

PROCEEDINGS OF THE BOARD OF COUNTY COMMISSIONERS IN AND FOR THE COUNTY OF LINCOLN,  
STATE OF NEVADA

February 26, 2008

#1-CALL TO ORDER/ROLL CALL/INVOCATION/PLEDGE OF ALLEGIANCE

The Board met in special session with Chairwoman Ronda Hornbeck calling the meeting to order at 9:02. Clerk Lisa Lloyd called the roll with Commissioners Tommy Rowe, Paul Mathews, Ronda Hornbeck, Wade Poulsen and Bill Lloyd being present. There is a quorum present and the agenda was posted on 2-20-08 to comply with the open meeting law. The Invocation is offered by Paul and Ronda led the Pledge of Allegiance. County Manager John Lovelady is present.

#2-BUDGET FY 2008-2009

Auditor Dan McArthur is present for this item. Wade suggested that all budgets be granted a 3% increase in budget and whatever leftover monies there are can be distributed to items in order of importance. The departments will have to make their budgets work within this 3%. Ken Dixon stated that the Building Department is an enterprise fund and he has the money to do what he is requesting. Will he still be cut back to the 3%? Wade stated that the enterprise funds are handled differently and Wade is talking about the funds that are paid through the property tax generation. Wade stated that if this isn't done then the county will run into the red. Wade advised that parameters need to be put in place now so that departments understand. Leslie suggested that the Board look at the Road Department fund balance. There is a \$375,000 transfer for this year, but Leslie isn't sure if there is money to do it. There are also buyouts for the RD that will have to be considered. Dan suggested that the consumer index for the last several years has been about 3%. John advised that some money must be spent on this building as things are crumbling and falling apart. Paul stated that when technology moves forward it generally saves labor. The general feeling of the Board on salary, insurance, services and supplies will be maintained that the increase will be maintained at 3%. The departments will have to work their needs into the 3%. Ronda stated that instead of the Board making the cuts, the department heads will have to do that because they are the ones that know what items they can afford to live without. This will be a county policy of 3%, which the Board agreed to. Alamo Industrial Park, LC Land Acts, Coyote Springs will not be on the tax rolls this year as there will be no changes. PILT funds will be about the same as last year. The residential portion in Alamo, the 159 acres, will be on the tax rolls; this is the only increase for this year. The zoning on this area will remain as agricultural until the owner decides to change it. There is no extra money this year coming in. Dan reviewed the 3% again. Dan would like to take the current numbers, include the columns with the 3% per each office. Salaries and services/supplies will be the areas that are limited to the 3%. Gas is a major concern, which could result in an issue that has to be looked at more closely. Another issue that will come up is that salary negotiations are under way and will be effective July 1, 2008. Wade stated that if there is a policy putting the 3% in place, it will aid in negotiations. Due to sales tax being down, it might impact consolidated tax and the estimated number that we are working with at this point could be lower. Wade stated that the union will ask for 100% coverage on insurance, 3% increase over all and additional steps added in. The county can't afford this. This 3% will give leverage and allow for better negotiations. The union is looking at the land act and water and they believe that the county has the money to pay for all of this; it doesn't matter that this money was a "one time shot" and will be gone if expended on these things. Once the money is gone, it's gone. When that happens, people will have to be laid off and it would open the possibility that the tax commission would take over the county. Dan discussed applying the 3% to certain line items. Does the Board want to apply it line by line, or just a straight 3% applied to services/supplies? Ronda suggested that a percentage be set on fuel as well. Ronda further suggested that the only exception be the fuel, which would allow for travel. The fuel cap could only be a certain percentage over and above, the Board agreed. Once the percent is looked at, then hard numbers could be thrown at whatever particular item needs it, including fuel. The fuel issue will be worked separately. Capital Outlay or another category will have to be reduced. John is very concerned about the county facilities, which stand in great need of repairs. The pipes are rusting in the walls and a heating/cooling system needs to be addressed. Paul stated that some of the major renovations for the courthouse might be less painful if it is paid for over time and suggested bonding. Dan stated that the county's debt limit that can be tapped is tremendous and the county could bond to do the building. Debt can be used wisely to get the "most bang for your buck". Paul suggested that the T1 cables and items like that could be budgeted over a span of ten years as opposed to trying to take the lump all in one year or putting it off until the next year. Clint stated that this is why the capital improvements plan needs to be done. It will offer a clearer picture of what is needed. The county is still paying of the Detention Center and the Alamo Industrial Park. The impact of the fees for Coyote Springs has already been absorbed into the budget. There is no activity in CS and they thought that the build outs were going to be faster. Dan advised that the Board not plan on CS' money as the ability to sell homes is extremely hampered right now. The development agreements have provisions for impact fees, but the issue is that the developers want reimbursement for the upfront monies. The county is already getting revenue from raw land, but wait until we start providing services. The

