult situation. He thought if Trailblazer is told they are not wanted in the County, they will not come in. He said that would essentially shut Functional Industries down because they cannot meet the transportation needs of those serviced by River Rider. Without that transportation for two weeks, the jobs they have established over the past 20-30 years will not be available, as they will not be able to transport people to the sites to do the work. He said the people they serve are caught in the middle. Pederson's opinion is that Trailblazer is able and has the resources. Trailblazer reached out to Functional Industries to figure out how things can be put into place as things move forward. Pederson said it hinges on whether the County says Trailblazer can provide service in the County. He described the situation as heartbreaking and tragic; the services are needed. Even with the assistance of River Rider, Functional Industries drives 44,000 miles/month with their fleet. Pederson said it is amazing to him how two sides can read the same things and attend the same meetings and come up with different interpretations. He does not interpret at all that Trailblazer does not want to come to Wright County. Rather, Trailblazer is questioning how they can come to Wright County when the County Board indicates they don't want anything to do with them.

Daleiden said that the County Board previously voted to work with Trailblazer, and Trailblazer turned that down. Daleiden said he takes exception to that. Pederson said he was present to support and respect the County Board, but he wanted to convey the need for transit. He saw no other alternative than to have Trailblazer provide that service. Borrell said that Midwest attended the last County Board Meeting and indicated they could have service in place in two weeks. He does not feel Trailblazer is the best long-term solution. He feels that if the County goes with Trailblazer for the short term and switches later, it will result in a waste of money.

Pederson said that Functional Industries is about to remodel or break ground to expand their services. This situation could not have come at a worse time. He questioned how they will survive as an entity if there is not a transit provider and those rides are not available on 7-01-14. Sawatzke said under any scenario, those rides will be available. MnDOT has stated they will not allow the buses to stop in Wright County. Sawatzke said it could be through River Rider or another private contractor. Pederson said they don't want to be placed in the middle, but questioned what will happen if their only option is something that doesn't fall in the favor of the Board. As Onnen said, they are dedicated at Functional Industries and their first and foremost mission is to be an advocate for those they serve.

Husom referenced a meeting a couple of weeks ago at the City of Buffalo where she learned that Trailblazer is poised and positioned. They have three buses ready to take over the routes from Functional Industries. She asked Pederson why they would think the County would block them from doing that. There are six private companies in Wright County that are contracted with by Human Services. Those companies provide rides for Human Services clients. Pederson said Trailblazer is an organization they have met with and feel positive about, and they have the resources they need. He said Trailblazer may be higher cost now but asked whether economy of scale will play into that. Pederson said Trailblazer is ready to serve Functional Industries but will not if the County Board does not want them to provide service in Wright County. They have put the resources together to allow Functional Industries to function without interruption. He said it would be great if any one of these other companies could do that but thought it would take a great deal of time to set up the coordination of rides. He assumed that the County Board has the figures to know whether it will be more economical to go with one of the other companies.

Husom said Midwest came forward late in the process. Pederson asked why the County would have to indicate they don't want Trailblazer in Wright County at all. They could allow Trailblazer to come in and assist. He asked what that would harm. Otherwise, that option will be lost. Sawatzke said the harm is that if Wright County goes with Trailblazer, then the County will be partners with them into the future. He thought if the County has a better approach, it would be advantageous to start that now versus starting something and changing it in six months. Pederson said it would be Functional Industries that would be going with Trailblazer, but Functional Industries does not want to do anything that will alienate them from the County Board. Pederson said that Trailblazer will not come into the County if the County indicates that.

Sawatzke said he thought Functional Industries will be taken care of one way or another. River Rider is capable of continuing to provide services and Midwest can do so with a two-week notice. He said they could discuss whether Trailblazer could provide service to Functional Industries only. He said the County is talking about long term, the overall scope, and what is best for transit in Wright County. Sawatzke had no doubt that under any scenario, Functional Industries will be taken care of.

Daleiden asked how many rides Functional Industries will be contracting through Trailblazer. Pederson said there are about 200 rides/day and River Rider provides about 1/3 of those. Trailblazer would provide the service that River Rider is currently providing, but will work with Functional Industries to help them get them out of the transportation business and instead focus on rehabilitation. Pederson said he has reviewed this thoroughly. Functional staff members have met with Trailblazer and looked at their resources, abilities, and willingness to expand. They have been given no reason to think this isn't the way to go. They will not have any transportation options if the County says Trailblazer should not be in this community.

