

**Date:** May 14, 2018

**From:** Budget Committee Member Huxley

**To:** Budget Committee Members Ostrowski, Brand, King, Gold and Boice

**Subject:** Request the Budget Committee support a motion and vote affirmatively not to be bound by the major proposed budget increases in the Budget Message provided May 7, 2018 by Budget Officer Kallstrom.

The following are provided in support of such action:

**Source:** Video of the May 7, 2018 Budget Committee Meeting.

**38.5 min into video:** Budget Committee member Huxley to Budget Officer Kallstrom: Page one of the budget message for general funds shows there is a thirteen percent (\$1 Million plus) increase over last year. *"Who decided that in this budget that \$481,000 dollars was from Road Funds were going to be used? That's just a question. Who made that decision?"*

**39 min:** Kallstrom: *"There was a Workshop (March 28, 2018) with county commissioners on the budget and Interim County Administrator Hitt did say he was going to propose this in the budget; to add the four deputies."* [Emphasis added]

**40 min:** Huxley to Kallstrom: *"I was at that Workshop. I will review but I walked away absolutely not with that understanding. I'll verify that."*

Kallstrom to Huxley: *"That was part of his talk was that he was looking at that and then um, so this ah a lot of this proposed budget was working with Interim County Administrator before he left."*

**Source:** Video of the March 28, 2018 Board of Commissioner Workshop – Budget Direction - John Hitt, Interim County Administrator and Louise Kallstrom, County Accountant:

**3 min into video:** Hitt: *"I don't have any recommendations for you today. My presentation is really mostly in the form of if you will food for thought or possible action in the future."*

**11 min:** Hitt: *"At this point to me it's just OK here's some various things you can take a look at and then if you desire to follow up in more detail on any portion of it or on all of it I'm happy to do that."*

**1 hr 3 min:** Hitt: *"I said at the beginning, these are not recommendations. I don't mean to say that they are viable ways to go."*

**1 hr 9 min:** Hitt: *"I don't give this presentation making any particular recommendations."*

**Source:** News Article – Curry Coastal Pilot – Saturday, April 21, 2018: "John Hitt resigns leaving county without an administrator" Quoted statements below attributed to Hitt are taken from the article (attached).

*“Once you reach the point where you get the strong feeling the board isn’t accepting your recommendations, agreeing with your recommendations or input, probably not much will go on (in discussions).”*

*“I think they felt they don’t need anyone else, so why would I continue?”*

*“The commissioners wanted to move on to a new county administrator, so I figured why prolong things? They obviously didn’t want my input on the budget.”*

### **Summary:**

- The response from Budget Officer Kallstrom at 39 minutes into the Budget Meeting May 7, 2018 is disturbing as she was present during the Workshop March 28, 2018.
- On four separate occasions during the March 28, 2018 Workshop Interim Administrator Hitt emphasized (video) that he was not making any particular recommendations regarding the budget.
- In the April 21, 2018 news article Hitt is quoted numerous times presenting the message that the board was not accepting his recommendations and did not want his input on the budget.
- The same consistent message is attributed to Hitt during the Workshop March 28, 2018 and the news article April 21, 2018.

### **Closing:**

Why then was a decision made to increase the General Fund Proposed Budget for 2018/2019 by \$1 million dollars (thirteen percent) over the General Fund Adopted Budget for 2017/2018 and include the use of approximately \$500,000 in Road Capital Improvement Reserve Funds?

**ORS 294.331 Budget officer:** The governing body of each municipal corporation shall, unless otherwise provided by county or city charter, designate one person to serve as budget officer. The budget officer, or the person or department designated by charter and acting as budget officer, shall prepare or supervise the preparation of the budget document. The budget officer shall act under the direction of the executive officer of the municipal corporation, or where no executive officer exists, under the direction of the governing body. [1963 c.576 §5]

The ‘major budget changes’ on page two of the budget message from Budget Officer Kallstrom should be removed from the Curry County Proposed Budget for fiscal year 2018-2019. The Committee may then begin discussions on a Budget similar to that of the prior year.

