



SPECIAL SESSION JUNE 24, 2010

(Minutes prepared by Kathy McBride of Wasco County Board of Commissioners)

10:18 a.m.

JOINT MEETING of the Counties of Wasco, Sherman and Gilliam to discuss the governance of the North Central Public Health District.

Present: Sherry Holliday, Wasco County Commissioner, Bill Lennox, Wasco County Commissioner, Teri Thalhofer, North Central Public Health District Director, Kathi Hall, North Central Public Health District Business Manager, Gloria Perry, North Central Public Health District Program Secretary, Monica Morris, Wasco County Finance Manager, Tyler Stone, Wasco County Administrative Officer, Steve Burnet, Sherman County Commissioner, and Eric Nisley, Wasco County District Attorney. Mike Smith, Sherman County Commissioner, Dennis Gronquist, Gilliam County Commissioner and Mike Weimar, Gilliam County Commissioner, were participating by telephone.

Commissioner Lennox, Chairman of the North Central Public Health District Board of Health, called the meeting to order to discuss the governance of the North Central Public Health District.

Teri Thalhofer stated that it has been almost a year since the Health District has been in existence. Some issues have come up around the Intergovernmental Agreement and what the terms of the Agreement mean. After this year's budget process we may want to amend the Agreement and Bylaws to make the three Counties more comfortable.

Thalhofer stated that one particular concern is with the Board of Health. The Board consists of three Commissioners, one from each County, and six lay members. The Board of Health has the fiscal authority. There has been some concern voiced with the authority being mainly lay members. The main concern voiced has been over the budget.

Commissioner Holliday stated that she asked Monica Morris and Tyler Stone to be here in case there were any questions. Morris has some information to present.

Morris stated that the information she has to present is more in regards to the Health District's Bylaws. We can look at that at another time. Morris has some financial information that she worked on as to

revenue and expenditures from Funds 101 and 201. The information has more to do with the administrative in-kind.

Thalhofer referred the Board and Court members to the Intergovernmental Agreement.

Kathi Hall stated that Stone has expressed some concerns regarding the reference to the governing statutes in the Intergovernmental Agreement for the North Central Public Health District versus the Intergovernmental Agreement for NORCOR.

Eric Nisley stated he is not sure why the statutes referenced were different from each other. It could have been that the Oregon Revised Statutes changed. The statutes allow the Counties to enter into Agreements between governmental bodies.

At 10:25 a.m. Gilliam County Judge Pat Shaw arrived.

Thalhofer summarized for Judge Shaw where we were at in the meeting.

Thalhofer noted that Page 2 of the Intergovernmental Agreement addresses the governance of the Board. It is also addressed in the Health District's Bylaws. The authority has been designated to the Board of Health, as well as the fiscal authority. Thalhofer is wondering if the language within the Intergovernmental Agreement needs to be amended to address the concern.

Thalhofer asked if an Executive Board should be created who would have fiscal authority and the Public Board would be an advisory board for policy issues.

Nisley asked what the concerns on the fiscal board are. The Commissioners agree on the budget. The Budget Committee would approve or decline the budget. The Budget Committee has the ultimate authority to either approve or reject the budget.

Commissioner Holliday stated that part of the issue is that there are three Commissioners and six lay members. The lay members may not understand all of the issues.

Thalhofer stated that part of the issue could be with the process. This year the budget process was not the best process. Maybe the Board should approve the budget and then have the budget reviewed by each County. The budget went to all three Counties this year but there was not a real discussion on the proposed budget.

Judge Shaw stated if the budget was approved by all three Counties the Budget Committee would be more apt to approve it.

Nisley stated the question is who has the authority to present a proposed budget.

Commissioner Lennox stated that we have a couple of issues; should the lay members be involved in the process or not? If we were to go that route would we have an Executive Committee to formulate

the proposed budget. It would then go to all three Courts and then each Court would have to take it to their Budget Committee to be approved.

Some discussion occurred regarding the budget process.

Thalhofer stated that the budget process is not clear. It would be easier to have a clearer process with Commissioners' guidance at the start of the process.