developers shouldn't be getting reimbursements. Clint is opposed to the developers taking impact fees and other tax revenues for their contributions; they basically not contributing if they get reimbursements. This is one of the many problems that is being addressed right now. Dan asked if there was any consideration for a county-wide impact ordinance. An RTC for schools isn't in place, Clint responded. Ronda stated that the developers understand that the report needs to be out there and they might be willing to pay for it. Impact fees and construction tax are avenues for growth to pay their way in those areas once the studies are completed. CS brings in about \$200,000. Dan readdressed the 3% increase and how it relates to salaries. New positions are irrelevant to the way that the 3% is set up. All of the increases will have to be addressed when hiring new people is to be considered. Paul stated that the overall salary package compounds so quickly and it is hard to increase employees when the salaries are so top heavy to begin with. Paul stated that the Road Department is way out of whack. It is due to the salaries issue that the Board has been trying to get a standard set up; everyone wants Las Vegas wages, which results in the county becoming top heavy. RD will have two people retiring before the first of June and there are an additional 5 that might retire before the end of the next budget year. Dan will have to figure out what the payoff for vacation is for these people; this will be very expensive. Wade stated that the RD is a bargaining unit and the Board can't prevent them from filling the empty positions as it is a right inside their contract. The Board agreed that the labor must be balanced with the equipment. Capital outlay and salaries have to be in synch. Paul stated that if the county has lost fiscal control because of a union then capital outlay will have to be cut to make up for it. Ronda stated that a letter was received from the Sheriff's Department many years ago that said that the county would have to lay off other areas in order to compensate the personnel. There is continued discussion about the need to avoid being so top heavy in salaries. 75% of the RD is salaries. Another uncontrollable issue are the payments to PERS; which are up to 32%. State retirement system tenders the rate every year and there is no choice but to pay it. Dan stated that the only thing that can be controlled is the gross wage. Charlie Cockrell will be the individual assisting the county with negotiations. Dan stated that some entities are moving to self-insured plans with an umbrella. These include two stop loss items. John will look into this. Bill advised that the school district was self-insured when Tom Draper had a heart attack. This resulted in the school district going broke. Dan reviewed the current budget numbers. Dan has taken the capital outlay from all of the departments unless they are specific, such as RD. The current total capital outlay requests are \$2,125,926, which doesn't include IT. Leslie advised that when Tracy presents a bill to the county she isn't sure how she is supposed to pay it out as it is now broken down by office. Part of the resolution adopted for the FILT fund is that a certain percent would be set aside for IT every year. Last year it was decided that none of the IT items were funded from the individual