Borrell said he agreed with Sawatzke that this is not the case. Daleiden said the County Board does not know that; they are all speculating. Daleiden said the County does not have all of the facts. They have documents from various dates. The story keeps changing. Husom agreed and said it is frustrating because it keeps changing. There are rumors and innuendos. She stated everyone has the same desired outcome to continue with uninterrupted service. If MnDOT is not going to back the County up on going with Midwest, that will be a problem. Pederson said everything he has heard in meetings is that MnDOT supports Trailblazer and that River Rider is done. He does not have all of the information so he doesn't want to speak to something that is hearsay or rumors. Pederson said he appreciated the opportunity to provide his personal opinion and speak on behalf of those they serve. He trusts that the County Board will do the right thing.

Husom heard from three individuals (two City of Buffalo residents and one township resident) that support going with Midwest. Officials from two cities she represents with populations of 20,000 plus have indicated they have signed JPA's to move forward with Trailblazer. Potter said when he and Sawatzke met with Davis and Schadauer, they articulated the County's position and offered proposals. A letter was subsequently received indicating MnDOT is not going that way. He said it is clear that they made up their minds they are not going to extend River Rider. Anything with Midwest would have to go through a procurement process with a minimum of 45 days. He said MnDOT indicated in their follow up letter that this is off the board. Potter stated the way he looks at it is the County has one choice and that is to keep pursuing something through Trailblazer.

Sawatzke said that is how Potter sees it. He asked Potter if given his choice as a Commissioner, which way would he prefer, Midwest (or something similar) or Trailblazer. Potter said his decision is based on the facts they have before them today. The County does not have that choice. Sawatzke referenced the meeting a week ago and said Potter felt at that time Midwest was better. He again asked Potter if MnDOT and Trailblazer didn't care either way, and he had a choice to go with Midwest (or something similar) or Trailblazer, which one he would prefer. Potter said he would prefer for them to make up their minds on a majority vote which way to go. He said the fact remains the County does not have that option. Sawatzke asked Daleiden and Husom if the Board had to choose and no one was forcing them, what they would choose. Daleiden responded the best way for the County. Sawatzke asked Daleiden, based on the information he has, what he would choose. Daleiden said he does not have enough information. Sawatzke said he knew what the Board had said a week ago. Husom said what the Board said a week ago was that they were exploring that option because it seemed like a good option.

David Burd, Annandale City Council, said the City Council met yesterday and approved the joint powers resolution, as have four other cities. Two of those cities, Buffalo and Delano, have the highest ridership. He could only speak for Annandale but feels the cities want leadership. They want synergy and they want the County to lead. His opinion, based on what he listened to today, is the issue is confusing in part because the Board is confusing them. He heard different answers to the same question several times. They really don't know what to do. Trailblazer has been approved by Functional Industries and they have done their due diligence. Burd said his understanding is that MnDOT has a duty and they have done their due diligence. He said MnDOT is funding Trailblazer and they are not forcing Trailblazer on the County. Burd said there were problem with River Rider. That is why a change is being made, and that is why MnDOT is probably forcing the change. Amongst the five people that he met with yesterday, Burd said two had specific examples of problems with River Rider. River Rider may have cost the taxpayers less but it wasn't working. He said government doesn't always allow the cheapest version; the service is supposed to be provided. If people cannot obtain a ride or can only ride one way with a wide window of time, that is not really a service.

Burd said Commissioner Borrell mentioned price. He assumes that in counties that are less populated the economies of scale will reflect a higher price than in Wright County where there are populated cities. He said Trailblazer has a proven record of providing good service. Several entities in the County's jurisdiction have done their due diligence and they are telling the County that it should be Trailblazer. He questioned what is wrong with Trailblazer.

Sawatzke responded that there are 39 rural transit providers in the State. The Statewide average is \$50/hour and Trailblazer is over \$75/hour. There is only one operation in the State that is higher and that is the Red Lake Indian Reservation. Trailblazer is over 50% higher than the average. Sawatzke referenced economies of scale and the cost to drive a bus in an area like Wright County or in a more rural setting. He said the cost per hour will not change because of where a bus is driven. Burd said there will be more riders. Sawatzke agreed but said that would not change the cost per hour. Burd said increased ridership will bring in more revenue. Burd said if he is going to pay \$50/hour to be driven to a location and have to wait five hours, that is not good service. Sometimes it costs to have decent service and resources. Burd said he heard that River Rider has three employees. Sawatzke stated that is incorrect. At any given time they have seven or eight buses on the road. Potter thought that the number of employees Burd was referencing may be in the administration area. Sawatzke asked Burd if it should be more efficient to provide rides in Wright County versus the other counties that Trailblazer services and so they should receive more revenue per hour. Burd said he would assume so. Sawatzke said in Wright County, there could be enough rides per hour to actually to cover the 15% (with 85% State funding). Burd said he has not looked at the contracts. Sawatzke said the point he is trying to make is that in Wright County, there are enough efficiencies built in that they should not have to be subsidized with local dollars beyond the ridership. In the scenario with Trailblazer, Wright County was asked to subsidize an estimated amount of \$210,000 per year.