Commissioner Lennox stated that we did have a couple of other issues that muddle the issue; how Wasco County kept track of the funding. He noted that next year may be a difficult year for some of us. As part of the Agreement, the budget would need to reflect those necessities.

Thalhofer asked where that happens. We can set the budget based on the income from the three Counties. If we get to the budget hearing and find out a County cannot participate at that level. We need to discuss the funding formula at the governance Executive Committee level.

Tyler Stone stated that the North Central Public Health District needs to become their own entity. They would have their own budget process, payroll, insurance, etc... The three Counties would buy into that. Financially they are operating as a Department of Wasco County.

Thalhofer stated that the issue is that Wasco County cannot participate in it if the in-kind is not a part of it. She had a conversation with Nisley yesterday. His suggestion was for the Health District to contract with Wasco County for services that Wasco County would be providing to the Health District. Also discussed were the issues of personnel and liability.

Nisley stated that the legal reality and the de facto reality are sitting with a Department that is really not a Wasco County Department. When you have a responsibility for the conduct of an employee you need to be able to supervise and have contract authority of those employees.

Judge Shaw noted that they have various ORS 190 agencies where one County does the administration for these agencies.

Nisley stated that is the goal and the idea; however we are not quite there yet. Wasco County is willing to be the fiscal agent.

Commissioner Burnet stated that they are willing to have Wasco County do the administration.

Stone stated as part of his role and part of his job is that Wasco County is protected from liability and managed financially and appropriately. The second part is that he needs to get direction on what his role is on the North Central Public Health District. As far as the liability, his concerns center around this is an entity by itself under the Intergovernmental Agreement, but they are Wasco County employees. The responsibility and liability is Wasco County's. Wasco County is financially contributing \$722,000 this year, which includes in-kind. As a County we need to be able to look at expenditure and manage that according to our budget.

Nisley assisted by summarizing the discussion. Nisley stated that he heard Thalhoffer say that she would be willing to do a Memorandum of Understanding; the employees of the Health District would be treated as Wasco County employees subject to all roles and procedures of the County.

Stone stated that it is not just the employees. The Health District is able to bind the County.

Nisley replied by stating that the Health District has to comply with state law.

Judge Shaw stated that it goes through the Board of Health and there is a representative from each County on the Board to oversee the contracts.

Commissioner Lennox stated that he feels we are going down two paths. The first path is working towards getting the Health District to a separate organization. That was not the intent when we first created the Health District. Each County is putting in a lot of money from the General Fund. We have been trying to expand what we once had with the Wasco Sherman model. The Health District was created so that we could tell the state we are a Health District and we need to collect funding as three separate entities. We need to work on seeing if Wasco County can be responsible administratively. The Health District will have to recognize that we have that responsibility. We need to see if we need to amend our Intergovernmental Agreement.

A lengthy discussion continued.

As to the issue of liability; Thalhoffer stated that Wasco County would get credit for that by the way of in-kind.

Nisley summarized that Wasco County is responsible for "liability for negligence".

Stone stated that Wasco County's only say in the operations is at the Board of Health with their representative there. It is not in operations.

Thalhoffer noted that she was hired by the County; she could report to the Board of Commissioners and not just the Board of Health.

Thalhoffer stated that the only thing you empower the Health District Director to do is referenced under Section 2.3 of the Intergovernmental Agreement. The Agreement leaves out two big pieces that she is empowered to do under state law. Thalhoffer read ORS 431.416.

Commissioner Burnet noted that the insurance requirements are noted under Section 2.4 in the Intergovernmental Agreement.

Stone stated that they are protecting the Counties, but the liability still lies with Wasco County.

Nisley asked who has the responsibility; the Director or Wasco County?

Stone stated he just needs direction from his Board as to his role in this. Does he manage public contracting in this, or does the Health District have the authority?

Thalhofer stated that what she has concerns about are: is she the person that runs the Health District; does the day to day operations, or is there another authority that she needs to answer to on the day to day operations.

Commissioner Holliday felt that we needed to first decide if it is truly our liability; and if so do we want to be out there by ourselves.

Kathy McBride, Executive Assistant, stated it is her understanding that the Wasco County Board of Commissioners is the Contract Review Board for the Health District.

A lengthy discussion occurred in regards to the responsibility of the North Central Public Health District Director.

