



NORCOR CORRECTIONS FACILITIES

Wasco-Gilliam-Hood River-Sherman
201 Webber Street
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NORCOR

Minutes of the NORCOR Budget Meeting 9:00 am April 15th, 2021

PRELIMINARY BUSINESS:

To support the Governor's Executive order for social distancing, the NORCOR Budget Committee conducted this meeting by video conference only.

Budget Committee Members: Amber DeGrange NORCOR Budget Committee Chair; Steve Kaseberg- Sherman County Representative; Don Jamieson- Gilliam County Representative; Deirdre Kasberger - Hood River Representative; Teresa Hepker- Wasco County Representative, and Dale Whipple- Budget Officer.

Board Members: Bob Benton, NORCOR Board Chair; Scott Hege filling in for Kathy Schwartz, NORCOR Vice Chair; Lane Magill, NORCOR Secretary; Joe Dabulskis - Sherman County Judge; Sherrie Wilkins- Gilliam County Commissioner; Amber DeGrange- Sherman County Juvenile Director.

Legal Counsel: Don Hull, Jeremy Hull

Oversight: Juvenile Director Overseing Detention Facility: Molly Rogers- Wasco County Youth Services Director; Sheriff overseeing Adult Corrections Facility- Brad Lohrey Sherman County Sheriff.

Staff in Attendance: Bill Boyden, Joyce Orendorff, and Tricia Leininger.

1.0 Call to Order – The meeting called to order by Budget Committee Chair Amber DeGrange at 9:02 am.

- 1.1 Welcome and Roll-Call—
- 1.2 Quorum Determined

2.0 Election of Officers –

- 2.1 Chair –
- 2.2 Vice-Chair – Bob Benton made a motion to re-elect Amber DeGrange as Board Chair and Teresa Hepker as Vice Chair. This motion was seconded by Sherrie Wilkins. The motion passed with all parties in favor.

3.0 Management Team Presentation – Molly Rogers spoke to the diligence and hard work put into the budget for accuracy. In the meetings they focused on the principals set forth by the Board throughout the last year. There are no new positions. In the fiscal 20/21 budget three positions were removed and were not added back. You will see there are a couple of positions that might occur only if grant funds come through. There is no guarantee of those funds at this time. There are no new programs without dedicated funding. We are committed to \$100,000 into the Capital Replacement Plan. It was exciting to find that we have over \$300,000 after this budget year in that fund when in 2019 we had zero.

This is a base continuing level budget. The reserves were maintained at a little over 5%. In the 21/22 budget NORCOR is requesting total subsidy payments of \$4,376,839 which is a \$42,046 over the total payments in 2016/2017 of \$4,334,793. The NORCOR funding pathway graph shows exactly how



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fragile the NORCOR budget is. Operating costs continue to rise. County subsidies have dipped and then come back up. Other revenue continues to be a piece that we rely heavily on.

Overview of the current year: Molly Rogers shared a special thank you to all of the NORCOR Staff who have been affected by the impact of the pandemic, fire, windstorms; however the staff has done amazing throughout a difficult budget year. Not only did we stay within our budget, we also managed to avoid COVID outbreaks. It speaks to the fact that very good protocols have been in place since the beginning, we have maintained those protocols and we continue to monitor and be very cautious about how we open and change practices. NORCOR has not denied any admission approved by a Juvenile Director or a Sheriff based on our COVID-19 protocols.

Sheriff Lohrey shared that during the COVID crisis and trying times, the adults we are allowed to have in custody at the facility has decreased. It has been up to the County Sheriff's to decide who does or does not come in. People have only been refused due to mental illness and medical reasons.

Molly Rogers shared that in October of 2020 the NORCOR Board voted to end the contract with Immigration and Customs Enforcement. The importance of that is that that resource had been up to \$980,000 in past years coming to our budget from those contracts. We have managed to continue and make this budget work. This is the first time in the history of NORCOR that the ICE revenue is not in the budget. When the budget was prepared this year, it is the lowest ending fund balance we have ever anticipated for NORCOR. This year is the lowest beginning fund balance ever anticipated for NORCOR. The fiscal year 2022 anticipates a beginning fund balance of \$400,000. This budget has the same current service levels with a focus on two things: balance increasing operating costs and continue to watch the financial challenges of our member counties.