On a related note regarding the use of Road Capital Improvement Reserve Funds: A news article May 9, 2018 in the Curry Coastal Pilot titled “County accountant unveils \$55 million budget” reported

**(Road money)** The biggest bone of contention in recent years has been whether to use county Road Capital Improvement Funds (RCIF) to pay for sheriff’s patrol deputies. While some budgets have allocated money for that — and it is allowed for seven Oregon counties under legislation approved five years ago — the sheriff has only dipped into that pot once.

Attached is a worksheet titled “Transfers - Road Capital Reserve to Sheriff Road Patrol” showing nearly \$5 million was transferred from Road funds to Sheriff’s County Road Patrol beginning (FY) 2012/2013. Also included in the worksheet are seven years of transfers into the Road Fund budget showing a significant increase in the department dependency on Road Capital Improvement Reserve Funds.

## John Hitt resigns leaving county without an administrator

<http://www.currypilot.com/news/6183066-151/john-hitt-resigns-leaving-county-without-an-administrator>

Curry County Interim Administrator John Hitt unexpectedly resigned Thursday morning and his replacement, Clark Schroeder, begins June 4 — leaving the county without an administrator during critical budget talks.

His last day was originally scheduled to be May 4.

“My days were very numbered as it was,” Hitt said. “I just got to thinking last night that, under these circumstances, I don’t feel I’d be effective over the next few weeks; I don’t feel comfortable taking money from taxpayers if I’m not productive, if I’m butting my head up against the wall. It’s in everyone’s best interest if I cut the cord now.”

The Curry County Board of Commissioners agreed Wednesday to end their contract with the Prothman Co. of Portland, which was hired last year to find an interim and permanent director. Hitt has filled the interim spot for eight months. He will not take a severance pay upon his departure.

Hitt didn’t apply for the permanent county administrator position due to issues in his family. Those issues were resolved, however, a few days prior to a meet-and-greet with two other candidates for the job. Many thought Hitt deserved the job because the board knows him and how he works.

County elected officials urged the commissioners to hire Hitt.

In an email to Hitt, County Assessor Jim Kolen wrote: “You have conducted yourself as a gentleman and a professional acting with concern for the vital functions that are and should be provided by this county for the benefit of the citizens we serve.

“You have recognized that the people working for our citizens are professional, intelligent and diligent team players who are doing an excellent job in spite of the difficult circumstances under which Curry County finds itself. Your work has been performed under the view of and appreciated by the public as evidenced by the dozens of calls, emails and letters to the commissioners calling for your retention as the permanent county administrator.”

He also said he was not pleased Hitt wouldn’t be kept through the budget process.

“You have the background, experience and temperament to provide unbiased counsel to the Curry County Budget Committee,” he wrote. “It is likely that you likely have a great deal more municipal budget experience that all six commissioners and budget committee members combined. We requested that you be retained through the county budget deliberations. Commissioners agreed you would be retained through the budget process (so) it surprises me now that two Commissioners without benefit of departmental, or public input and with no advanced notification terminated your employment effective prior to budget deliberations. It is a disappointing decision and in my opinion a disservice to our citizens.

Hitt said he felt he would be butting heads with commissioners if he participated in budget talks, as the reaction of “the majority,” he said, wouldn’t support the recommendations he made during a March 28 budget presentation. In those, he suggested the county increase funding for certain departments, particularly that of the sheriff’s.

The county’s general fund was slated to be about \$300,000 to \$400,000 short when Hitt made his budget presentation; his suggestions would have increased that to just over \$1 million — but put patrol deputies on the road 24/7, update software, participate in a program to bring property assessments up to date and hire a few needed people.

“Once you reach the point where you get the strong feeling the board isn’t accepting your recommendations, agreeing with your recommendations or input, probably not much will go on (in discussions).”

But then Congress unexpectedly approved reinstating the Secure Rural Schools program in the federal budget last month; that will bring about \$400,000 to Curry County’s general fund — enough to craft a business-as-usual budget for fiscal year 2018-19.

Most of that work will be left up to County Accountant Louise Kallstrom, who built this year’s budget, and the budget committee.

“I think they felt they don’t need anyone else, so why would I continue?” Hitt said. “The commissioners wanted to move on to a new county administrator, so I figured why prolong things? They obviously didn’t want my input on the budget. I would hope they’d at least consider the (suggestions).”