Thalhofer again referred to ORS 431.416 as to what the Health District is required to abide by.

Judge Shaw stated she feels that is what they hired Thalhofer for.

Commissioner Holliday stated if that is the case why we don't make the Health District a separate authority.

Hall stated then Wasco County could not provide the funding without the in-kind consideration.

Thalhofer suggested that the Health District contract with Wasco County for payables, receivables, treasury, etc.

Nisley pointed out that is what the Intergovernmental Agreement said we are going to do. He said one area that Thalhofer does not have ultimate authority over yet is the direction and control. It is his belief that the ultimate decision as to day to day, discipline, hiring, firing will be with Wasco County or whoever they designate that authority to.

Commissioner Lennox stated that as long as Wasco County is taking on the administrative role we have the ultimate responsibility.

Stone asked if that goes to determining if you need to hire someone through a program. Is that a Wasco County decision or a Board of Health decision?

Commissioner Lennox feels that would be more of a decision with the Board of Health.

Nisley stated that he does not agree as long as the Agreement states they are Wasco County employees.

Commissioner Lennox stated that the formation of the Health District was an attempt to create efficiencies. We are stepping a lot faster moving it into its own entity.

Further discussion occurred regarding the current makeup of the North Central Public Health District.

Stone noted that next year Wasco County will be in a financial hardship. He is not trying to tear down what was built. He is just trying to clarify the responsibility. As to his recommendation, there will be significant cuts to all Departments, including Public Health next year.

Thalhofer noted that the Bylaws state that there will be an annual general fund contribution. If Wasco County wants to take away general fund dollars the Bylaws will need to be amended.

Morris noted that she had a conversation with the County's auditor yesterday. The County is required to follow state budget laws. Our auditor indicated that we need to determine whether the North Central Public Health District is a component of Wasco County or not. If they are a component of Wasco County they will need to follow the County's policies and procedures, as well as being included in our audit.

Morris stated if they are not a component of Wasco County they would be similar to NORCOR and be their own entity and have their own processes. Wasco County would send the Health District a payment for the County's portion of the cost.

Morris noted that if we determine that the Health District is not a component then as of July 1st there would be no fiscal work done by Wasco County. We could not receipt or expend any money on behalf of the Health District.

Morris stated that Thalhofer is an employee of Wasco County. She would have to follow our policies and procedures.

Thalhofer stated that she did not say that they would not follow County policy. The new policy is being implemented but has not been adopted by the Board of County Commissioners yet. The problem is that the new processes are being implemented and they are being asked to comply prior to Board approval.

Thalhofer stated when they refer back to the travel policy we are told that we need to go with the draft policy. That is where they have the rub. They do not have a problem with complying.

Commissioner Lennox stated that he does not think we will make a decision within seven days to become a separate entity. We are looking at what we already have in place. Wasco County has the administrative responsibility.

Thalhofer stated that she does not have a problem having a separate fund and going under the policies adopted by the Board of County Commissioners.

Some discussion occurred regarding the need for the Health District to have a data plan. Wasco County does not have a data plan. The issue of the data plan was rejected as a budget enhancement in this year's budget process. Thalhofer wonders if this is something that she goes back to the Board of Health to ask them to provide for their staff, or does she go to the Wasco County Board of Commissioners.

Commissioner Lennox stated that the Health District may need certain things. Those things could be justified. Then it is a matter if Wasco County can implement what you have. It is just something that needs to be worked out.

Thalhofer stated that we need to discuss whether she has the authority to meet the rules of the Local Health Authority; ORS 431.416 was cited again by Thalhofer.

In order to help move the meeting along Nisley asked if Thalhofer has the day to day authority.

Commissioner Lennox responded by stating yes.

Judge Shaw stated if it is under statute as to the authority of the Board of Health; then it would be the Board of Health's responsibility.

Commissioner Lennox stated for the time being Wasco County is ultimately responsible for some things.

Commissioner Holliday stated that things that are listed in the Oregon Revised Statutes are Board of Health responsibilities.