Assumptions regarding revenue include:

- Guaranteed beds for Benton Counties
- Increased usage from US Marshals
- Contracts with Wheeler County and Warm Springs
- Decreased usage by Bureau of Indian Affairs (BIA)
- Oregon Youth Authority usage the same (OYA)
- Contracted rental agreement for the warehouse goes through October 2021- It is anticipated an extension until 2022

This budget includes an increase in subsidies of 4%

- Each 1% increase is: \$43,768 (Wasco, \$21,884; Hood River, \$17,507; Sherman, \$2,188; Gilliam, \$2,188)

Molly Rogers shared some estimates for anticipated expenses; a cautious estimated increase of \$30,000 liability insurance as the rates have not been released. This budget anticipates that we will maintain current protocols for COVID-19 until January 2022 and these protocols have increased costs for NORCOR. This budget does not include any budget implications from legislative actions. This is good and bad, a good example is the possibility of pre-adjudication funding for health care, and there is also some impact of costs that may occur for other things. We are positive that by May 20th, the Budget Committee will be able to recommend the proposed budget for 2021/2022. We think it is important and prudent that NORCOR funding practices need to be analyzed to create a more sustainable funding model. We would like to build a work group or task force of community members and county leadership to build a philosophy and algorithm for



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funding NORCOR. Part of that are county subsidies, but it cannot all be based on contracts. A tax district should be considered, specifically with the NORCOR Resource Coalition to see what it may entail.

Sheriff Magill inquired about revenues coming from the counties that may assist in offsetting some of the costs, wondering if COVID relief has been discussed with the different Counties. NORCOR is the only facility in the state of Oregon (30 facilities) that has not had a COVID outbreak. There is a cost associated with that statistic, medical costs and staffing. NORCOR has done an excellent job.

Bob Benton responded that each county is coming up with a way to use the American Rescue Plan Act funds to backfill revenues. Hood River County has a committee that is discussing a structure how to use those funds. He recommended that the Management Team reach out to the member counties to discuss the needs that NORCOR has. Each county will use the funds differently but may have an opportunity to provide NORCOR with some assistance.

Joe Dabulskis pointed out that this ARPA funding would only be a short term, we would only receive the funding half this year and half next year.

Bob Benton stated that we have always been unsure about our beginning fund balance, however the confidence is much higher this year compared to previous years for what we have projected to be an end surplus based on actual numbers.

4.0 Presentation of FY22 Budget – Dale Whipple opened the FY22 Budget presentation. He shared that he feels that the numbers are approximately 85% correct; he feels that a few liabilities may be overstated and he is working on those expenditures. He does not feel there will be big differences; however it will help out in the long run with fund balances. Molly Rogers shared that we know where the money is, and we know how much is there due to Dale Whipple's hard work. Currently revenues over expenditures at March 31st are roughly \$179,000. Our ending fund balance was audited at \$336,000. Adding those together comes in over \$400,000. Dale Whipple did a run out to the end of the year on all known outstanding Purchase Orders, known revenues coming in, and asked both Jeff Justesen and Dan Lindhorst to check it. There is a methodology how we arrived at the \$400,000 that is solid.

Bob Benton shared that he feels that when looking at the budget, the \$700,000 beginning fund balance and then the \$400,000 proposed beginning fund balance is misleading. He pointed out that we did not burn \$300,000, the issue is the confidence in the \$700,000 was not accurate, it is actually close to half. The Management Team has done a great job honing that in. He just wanted to clarify that.

Scott Hege inquired how confident is the Federal US Marshall housing amount and wanted to know what it is based on. Sheriff Lohrey responded it is based on what we know with our track history this year and our conversations with US Marshalls; we are confident with the 40 beds. Molly Rogers clarified that they are confident in the amounts for this fiscal year. She stated that they realize the US Marshall's is a very fickle contract at times; however, with the current political status of other facilities that house US Marshalls Adult In Custody, they are confident.

Molly stated the budget is now organized. You will see no real significant changes in revenue or in the expenditures. Between the last two years, the difference between the two funds is less than \$100,000 and decreased from last year by \$100,000. You will notice this year we did a lot of computer equipment replacements so we do not anticipate those types of replacements in the coming year. Last year we did the kitchen makeup air unit, the \$15,000 in this particular year is the septic/sewer system, there is a replacement need for the muffin cruncher.



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Teresa Hepker inquired about the 2021 Budget beginning fund balance in the budget document. Molly Rogers explained that the \$700,000 was the budgeted beginning fund balance; however it is not the audited actual number which is \$336,304.