offices. Leslie questioned the charge for her office to fund the 911 system. The Board agreed that Tracy is trying to find a funding source for 911 and it has nothing to do with users. Dan stated that this isn't how the policy decision was made last year; it was all out of FIL. Leslie advised that ADS isn't included in Tracy's request. \$103,805 is the approximate total for ADS. \$387,000 is the present total for IT/Tracy lee. The Board agreed to move IT to FILT. There is \$15,000 for RSVP. John advised that the telephone company has doubled the price for lifeline, so RSVP will increase. The money isn't there for the full IT request. Grant match is \$44,000. Dan reviewed the Road Fund, with a negative ending fund balance of approximately \$75,000. There is \$100,000 in capital outlay that Dan assumed is for the list of chip seal. The list of services and supplies has doubled from \$374,000 to \$685,000 since 2007. Leslie advised that the RD wants to cut the Honor Camp from their budget. Dan removed the \$6,000 for Honor Camp. Wade stated that the Board needs to be careful to make certain that when people come in and ask for the RD to do certain projects these people will reimburse RD. Dan will take the 3% foundation and apply it to salaries/wages and services and supplies in the RD fund. Ronda reminded the Board that there are some individuals that will be up for a 5% step raise. Paul stated that the need to have projects done through the county is enormous. Ronda suggested that the RD go back to 5 eight hour days as opposed to paying overtime on Fridays to have the roads cleaned. Every time there is a holiday, the RD gets paid for ten hours as opposed to the seven that everyone else is being paid for. Dan will also get the required payouts for those that will be retiring. Leslie will also not be transferring the \$375,000 for this year. Next addressed is the Road Fund Capital Project fund. \$375,000 for both years will not go into this. RD wants to purchase two ¾ ton pickups (\$60,000), a service truck (\$60,000), a backhoe (\$50,000) and three blades (\$250,000). The RD has been getting three blades every three years and they are on a three year payout. There are three payments of \$125,000 per payment. There is some uncertainty as to whether or not the RD is trading the old blades in or keeping them. Paul stated that some pieces of equipment have longevity and that maintenance won't kill you. Tommy suggested that with the trend in fuel, the RD might want to go with a 6 cylinder pickup. The \$375,000 will not be transferred for either this year or the next. Cindy Free will be sending Leslie something stating this fact and that they would like to use the \$100,000 for their capital outlay requests. Dan said that initially he was told that the \$100,000 was for chip seal; it is now being used for equipment purchase. Leslie will ask Cindy to send her something in writing showing what the \$100,000 will be spent on. Ronda said that the RD owes it to the tax payers to put some roads down. Somewhere along the line the road commission needs to be established to create a maintenance schedule. Dan reviewed their capital improvement plan (CIP). It shows what they will do in 2008-09. Paul questioned why the chip seal for Panaca Spring Road is on there. 1990 is the last time that the RD did a CIP showing priorities. Leslie advised that chips come out of the