Daleiden asked Sawatzke why he keeps referencing this, as Wright County has no say in that matter anymore. He said Sawatzke keeps using these hourly figures and referenced River Rider's cost of \$11.60/ride and Trailblazers cost of \$12.44. He asked him to explain why he feels the numbers are skewed. Daleiden did not feel they were talking a whole lot of difference on a per ride basis and economies of scale may change that. Sawatzke said Trailblazer provides about 140,000 rides/year. They provide about 50,000 contract rides/year. When contract rides are given, often times multiple riders are picked up at a location. When multiple people are placed on a bus through a contract ride, the numbers are suddenly shifted. Sawatzke said Wright County does not have a lot of contract rides. In Wright County, predominantly dial a ride is used through single ridership. Borrell said that is the case with the exception of Functional Industries. Sawatzke said the Statewide average is \$11.42/ride, River Rider is \$11.88/ride, and Trailblazer is \$12.62. He said that number is skewed greatly in part by the 50,000 contract rides, which is over 1/3 of their ridership, and it drives that number down.

Burd said they have heard that on 7-01-14 Trailblazer may not be able to provide service but at the Trailblazer Board Meeting they said they could provide service to basically what River Rider is now (Delano, Montrose, Waverly, Albertville, St. Michael, Rockford, Loretto, Hamel, Corcoran, Monticello, Buffalo, Clearwater, Annandale,

and Maple Lake). The Board said they have not seen that letter. Burd said it is not a letter, it is from Trailblazer's Board Meeting of 5-15-14. Borrell referenced an email sent by Trailblazer's Director on 5-15-14 that says, "It will take time to ramp up services in Wright County, so there will likely be current River Rider customers that will have problems accessing the Trailblazer's public transit services during that time." Burd said the majority will be served. Borrell responded that it is nice for the majority but for those not served it wouldn't be so nice. Sawatzke said they know Functional Industries will be served.

Husom said Functional Industries will have uninterrupted service. The three buses that bring people to Functional Industries will be available to provide services for cities until the Functional Industries riders return home in the afternoon. Trailblazer is also poised to have seven buses in the County in short order based on correspondence. She was unsure as to what the routes will be. Husom has the River Rider lists showing what services they were providing and she did not think all of the cities mentioned were included.

Burd said delaying the decision delays the problem and several people have alluded to that. He is not blaming the Board but it is confusing to the cities. He said listening to the Board today was confusing. Burd agrees with Rod Pederson about the Board not wanting Trailblazer in Wright County. He said it seems like another step to delay the process which makes the 7-01-14 deadline a tool to go with another company, when a fair amount of cities are for Trailblazer. He assumed MnDOT, who is providing the funding for Trailblazer, has the contracts that Sawatzke is referencing and would make a reasonable decision based on those. He thought they would be looking at the service, which has been lacking. He said Trailblazer has a proven record of serving their constituents. Husom said Burd mentioned cities that have signed the JPA. He said this includes Buffalo, Delano, Annandale, Howard Lake and Montrose. Burd said they are in a hard spot as well. It looks like the best alternative but they don't know. He said they look to the County for leadership.

Borrell said Trailblazer does have a more elaborate transit system than River Rider but it is funded a lot by their counties. If Wright County extrapolated its population out to what their counties fund, Wright County would be spending about \$1.2 million of local, Wright County taxpayer dollars to get the level of transit they have. He referenced McLeod County at 35,000 population and Sibley at 15,000. Last year those counties spent \$460,000 of local taxpayer money in addition to all of the State funding. It is something they choose to invest in. Borrell said when Wright County was trying to negotiate, it was suggested that Wright County possibly start more conservatively and it could always move into more services. The County was given a take it or leave it response. They were given the Trailblazer model and that was it. Negotiations then broke off.