Judge Shaw stated that an Intergovernmental Agreement cannot override a statute. She stated that there is no doubt that the Health District is benefiting Gilliam County. She wondered what would happen if the Counties of Gilliam and Sherman were not a part of the Health District. Could Wasco County operate without getting their money?

Thalhofer stated that Wasco County was getting funding from Gilliam County. The State of Oregon contracted out for services for Gilliam County and Wasco County was the contractor providing many of those services for a long period of time.

Stone stated it would be a significant difference.

Some discussion occurred regarding the benefits of the three County Health District.

Judge Shaw stated in her mind there were benefits for the formation of the Health District. It does not make her happy to listen to all of this. She keeps thinking if they would be better off doing something down the line. What she sees here is an inter-county personnel problem. She does not like being a part of this.

Commissioner Burnet stated that the quicker we can follow what the Intergovernmental Agreement said, and coming up with a plan to make the Health District an independent agency the better we would be.

Thalhofer asked if it is the consensus of the Counties that we move towards an entity like NORCOR.

McBride warned the Board and County Court Members as to the costs involved in forming a separate entity.

Commissioner Lennox stated that we need to recognize that moving to a separate entity is costly and a time consuming effort. We need to make the Intergovernmental Agreement work within the structure we have.

Stone stated that he does not know if it is an interpersonal thing. We are just asking what the rules are. He feels this meeting is good to work towards those definitions and understand what the rules are. We all benefit with being a three County Health District.

Commissioner Lennox feels we cannot go out independent. He wants to make sure if Judge Shaw feels we need to address other issues.

Judge Shaw stated that her main concern was having the Health District under a separate fund and that the carryover would not be absorbed by Wasco County's General Fund. That was done.

As to the budget process; Morris stated that the Health District would follow Wasco County's policies. The County's auditor clearly said that Wasco County and all of its funds goes through a budget process. If the Health District does not go through the County's process and follow the County's policy they become something separate.

Judge Shaw stated that there is a lot that goes on before they submit a budget. She feels that the Board of Health prepares the budget and then submits the budget to the three Counties for their review.

Thalhofer stated that the budget goes forward to the Wasco County Budget Committee after it is created by the Board of Health and the Counties. She feels that the Counties need to meet and discuss the funding formula and determine what the revenues will be.

Judge Shaw stated the process could be similar to NORCOR's process. It is prepared by staff, it is reviewed by the Board and then it is presented to the Budget Committee.

Nisley asked Morris what the budget process would be.

Morris responded by stating that the budget process would be determined by the Board of Commissioners and Stone. The Departments would put together a budget and then it would be discussed by the Chair of the Board of Commissioners and the Administrative Officer.

Nisley stated that the Board of Health could meet with the Health District Director, the Chair of the Board of Commissioners and Stone to put together a proposed budget that would be presented to the Wasco County Budget Committee.

Some discussion occurred on next year's budget process.

Thalhofer asked if the Counties want the Board of Health to be the Board that exists now. Are the two other Counties comfortable with the budget being prepared with only one Court Member's input. Or should there be an Executive Board that does fiscal oversight?

Judge Shaw responded by stating that the only reason in her mind that it should be the Executive Committee is that they are more in tuned with the process.

Nisley stated it would be simple for the Board of Health to delegate the authority.

Thalhofer noted that the Intergovernmental Agreement does not allow Wasco County to contribute less than the funding formula.

Commissioner Lennox stated that the funding formula has to be determined on a yearly basis.

Judge Shaw stated one concern she felt this year was if services were cut because of Wasco County's budgetary problems it would cut services to Gilliam County.

Thalhofer stated that it would have implications across the board if staff were cut. She was not given the ability to only have the impact to Wasco County.

Nisley stated that this is what the process should be: 1) Health District Budget Committee meets with Director to prepare a proposed budget; 2) Budget Committee and Director meets with Chair and Stone; 3) A proposed budget is created; 4) the proposed budget is balanced; 5) Proposed budget is presented to the Wasco County Budget Committee, advocate increase or decrease.

Morris stated that the process on how to balance the proposed budget may change next year. After #3 she could not tell us how it would happen next year.

Commissioner Lennox wondered why we could not define the process now.

Morris stated that the Board of Commissioners is changing; we do not know who the chair will be.