roads fund. Paul stated that there are only two houses on the Spring Road. Paul stated that the use, number of houses should be looked at; the economics doesn't add up. Ronda stated that there are only two homes going up to Spring Valley; what's being missed are the townships where the roads need to be done. Dan advised that there is a request for \$18,000 for flood control, but he wasn't certain where the monies will come from. These funds are basically for administration of this board. Chuck Brechler is requesting \$13,500 for his salary for fifteen meetings per year. Clint advised that, based on the planning commission load, they only need one meeting per quarter. The Board agrees that Dan should take flood control to \$8,000 and the detail should be changed to six meetings. Dan reviewed Senior Nutrition. Nutrition has jumped to a request of \$271,607, but there is no funding source. Leslie advised that Denice Brown gave her a figure of \$22,000 for augmentation to finish this year. This year's expenses will be \$210,000. John advised that every time they've looked at trimming it is only pennies. Fuel costs have nearly doubled and they are still delivering to Alamo. Dan stated that he was under the impression that some of these expenditures were going to be reduced. In 2006, under raw food, \$65,000 was the total, \$71,000 for 2007, and now it jumps to \$97,000 for 2009. Dan doesn't believe that the fuel alone would make food costs go up by 33%. Dan feels that this needs to be honed in tighter. Paul suggested that there might be a different supplier as opposed to Sysco. Paul stated that this program a welfare program and it must be done at excess as opposed to necessity. Paul questioned how the cycle of being in the red can be stopped and questioned how the Board can let them spend money that they don't have. Bill advised that it is the Board's problem and they continue to give them money. Denice's salary was removed from this fund and even with that this has a huge increase. Ronda stated that no one has wanted to cut back on this program. Paul advised that there are some seniors that have told him that they don't want the food; it's brought to them anyway. The program is delivering the food and has advised some of the seniors that they need to take the food so that their numbers are good and the funding will be better. Dan stated that he and John got down to a per meal cost. Dan feels that the person responsible to run the program should be able to tell what the cost of the meal is and why it is so expensive. The Board would like to see what it is costing to serve the meals; not what it costs to get it delivered. The only way to determine this is to separate it from the fuel costs. John stated that driving 200 miles for 13 meals is what drives up the meal cost. Leslie suggested that a grant needs to be looked at to put a kitchen in Alamo. Paul stated that the food, the vehicle/fuel, can be done for \$1,000 per month. There is some discussion about reconstructing the kitchen down in Alamo. Wade stated that if the cost of delivery for Sysco is higher then the distance can be reduced. Leslie stated that the problem that she has is that this fund starts off in the red at the beginning of the year. John suggested that whatever monies are coming in should be the budget that Denice should make work. Paul advised that somehow, payouts need to come in line with whatever the budget is. The continued question is how to make the program accountable for their expenses. The Board agreed that they can't make any decisions on this fund without numbers; they're just brainstorming. Dan stated that the Board needs to get a handle on the expense side of it and there is the ability for fraud here. Inventory needs to be counted and tracked every month. The administrative side needs to be tightened. John advised that the receipts for all purchased food are kept. Now discussed is Planning. Right now, it shows a deficit of \$589,000. Dan put in \$76,000 potential revenue. Nothing was included for transfers as the general fund funded this last year. Salaries and wages has increased from \$173,000 to \$304,836 and that includes additional positions. There is a vacant GIS position that Clint doesn't intend to fill immediately; he plans to wait until the next budget year. Clint is using this salary to justify the Gnomon contract. Clint is requesting a planner senior associate. Ronda stated that the developers are not guaranteeing that they will fund an assistant, but it is a suggestion that sits before Olympia group. Olympia has agreed to fund an administrator person through the life of the project; this position wouldn't necessarily be in Clint's office. If Olympia wants to push for a higher density then they will have to pay for it, according to Clint. Paul stated that the Board needs to decide what the impact will be of the county's growth and where the county's resources should be placed. There are many plans that need to be completed and the two positions that Clint has requested will help with the completion of project functions. There is some discussion about augmenting the budget when the monies come in from the developers to fund the positions. Senior Planner is removed from Planning. Bill reminded the Board that they had decided to cap everyone at the 3% increase. Clint included a number for State Land Use Planning Advisory Council (SLUPAC) attendance. 3% will be applied to wages and services/supplies in Planning (based on last year's numbers) and senior planner is removed. Clint advised that he just got a letter from the state that says the county has to update their solid waste management plan. Solid Waste Management fund is running in the red by \$38,000, but the fee increases from last year haven't been included. Ronda reviewed the current situation with Norcal concerning the fee increase that they are requesting. In the signed contract, it says that tipping fees are \$96.00 per ton and they have the right to charge the county for that. Norcal is also bringing in equipment and there is some question as to how the county is being charged for that. Wade questioned what they county gets for giving them exclusive right to the landfill. Minimal payment is received from Norcal for that exclusivity. Norcal will want a rate increase of 30% per year. Tipping fees for last year were \$5,660 and this year is \$2,928. Notice has been sent to the public that they owe 15% more than last year. There are several people that have paid. The county has until May 15<sup>th</sup> of this year to make up the difference between the 15% and the remainder owed under the contract. Norcal has said that the 30% increase will only bring them even if it is given every three years. The Commission