Kolen suggested Hitt apply for the Brookings City Manager position being vacated with Gary Milliman’s retirement later this year, but Hitt said he plans to “be a snowbird” and travel between Gold Beach and a home in Texas — unless another interim position becomes available somewhere.

“It was a challenge,” he said, of working with a board whose members more often butt heads than agree on issues. “And I loved working here in Curry County. I want to thank the citizens for the opportunity. I enjoyed my work a lot; I worked with many, many great people.”

Schroeder begins work next month, with a salary of \$86,000 — the very low end of industry standards. If for some reason other than misconduct the board terminates him, he will receive six months’ severance pay.

And the board has agreed to let him work remotely from his home in the Minnesota, once a month from Thursday to Tuesday — another issue that has been scorned on social media. It is not known if the county will pay for those travel expenses.

David Marshall, who Hitt hired as a finance director and now is a project manager, also quit his job.

“I was quite upset,” he said. “I heard so much about Curry County, and with exception of Court Boice, (administrative assistant) John Jesuit, Hitt and a couple others, it’s about as difficult a time I’ve had.”

He said he didn’t think his days were numbered, but his hours.

“I had zero confidence I’d be here by the end of the month,” he said. “I told John I figured I had a half-life left in Curry County and wouldn’t even have anyone to sign my last time sheet. I’ve been in the public sector for 25 years, and I’ve seen some things that are pretty remarkable, but this is incredible. I’m out of here.”

**Excerpts of mail to Curry County Board of Commissioners:** Upon further reflection of yesterday's meeting, I don't believe that I can continue to serve effectively as interim county administrator. Hence I feel it is in the best interest of the BOC, as the governing body, if I resign effective today.

I thank you all for the opportunity to serve as interim county administrator. The job was always interesting and it was a real pleasure getting to know the many amazing people on our county staff, as well as a great number of dedicated citizens.

I wish all the best for you personally, as well as your future work here at the county.

**Email to others:** This was done with a heavy heart, but also with the conviction that, based on yesterday's BOC meeting (as well as other issues that have risen in recent weeks), I can no longer serve effectively as interim administrator.

Thank you all so much for your support of me, and more importantly, your very fine work for the citizens of Curry County. It has been an honor and pleasure getting to know you and work with you these last eight months.

I will miss all of you and wish you the very best. Thanks again for all you do.

Comments  
5/11/2018 TET

### Transfers - Road to Sheriff

Gary Short

Sent: Tuesday, February 17, 2015 10:06 AM

To: Commissioners

Cc: Jerry Herbage

Transfers from Road funds to Sheriff's County Road Patrol:  
FY 2012/2013

- From Road Capital Improvement Reserve Fund.

11/30/12	\$350,000	
05/31/13	\$350,000	\$700,000 Total Transferred.

FY 2013/2014

12/31/13	\$425,000	Sheriff Patrol
12/31/13	50,000	Patrol Dispatch
06/30/14	\$406,150	Sheriff Patrol
06/30/14	40,396	Patrol Dispatch
\$921,546 Total Transferred.		

FY 2014/2015

12/31/14	\$534,188	Sheriff Patrol
12/31/14	29,737	Patrol Dispatch
\$563,925 Total Transferred.		

\* 1,383,134 - Actual  
x 2 + 819,209

2012 through 2014

~~\$2,185,471 Total Transferred.~~

\$3,004,680 through June 2015

2014/2015 Budget Balances:

\$815,812	Sheriff Patrol
\$ 70,563	Patrol Dispatch

It is reasonable to project the January to June 2015 transfers will be similar to July to December 2014.

Transfers may increase if Sheriff anticipates future funding and open road deputy positions are filled.

\$3,004,680

2015/2016 - Adopted  $\phi$

2016/2017 - Adopted  $\$1,825,000 + 3,004,680 = \$4,829,680$

2017/2018 - Adopted  $\phi$

2018/2019 - Proposed  $\$481,260$

### Transfers to Road Fund - 1.15

2012/2013 -  $\phi$

2013/2014 -  $\phi$

2014/2015 -  $\$2,425,000$

2015/2016 -  $\$100,000$

2016/2017 -  $\$650,000$

2017/2018 -  $\$2,873,436$

2018/2019 -  $\$2,354,610$