Sawatzke said Trailblazer has also made it clear that if those two counties choose a level of service, that is what Wright County will get as well and will pay for it. Wright County would also be immediately subsidizing their operations as that is part of Trailblazer's process. No matter where the service is and subsidies are needed, everyone will be required to pay. If there is an efficient system here as people live closer together, it will work to the advantage of both but Wright County will be subsidizing their inefficient system. The most recent formulas show that cities will pay 25%. Sawatzke said they estimated the operational subsidy next year at \$600,000 which is reflected in their budget. Using those estimates, that would result in a \$150,000 subsidy that will have to come from the cities because they will have to agree to 25%. He thought that language is included in one of the drafts of the JPA. Husom said that MnDOT will provide a grant to cities. Sawatzke said that is in the short term, but they have talked about the cities paying it back. Husom thought that was by 2019.

Burd said that no one wants to waste money. He asked what the extra \$1.2 million will cost him as a taxpayer. Daleiden said it will be a lot. There are 126,000 people that the cost is divided to but it comes from business a lot more. Sawatzke read from MnDOT correspondence dated 5-14-14 which reflects, "MnDOT will cover the local share of services in this period (July 1, 2014 through December 31, 2014). Based on the illustration above, this would be approximately \$187,500 (\$150,000 working capital plus a possible \$22,500 of local operating deficit plus \$15,000 for the local 15 percent of the TFF grant). The cities will be obligated to make up for this in the future when they can incorporate this into their annual budgets." Reading that, Sawatzke said it suggests cities will have to pay that back when there is an opportunity to budget for it in the future. Sawatzke read further from the letter,

"The Cities will pay Trailblazer over a period no longer than five years." He said it sounds like the cities will have to pay it back but that is up for interpretation.

Husom said it was brought up two weeks ago at the County Board Meeting about running dual systems. There are at least six private systems currently running in Wright County. She has no interest in blocking Trailblazer from coming into Wright County, and one-third of the cities have signed the JPA (five cities). She does not want to block Functional Industries from having service on 7-01-14. Husom said she needs a lot more information from MnDOT to know if they are willing to fund 85% of transit if the County moves to the procurement process.

The meeting recessed at 10:37 A.M. and reconvened at 10:50 A.M.

Sawatzke made a motion to send a letter to the Trailblazer Board advising them that the Wright County Board of Commissioners would prefer to do the choice of a procurement process to provide services to Wright County; however, the Wright County Board will not stand in the way of Wright County cities entering into an agreement with the Trailblazer Board through a JPA. The motion was seconded by Borrell.

As requested by Husom, Sawatzke restated the motion that the Wright County Board send correspondence to the Trailblazer Board indicating to them that the Wright County Board would prefer the ability to utilize the procurement method to find a provider for Wright County, similar to what the County Board had talked about relative to Midwest Paratransit, but that Wright County would not stand in the way of cities joining together on a JPA and doing something with the Trailblazer Board, if that is what both the Trailblazer Board and cities desire to do.

Borrell said Trailblazer can choose to continue to work with the cities. If they choose to pull out, then the County is able to work with the State on a procurement process and maintain services to at least what they are now and possibly expand them in the future. Daleiden said this will allow the cities to continue with the Joint Powers Board. Sawatzke said it will be up to Trailblazer and the cities. Daleiden said Trailblazer no longer wants to negotiate with the County Board. Husom said that is the problem. Wright County is not a partner and is not able to negotiate with Trailblazer. What the County can do is encourage or support the cities in their decision to work with Trailblazer as Trailblazer will not work with them as a County Board.

Husom then passed the gavel to Commissioner Potter. Husom offered an amendment to the motion to have the letter to Trailblazer reflect that Wright County would prefer the procurement process but Wright County would support the cities and Functional Industries, or whatever entities, in their JPA with Trailblazer. Sawatzke asked what Wright County would do to support them. Husom said the County will not stand in their way. He thought that was what the original motion stated. Husom thought the amendment sounded a little friendlier. She stands with her cities and Functional Industries, which is one of the largest businesses in the City of Buffalo. Potter asked Sawatzke if he was okay with the friendly amendment to the motion. Sawatzke said he was not because he was not sure what it means. When Husom first said it means the County won't stand in their way, he said that he made that clear in his motion. He said if that is what that means, he thought his motion was clearer.

At the request of Daleiden, Sawatzke restated his motion which was for the Wright County Board to send correspondence to Trailblazer advising the Trailblazer Board that Wright County's preference is to do a procurement process similar to what has been discussed here, where they allow folks to bid on providing transit services to Wright County. They would meet the objectives of transit for the future in that means. The motion further indicates that the Wright County Board of Commissioners will not stand in the way of an agreement between the Trailblazer Board and a Joint Powers association of the cities of Wright County.