now has to decide whether or not they are going to charge the public or make up the difference for this year out of the county's funds. Paul stated that he isn't certain how the contract got approved the way that it's written. The Commissioners' interpretation of the contract at that time is very different from what it actually is. Paul stated that it is going to be ugly over the next three years and the ramifications of this increase are steep. Ronda asked the DA about taking Norcal to court and she was advised that the county would lose. Part of the problem is that there are two contracts. Dan stated that it was always sold to him that within a year or two they would be bringing in so much tonnage that the residents wouldn't have to pay. The county is now paying the cost for Norcal to carry the landfill. Even if the collection contract ends in five years, the county will still be paying tipping fees. The Board members agreed that they were duped into signing the contract, which Ronda voted against at the time of presentation. Paul stated that he doesn't know how the county can sit here and swallow this for 49 years; it is so economically devastating. Paul further stated that he doesn't believe that the county can give the residents any more to pay for. The Board agreed, but stated that next year the full increase will have to be passed on to the residents. Paul suggested that money be spent on an attorney to research this issue and take it to court. Ronda questioned Dylan Frehner, who was Deputy DA at the time, if they were aware of the \$96.00 tipping fee. Dylan said yes; the Board had the contract in front of them. This was all hammered out in contract one, but while they were working on the second contract no one was questioning the payment of the \$96.00 per ton. No one ever said to the Board that the county would be charged the \$96.00 per ton; it's in the fine print of the contract. Paul stated that this is a bad deal and reiterated that he feels that the people deserve to have this taken to court and be heard. Norcal has the exclusive right to the landfill, not to haul the garbage in LC. Norcal doesn't have the exclusive right to have the only landfill in LC. Norcal has the right to haul the garbage to the landfill. However, Norcal can haul to their landfill at no cost and they will charge tipping fees to whoever hauls it in; all this after it's already been paid for five years. The only other option would be to start another landfill and get another contract. Bill reminded the Board that there is an identified landfill in Delamar. Dan told the Board that Caliente City isn't paying a tipping fee. Norcal is one corporation with one set of costs but they have two sets of books: collection costs and landfill. Paul stated that Norcal should only be paid the 15% that was approved and let them sue the county for what they think their due. This will put the burden on them to prove that they should be able to collect that. The DA feels that the county didn't respond within the window of time to advise Norcal that the county accepted the 15%. Paul stated that it is not acceptable that the only defense mechanism that the county has is to not write the check. Dylan Frehner joined the meeting at this time and Ronda filled him in on the situation. Dylan advised that he can't offer an opinion. DA Greg Barlow reviewed the dispute through the contract language, and it has to be resolved by May or Norcal will come back in October for a new increase. Whatever the deficit is between the 15% and the actual cost will have to be paid by the county. If the county doesn't pay it, then it will result in lawsuit. Greg advised the Board that he didn't believe that the county would win. Wade questioned what would happen if, during the course of the litigation, discrepancies were found with their books. Wade further questioned if Norcal wants the scrutiny. Tommy feels that the county should pay it and between now and when the contract ends it should be made known to Norcal that the county had the wool pulled over their eyes on the last contract; from now on the county will be playing hard ball. Greg stated that Norcal doesn't want to collect garbage. The landfill contract provides that the county pays tipping fees for whatever the franchisor puts into the dump. The retail tipping fees are included in the contract as opposed to the actual cost. The contract says that the county will pay the \$96.00 per ton. Norcal doesn't want to collect the garbage as they will be collecting the tipping fees anyway. Greg said that it is the county's right to create another landfill. If there is another landfill that can be put to use the county can haul their garbage under a new contract until the five year contract with Norcal expires. The county should receive a certain percentage. The county gets a percentage of the tons that go into the Crestline landfill. If there is another landfill there would be another contract for the hauling. Norcal simply picks up the roll off box, hauls it to the landfill and dumps it (an empty box would have been swapped out). The county, if they go with their own landfill, will have to purchase equipment, roll offs labor and other items to get it going. Wade stated that he agrees with Paul, "prove it". Wade doesn't think that they are doing their books correctly and would like to see them scrutinized. John advised that it might cost the county just as much to go to court as it would to pay to have the trash dumped. Paul said that paying that amount of money through the duration of the contract is not acceptable; he'd rather protest. Ronda asked Norcal for the ability to have certain curbside services. If certain curbside services were offered it would be \$5.00 extra, but the two main transfer stations would be closed down. However, as long as Norcal is closing the boxes the people don't want the service as it will cause major problems for them. Norcal didn't think of the ramifications for closing the boxes. Paul asked if the county had any incentive to use as leverage that would make them scrap this contract; yes, give them the 90 years. The county has bent over backwards to get the Class A landfill. Dan McArthur has identified a firm in Las Vegas that worked with Pahump on the garbage hauls. If the Board desires, Greg will contact them to see if they will evaluate it in terms of negotiations and to find out what costs will be. Wade said that this will be money well spent. The Board agreed that it was a good idea to explore this avenue. Dan and Greg will work together to make this contact and Greg will report back to the Board. Greg stated that Norcal is obligated to submit their calculations and requests in July. Wade suggested that another avenue that needs to be looked at is the creation of another landfill. The budget deficit for