Amber DeGrange inquired about a revenue line for Adult Corrections showing Justice Reinvestment going from \$121k to \$75k. Molly shared that when the budget was prepared they were not sure where the legislative budget would be for JRI. Dan Lindhorst felt confident that we needed to be cautious with this number, recently it was discovered that JRI may be funded, but we do not know if there will be strings attached or not. We did not feel it was prudent in this budget trying to balance between County need and operating expenses.

Molly Rogers shared that the first grant is a state grant Pacific Source \$104,391. This grant is an unanticipated fund that we are applying for, but the offsetting expenses will not occur unless the grant is received.

Personnel—No new positions except the Mental Health position will only occur only with a grant from Pacific Source. Personnel remain the same, it only has cost of living and step increases in it.

Amber DeGrange inquired about the legal fees in Administration being almost half less. Molly responded that there is no longer appellate court costs related to the lawsuit, and secondly we are learning to use legal more appropriately. \$10,000 is labeled labor negotiations because we will open labor negotiations in this fiscal year.

Materials and supplies for the Adult side- One of the costs in this budget that has not gone down is gloves. Gloves went from \$5.00 to \$20.00 a box which is about a \$78,000 cost to NORCOR. This may be a very tangible expenditure we can request for recovery assistance. Toilet paper is another very expensive item in this budget. PPE expenses are reflected in multiple locations; supply items, kitchen supplies, and AIC supplies.

Scott Hege inquired about PPE donated from other entities. Molly shared that opportunities to receive those resources have become limited, however if it becomes an option we will most certainly get in line.

Molly Rogers continued with materials and supplies and pointed out that we actually reduced the overall cost of supplies by about \$34,000.

Amber DeGrange inquired about the location of telephone and internet services. Molly Rogers pointed out that it falls under shared services on the Adult side. Some expenses like travel, we were able to reduce this year. The rental property maintenance and repair has been put in shared services.

Contracted services for the Adult side went up \$300 from last year. The major equipment replacement on the list was the kitchen makeup air unit.

Reserve Emergency Fund- We have not had in our budget an un-appropriated ending fund balance amount; it has always been used as reserve emergency fund, which is a continuing practice. We are very excited to say we are allocating to that fund. If all goes correctly it will be the base for the beginning fund balance for the fiscal year 2023. This is our third year we have been able to transfer to the reserve fund, which is an entirely separate fund. The initial plan for that is the replacement of the roof.

Juvenile side- you will see reductions for Bureau of Indian Affairs. A note for the community, you will see ICE both in the Juvenile and Adult Facility lines, because we have to hold that line for three years. There is no budget number in there, but this is the first of three years before it can be removed.



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Salary reimbursement is a placeholder - the Central and Eastern Oregon Justice Consortium has received a grant for two part time Youth Transition Specialists. Molly thinks that Lake and Wallowa County will be the employer of record for these positions however if we are selected, it is budgeted.

The Juvenile side has smaller numbers; they have been reducing costs where possible. Materials and supplies on the Juvenile side went down \$3000. They are very hopeful that Senate Bill 641 passes and the pharmaceuticals will be covered by OHP.

Sheriff Magill inquired about the health benefit increase. On the Juvenile side the Health Benefits went from \$212,000 to \$298,000. Molly stated that it is a 38% increase on the Juvenile side. Amber DeGrange pointed out an increase of \$40,000 on the Adult side as well. Molly stated that number would be investigated and discussed at the next meeting.

Molly Rogers continued with Contracted Services, Mental Health Services and Food, we are reimbursed by the National School Lunch Program; we pay the bill and are reimbursed for those dollars and then the transfer from Juvenile to Administration. The Juvenile side has \$10,000 for major equipment replacement for air units.

At the end of the day the total resources are \$9,676,670 and the expenditures \$9,676,670 which balances.

Member Bob Benton reflected on Commissioner Hege's earlier comments about the contract amounts. The Contract beds are what make our budget unsustainable over time. Because of our low beginning fund balance, it makes it more important that we look for a more stable funding source. A lot of the contracts can be opted out of quickly, although the Management Team is very confident about this funding, it is still a massive unknown and not sustainable at all over time.

Amber DeGrange inquired about whether this group or the Board approves the last meeting from the year before. Molly Rogers shared that the Board Committee approved last year's Budget minutes. She offered to have last years minutes posted again for continuity. Teresa Hepker made a note to repost last year's minutes.

5.0 Public Comment – There was no public comment received.

6.0 Recess until May 20, 2021

6/14/21

Date

Amber DeGrange

Amber DeGrange, NORCOR Budget Committee Chair

Date

Rebecca Beitl, NORCOR

Respectfully submitted,
Rebecca Beitl
NORCOR