Potter asked Husom whether she wanted to proceed with her amendment or withdraw it. Husom said it will require a second. Borrell asked Husom if the amendment is indicating that Wright County will support them rather than not get in the way. Husom said that is correct. Borrell said it does come down to what the County will do to support them. Husom said her intent is that she does not want the motion to sound like the County is blocking them in any way. She said that Sawatzke is correct, his motion is not blocking it in any way. Rod Pederson asked

whether the motion could include Functional Industries as they want to contract with Functional Industries. Sawatzke said he thought Functional Industries will be taken care of and this is an issue with cities. If cities ultimately don't go with Trailblazer, he didn't think Functional Industries would either. He said they can't have everyone delivering people to Functional Industries. With River Rider, there are people delivered to Functional Industries and those buses then operate in areas such as Buffalo. In the end, he said there will have to be a system that functions together but there could be something different in the interim.

Potter asked if there was a second to the amendment on the floor. Borrell asked for clarification on the amendment. Sawatzke said the amendment to the motion would change the language to say the County is supporting the cities and Functional Industries. Sawatzke said he is not accepting this as a friendly amendment as it is unclear. He questioned whether it means the County is going to provide funding. He said it could mean all sorts of things. Potter asked for a second to the motion. The amendment failed due to a lack of a second.

Potter asked for a vote on the original motion on the floor. The motion carried 3-2 with Husom and Potter casting the nay votes.

Husom thanked those present and said it has been a trying experience. She stated it would be nice if the information was consistent and that everyone had the same information. She said there is so much conflicting information. Sawatzke said if the County would have handled this topic in a short time, they wouldn't have done their jobs. It has taken the County a long time as it is important to all of the Board members. Husom said transit is very important and they want to do it right.

A Budget Committee Of The Whole Meeting was held on 5-05-14. At today's County Board Meeting, Sawatzke moved to approve the minutes, seconded by Potter, carried 5-0. The minutes follow:

I. REVIEW 2013 BUDGET.

Hiivala distributed a Year End Budget Review for 2013. He summarized the contents of the report (see attachment) which included charts, graphs, and spreadsheets to illustrate revenue sources and expenditures for County Departments.

Hiivala thanked the Board and the County Departments for their cooperation in compiling information for this financial report. He referred to Page 2, which summarizes the budget and includes a copy of the Resolution at the time the current year budget was set. He said this is a cash basis presentation showing budgets and cash activities, including cash disbursements and cash receipts. Based on the net, the General Fund turned back \$1,973,115.54, the Road & Bridge Fund turned back \$1,553,913.38, and the Human Services Fund turned back \$118,056.43. The major funds turned back a total of \$3,645,045.

Hiivala referred to the graphs regarding All Funds on Page 3, "How we budgeted to spend it," and, "How we spent it compared to budget." He explained that this chart illustrates the entire budget, including costs for Debt Service, Building Roads, Capital Outlay, General Government (including the Auditor and Assessor), Public Safety, Highways and Streets, Human Services, Public Health, and Culture and Recreation. Overall, the County came in under budget on all but Highway Construction, which Hiivala said he would explain later on in the presentation.

Page 4 continues with All Funds. The top graph shows "Where it actually came from," and "Where it actually went." Hiivala said 49 percent of revenue was derived from property taxes. He said the small green wedge in the top pie chart is State General Purpose Aids, or County Program Aid. In the past, the State unallocated these funds. Hiivala highlighted that section for emphasis. The bottom graph indicates where County revenues were spent on a cash basis.

5-05-14 Budget Committee Of The Whole Minutes (cont.):

Pages 5 and 6, entitled "Wright County Budget Summary – Department Net Summary," break down the budgeted, actual expenses and revenue, the difference, and percentages of the original General Fund budget for each County Department. Hiivala referred to the Commissioners Budget of \$336,633. They spent \$307,506.73, and turned back unused expense dollars of \$29,126.27. Many Departments displayed turn back dollars. The Auditor/Treasurer's Office came in short of budgeted revenues by \$20,706.79. They experienced some successes and some losses in the License Bureau. Borrell asked whether the shortfall in the License Bureau was due to more people purchasing license tabs online. Hiivala said it was.

Hiivala said Pages 7 and 8 provide similar data for the Road and Bridge and the Human Services Funds. The two pie charts on Page 9 illustrate "Where it came from" and "Where it went" for the General Fund. Hiivala said 59 percent of revenue for the General Fund came from property taxes. He added that 67 percent of the General Fund was spent on personnel. He referenced two bar graphs on Page 10, "General Fund, Budget To Actual By Category," with the top graph depicting "Revenues (Excluding Property Taxes)," and "Expenses."