Solid Waste will be \$47,000. Dan reviewed the Detention Center fund. Revenue for DC is estimated to be \$1.8 million, which is capacity. Expense requests for this year are \$2.2 million. Unless rates are raised or capacity is raised, then this fund will run in the negative. Wade stated that the Sheriff is going to renegotiate with Clark County to raise the rates. It is unknown at this point what the outcome is. Wade further said that if the Sheriff has that opportunity, and he wants his budget as it stands, he will have to renegotiate to get the revenues. Salaries will be a large problem is the rate can't be renegotiated. If that doesn't happen, then the force may have to be reduced. Salaries are budgeted to be \$820,395 and benefits are \$445,934. Services and supplies are increased by over \$133,000 as well. Wade stated that the Sheriff needs to be given the 3% as well. Dan will work with Kerry to find out what is happening with negotiations and as well as advise Kerry that if he wants the money he'll have to earn it through negotiations. Capital outlay includes \$30,000 for pavement on the parking lot. Other items included are a new intercom system, new computers, medical equipment, sump pump, refrigerator, connectivity for Spillman. The issue is that if \$1.8 million is what is being brought in for revenue, then the expenditures need to match the \$1.8 million. Dan will also get a detailed listing of employees to see if there are any new positions included. Rebel Communications will require an augmentation as only a certain amount was budgeted. Tri-County Weed needs to come before the Commission for their increases. Ronda advised that \$15,000 will have to be budgeted for the county website. Melanie and Leslie have advised that this website doesn't meet their needs. The \$7,500 for the rest of the year is to get the web site up and running. Western County Alliance will cost \$7,000. Quad State is \$2,179. NACO is \$9,000. Emergency Management will have to be addressed; does it stay part time or what will happen to it. Marge has indicated that if she was moved to part time she would retire. No one has heard anything more from her on that issue. Tommy stated that an emergency management person is needed full time. Wade questioned if there is enough work for this to be a full time position. Paul suggested that this remain part time until the funding is reinstated. Bill stated that this needs to be located in an office; not in someone's home. John advised that the building behind the Panaca Fire Hall was built for Emergency Management. Building and grounds person is needed and John suggested that this be taken to full time, for one person. Dan reviewed Tri-County Weed. \$1.7 million is the amount for this budget. Capital outlay is at \$555,000. Leslie will be augmenting this budget for \$600,000 this year. If TCW earns more money they have to get the Board to approve the augmentation of such. TCW is a separate entity and are not an enterprise fund. It is suggested that TCW needs to be charged for a portion of the audit. Prior to making a major expenditure, TCW has to get approval from all three counties. Dan questioned who will own the \$550,000 building at the end of the day as Tri-County is only set up under an agreement. Paul doesn't have an issue as long as the actual building is sitting in LC. Paul feels that with Bob Wilson's death the county needs to be conservative as there will be major changes. The Board doesn't have any idea what contract TCW has and agreed that they need to know that. Dan questioned if TCW has the authority to sign a contract.

#3-ADJOURN

There being no further business for the Board to attend to, **Wade made a motion to adjourn the meeting at 2:55; seconded by Paul. All voted in favor.**

Attest: \_\_\_\_\_ Approve: \_\_\_\_\_