Thalhofer stated that the vault meeting would happen with the Health District Budget Committee and the Director.

Judge Shaw suggested after #3 that the Budget Officer would create a balanced budget. At that point if funds are cut from the Health District budget it is up to the Public Health Board to decide where they will cut and not the Budget Officer.

Everyone agreed with Judge Shaw's comment.

Morris stated you are asking for us to commit to a budget process next year.

Commissioner Holliday responded by stating that it will be either Commissioner Lennox or herself that will be the Chair of the Wasco County Board of Commissioners next year.

Nisley stated he understands Morris' concern. We are looking for a good faith consensus of what we foresee the process being next year. We can all say in good faith we think this will be the process.

Commissioner Holliday stated we will not go outside the law.

Nisley pointed out that this is consistent with the auditor's concern.

Everyone agreed that this is a good faith direction for next year's budget process.

Judge Shaw stated if that is followed then the proposed cuts may affect Wasco County more than Sherman and Gilliam Counties. Judge Shaw is happy with the process discussed today.

Thalhofer noted that we need to decide how the administrative in-kind is figured. Her understanding is that there should be a contract with Wasco County on how this should be addressed. They have looked at other examples from other Counties. Other Counties pay for services.

Nisley recommended a Memorandum of Understanding or a Letter of Understanding. He feels that the Board of Health would submit the document to all three Counties for their approval.

Stone felt that Wasco County should be determining the cost of that administration.

Nisley commented that they would consider the proposal and we would negotiate. It is like buying a car.

Commissioner Holliday stated that another County could decide that they could do it for less.

Thalhofer noted that the Intergovernmental Agreement states that Wasco County will provide the administrative services. It is not up for negotiation to go to another County.

Judge Shaw stated that there was a funding formula figured out this year.

Thalhofer stated that the funding formula was created by the old Financial Officer. Nobody is completely clear on the formula.

Judge Shaw suggested that we could ask for Sarah Brumbaugh assistance.

Morris stated that the County's in-kind could fluctuate.

Judge Shaw also suggested that a small work group meet to work on a proposed funding formula which would then be taken to the Board of Health for their consideration.

Thalhofer will work on bringing a committee together to discuss a proposed funding formula. The goal would be to bring back the first proposal by September. Thalhofer will consult with Brumbaugh and the Association of Oregon Counties.

Thalhofer summarized for the Commissioners participating by telephone what had been discussed since there were some problems with hearing today's discussion.

In her summarization Thalhofer noted that the Public Health District Budget Committee, consisting of the three County Courts/Board of Commissioners, would meet with the Health District Director to prepare a budget; the Public Health District Budget Committee and Director would meet with the

Chair of the Board of Commissioners and the Budget Officer. The creation of the proposed budget would be a budget balancing process, which would be presented to the Wasco County Budget Committee. Any proposed cuts to the Health District budget would be determined by the Board of Health and not Wasco County.

Thalhofer also noted a formula committee would be created consisting of Monica Morris, Tyler Stone, Kathi Hall, Teri Thalhofer with input from Sarah Brumbaugh, Mid-Columbia Council of Governments, and the Association of Oregon Counties. At this point in time the employees of the Health District will remain Wasco County employees and Wasco County will continue to assume liability for negligence. The Health District will operate under Wasco County's policies and procedures.

During the meeting Nisley facilitated by writing issues on the Board as discussed during the meeting. The following is a summary of items discussed:

Employees:

- * Liability for negligence
- * Supervision

Budget:

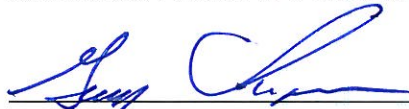
- * Public Health Budget Committee meets with District Director to prepare budget
- * Budget Committee and District Director meet with Chair and Stone
- * Create proposed budget
- * Budget balance process
- * Present to Budget Committee, advocate increase or decrease

Administration In-Kind Value:

- * Create formula

THERE BEING NO FURTHER MATTERS AT ISSUE, THE SPECIAL TRI-COUNTY COURT SESSION WAS CONCLUDED.

SHERMAN COUNTY COURT



Gary Thompson, Judge



Steve Burnet, Commissioner

Mike Smith, Commissioner