Hiivala turned to Page 11, "Analysis Of Revenues By Category / By Department." He referenced Court Services as an example, which shows a \$54,632.47 favorable variance for Fees. They did a good job of billing and collecting money. Hiivala said they used credit cards, which significantly helped the collection rate.

Hiivala said he combined the Licenses and Miscellaneous categories. The License Bureau performed better than budget. There was a shortfall in Game and Fish revenue. Hiivala said going into 2014, the County recognized these revenue changes and tightened up the Revenue budgets.

Hiivala referred to the Unallocated category on Page 11. In 2013, based on the 2012 Year End Review, the Board approved a \$1 million transfer to the Capital Technology Fund. The Unallocated item reflects County expenditure of that money. Borrell said the projects were not completed this year, but the funds are earmarked for them. Hiivala said when the County budgets technology initiatives, it is hard to tie them to a calendar year. The funds were transferred to the Capital Technology Fund to eliminate the need to budget for them in subsequent years in case the projects took longer to complete. Daleiden asked that this figure be itemized in the future to show how the technology funds are being spent.

Hiivala explained that \$1.3 million is investment income. He directed attention to Page 11, Unallocated category, under Investment Income. Investment Income was less than budgeted.

Hiivala moved to Pages 13 through 15, "Wright County Budget Summary, General Fund, Analysis of Expenses By Category / By Department." The Information Technology (IT) category, the Capital Outlay column, showed \$255,312.55 in turn back dollars. Last year the sales tax exemption took effect. Departments were asked to hold off spending until 2014 to save on sales tax costs. Several Departments did so and saved money on expenditures.

Hiivala said some initiatives in Human Services are funded by the Records Compliance Fund. Whatever funds that are actually spent on a project are transferred. The funds not spent remain in the Compliance Fund, designated for a particular project. The monies are still there, and this is how they are identified for the Budget process. The same is true of the \$1 million Capital Technology Fund. Hiivala said under the Unallocated category on Page 13, Department 100, the Actual Budget for account number 6900 (Non-Operating Expenses) shows where the \$1 million for the Capital Technology Fund was transferred.

Potter asked if the Miscellaneous column indicates the expense for office remodeling. Hiivala said those might be under Site Improvements. Hiivala said the \$250,000 budgeted under Unallocated category, Capital Outlay column is for some of the remodeling expenses.

5-05-14 Budget Committee Of The Whole Minutes (cont.):

Sawatzke asked how much of the \$1 million Capital Technology Fund has been spent so far. Hiivala responded that as of 12-31-13, none of the funds were spent. There have been other expenses out of that Fund since then. Borrell said the Board discussed having a set number for this Fund budgeted every year to avoid radical highs and lows. Daleiden said it would also set aside funds for large IT expenses in the future.

Hiivala said he studies trends during the budget process. In 2014, the County tightened up expense line items and became more aggressive about revenues. He did not know if future turn back or surplus dollars will be as significant since the budget is tighter.

Daleiden asked if the Personnel Services column includes wages and insurance. Hiivala said it does. The County turned back money in open positions. Those positions were taken out of the budget in 2014. The County also turned back more money based on staff turnover, delayed hiring, and insurance dividends.

Hiivala referred to Page 16 and the two Road and Bridge pie charts which identify revenue sources and expenditures for this Fund. For example, taxes comprise 29 percent of Road and Bridge revenue, 49 percent comes from State Allotments, as well as Federal and State grants. Personnel makes up only 15 percent of Road and Bridge expenses, while 60 percent is expended on construction.

Hiivala referenced the bar graphs on Page 17, "Road and Bridge, Budget to Actual By Category." In the top bar graph entitled "Revenues," Hiivala said taxes are a bit above budget. He said that is due to the Gravel Tax, which was bigger than budgeted. He drew attention to the State and Federal grants bars. In 2013, the County paid expenses for Highway 3, south of Cokato in McLeod County, and McLeod County reimbursed the County. The County also traded with Crow Wing County some of the allotment in order to get Federal grants. On a cash basis, Road and Bridge turned back \$1,553,913.38 (see Page 2), but the County is holding more than a million dollars in deferred revenue for a project which the County traded. Hence, the County is sitting on State aid monies that haven't yet been designated. The County must disclose to the State where the money is spent.

Joan McGregor, Albion Township, clarified that even though the number looks like a turn back, the County has to set aside the money. Hiivala agreed. He has to review the accruals and identify various revenues before he can make a recommendation to the Board regarding excess funds.

Hiivala turned to the two pie charts on Page 20, entitled "Human Services." The top chart was labeled "Where it came from," and the bottom one, "Where it went." Hiivala said there's a correlation between where Human Services came in short of State and Federal grants, and other expenses. Schwartz added that some expenses are due to retirements, resignations, and other personnel costs.

Daleiden asked if some grant awards are down. Hiivala said State Grants were short of budget, as noted in the total net amount of \$231,985.51 under State Grants, account 5300, on Page 22, "Analysis of Revenues By Category / By Department." Federal grants were short of budget in the amount of \$247,945.42. Hiivala said budgets are set in August of the previous year, and it is difficult to foresee funding changes that could occur.

Hiivala said Page 24 illustrates the complexity of the Human Services budget with three Departments and many programs. The Human Services Department spent more on Medical Assistance than budgeted, but less on Child Support and Collections. However, Hiivala said each Department spent less than budgeted on expenses.

There was discussion about the rising cost of Mental Health services, in part due to fewer beds and health care professionals, resulting in patients having to travel farther for help. Hiivala said they look at five-year trends at budget time, and it can be difficult to know how much should be budgeted.

5-05-14 Budget Committee Of The Whole Minutes (cont.):

Hiivala moved on to the rest of the report. He said Page 25, "5 Year Financial Data," shows a five-year cash trend for the County, indicating cash balances. Fund 2 is the Miscellaneous Holding account for the Law Library, Attorney, Sheriff, and Nuclear Power Funds.

Daleiden asked Hiivala why the account balances under Nuclear Power go down every year. Hiivala said the County receives grant dollars that get spent down by the end of the year. It is a reimbursable grant. Sawatzke added that years where there are increased expenses may be correlated to years when there were emergency plan exercises. Sawatzke said the County receives grant dollars for emergency plan exercises in odd-numbered years.

Hiivala said Pages 26 through 30 refer to the County's investment portfolio. He said 27 percent of the County's investments are liquid (0 to 1 month terms), and others are in agency and municipal bonds at 5, 10 and 10+ year terms. He is investing the County's surplus dollars and tries to keep the bulk of the County's operating cash in the zero to three-month categories.

Hiivala referred to Page 27, "Annual Board Presentation – by Security Type, Summary, Portfolio / Report Group: All Portfolios." This graph shows that two percent of County money is in cash at the bank. There are also Certificates of Deposit and a Money Market account. Hiivala said it is an issue regarding where to invest the money. The Cash, CD and Money Market funds are where the majority of operating cash is invested.

Hiivala referred to Pages 28 to 30. He said the last three pages of the report provide monthly data on the cash flow by interest earned. He explained that the top row of data on these pages should say January through December instead of numbers. The County earned a total of \$1,460,582.97 in cash in 2014 from investments.

Hiivala exhibited four bar graphs outside of the Year End report showing Year End Fund Balances and OSA Balance Guidelines for the General Fund, Road and Bridge Fund, Human Services Fund, and Combined Funds.

Hiivala said the State Auditor recommends that the County maintain a certain fund balance. Regarding the General Fund graph, he explained that the yellow bar is the minimum balance recommended for the Reserve Fund. The red is Actual, and the green is the maximum recommended.

Hiivala referred to the Road and Bridge Year End Fund graph. He said if the County cuts the budget, the reserve percentages go down. The County was more aggressive in 2012 and adopted a smaller budget for 2013. This is according to the State Auditor's recommendations.

Hiivala said the Human Services Fund is making progress. Each year the Fund balance is improving, but is still not at the level recommended by the State Auditor. The more compliant the County is with the State Auditor's recommendations, the higher the bond ratings the County receives. Bond raters look at the fiscal management of the County. Is it maintaining appropriate reserves? If the County issues bonds, is there an ability to pay? They also determine whether the County relies too heavily on taxes. When all the Fund types are combined, Hiivala anticipates that the total budget for the County will show an increase in the Fund balance. Currently, Hiivala said the County is at 46 percent, which is well within the 35 to 50 percent level recommended by the State Auditor. He said until he gets an audited opinion, Hiivala will not be able to give the Board a recommendation regarding what to do with the million dollar turn back in the General fund.

Daleiden asked whether the County's bond rating would remain the same as long as the reserve funds are sufficient. Hiivala said bond raters are impressed that the County has a fiscal policy regarding maintaining a Fund balance. The County works with Moody's and Standard and Poor's.

5-05-14 Budget Committee Of The Whole Minutes (cont.):

Borrell asked why the County doesn't pay down certain debts. Hiivala said that is a good idea, but the issue with bonds is the County can only call them when they are due. Hiivala said it is better to build up a fund balance to avoid paying interest. Borrell said the County would be better off if the jail bonds were paid and the County take a newer bond at a lower rate. Sawatzke said the County's jail bond rate is low.

Hiivala said the County has refinanced or paid off some bonds prior to the payoff date. Borrell said he felt the investments held a lot of risks. He did not want County reserves in municipal bonds. He would prefer they sit in the bank getting zero interest.

Tom McGregor, Albion Township, asked how many times the County has used Reserve funds to meet short-term cash flow issues or emergency situations. If there is a \$45 million Reserve Fund, McGregor asked if the Fund goes down to nearly zero during the year. Hiivala said it may get down to \$20 million to \$22 million.

Hiivala said there is a budget number for investment income, and the goal is to yield as much as possible to lower the levy. Hiivala said municipal bonds give the necessary return. Borrell countered that the County doesn't need \$22 million. Hiivala said the State Auditor's recommendation isn't just for cash flow. They recommend 35 to 50 percent in the event that people don't pay their taxes.

Borrell said the County doesn't need all that money to level budget cycles. Hiivala clarified that Borrell was talking about cash flow, and not reserves.

McGregor said he assumed taxes that are collected more than cover expenses of the county. He said the County collects enough so that there is no need to touch the reserve. Hiivala replied that 49 to 50 percent of the budget comes in from taxes. The rest comes in from elsewhere. McGregor said the County had approximately \$60 million in reserves at the end of last year. Sawatzke said McGregor is including nearly \$1 million in the Sewer Subordinate District that is not County money, but is part of the Solid Waste Fund. Borrell said the money could be invested and interest earned on it. Sawatzke said it does not belong to the County and is dedicated for another purpose.

McGregor asked when a measurement of the Fund Balance is taken during the year. Hiivala replied that he has relied on the Auditor's numbers for the Reserve balance. The numbers in the report are from 12/31/13.

McGregor asked if the number is taken from an accrual or cash basis. Hiivala said the 2012 red bar on the graph is the Auditor's fund balance through that year. The 2013 red column is not an audited number. McGregor said then there is \$40 million to \$45 million of unassigned revenue sitting in accounts. Hiivala said the definition of Reserve Funds is all funds combined. McGregor said this is unassigned. Hiivala said it is an unrestricted fund balance. Sawatzke commented that some assignments are not listed, such as severance. Hiivala said those designations are no longer itemized, including vacation and vested sick leave. The change is due to the Governmental Accounting Standards Board (GASB).

McGregor asked what the County Board plans for the Public Works Building facility upgrade. Borrell said a decision to move forward has not yet been made. McGregor asked if there was anything else not on the Capital Projects plan that the taxpayers would want to know about. Potter said in the future there may be a Courts project, but a space study must be done first.

The meeting adjourned at 7:34 P.M.

Recommendation: Informational only.
(End of 5-20-14 Budget Committee Of The Whole Minutes)

Advisory Committee/Advisory Board Updates:

1. First Responders Luncheon. Potter attended the event yesterday put on by the I94 West Chamber of Commerce. There were 13 award recipients including Josh Eull (Captain of the Albertville Fire Department), Brian Gronsberg (City of Hanover Fire Department and EMT), Melissa Meemken (Wright County Sheriff's Office), and Eric Kunkel (City of St. Michael/Wright County Sheriff's Office). He extended congratulations to the Wright County award recipients.
2. Fair Board Meeting. Borrell attended the meeting last evening. The Fair Board is seeking nominations for outstanding senior citizens. The criteria are that the nominee is over the age of 70 and their volunteer activity must be after the age of 65. Borrell can be contacted for more information.
3. State Community Health Services Advisory Committee Meeting. Husom attended the meeting last Friday. Discussion included bills passed at the Legislature. They are providing peer grouping, database established in 2008, and they are reviewing medical claims and costs. With e-cigarettes, they are addressing whether it conforms to the Clean Air Act. A community can pass stronger regulations. According to the House, e-cigarettes will not be allowed at health care facilities, schools, or wherever the Clean Air Act is enforced. Husom stated the MPCA is looking at supporting sustainable best practice for cities. As of May, 2014, there are 66 cities that have joined this volunteer program. They provide a list of green steps including 28 best practices for areas such as buildings and lighting, land use, transportation, environmental management, and economic and community management.

(End of Advisory Committee/Advisory Board Updates)

The meeting adjourned at 11:07 A.M.