



LINCOLN COUNTY BOARD OF COMMISSIONERS

February 22, 2012
Commission Chambers
Lincoln County Courthouse
181 Main Street
Pioche, Nevada

Commissioners

Paul Mathews
Kevin Phillips
Tommy Rowe
Paul Donohue
Ed Higbee

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

Chairman Tommy Rowe called the meeting to order at 8:02 a.m. Clerk Lisa Lloyd called the roll.

PRESENT: KEVIN PHILLIPS
ED HIGBEE
TOMMY ROWE
PAUL DONOHUE
PAUL MATHEWS

LISA LLOYD, Clerk
LESLIE BOUCHER, Recorder
DAN MCARTHUR

There is a quorum present and the agenda was posted on 2-14-12. The Invocation was offered by Paul M. and Paul D. led the Pledge of Allegiance.

#2-FY 2013 BUDGET

Daniel McArthur, independent auditor, presented the proposed 2012-2013 budget. At this point, some offices haven't turned in their budgets so Dan used last year's numbers as a starting point. Preliminary numbers from the state are included in the draft budget. Dan reviewed the summary of all funds. Estimated beginning fund balance for General County is \$441,407; ending fund balance is \$227,665. The Airport Fund is projected to run approximately \$500 in the red. This amount doesn't include the payment of the loan; Airport owes approximately \$6,000 to General County. China Springs fund is projected to be \$3,139 in the negative. It is projected to be in the negative as revenue is only \$14,986 but expenditures are \$17662. Museum Fund is projected to have a negative balance of \$36,705. County Indigent is projected to be negative, with a negative balance of \$40,465. Medical County Indigent is projected to have a negative balance of \$59,730. Fair Board is projected to have a negative balance of \$10,207. Senior Nutrition is projected to have a negative balance of \$42,702. Leslie advised that she will be augmenting this fund, but she wasn't certain as to the amount. There is some discussion about the need to make the manager accountable for living within the approved budget. Paul D. stated that one of the unknowns that SN deals with is fuel cost. Paul D. suggested that an emergency vehicle contingency fund be set up that they can't touch unless a vehicle breaks down. Paul M. commented that the county needs some type of vehicle pool and maintenance schedule so that all of the vehicles are maintained in the same manner. There are many inconsistencies in the way that vehicle maintenance is handled. Leslie commented that it would save money if the county would fill up at the road department versus going to the gas stations. Paul D. reminded everyone that we have the "shop local" issue that needs to be addressed as well. Funding needs to be allocated and the organization must live within the budget. Phyllis Robistow stated that this isn't just SN, it includes Social Services as well. Half of Trina Lytle's salary is paid through a grant. Phyllis suggested that the Board look at Fund 10 for some of the expenses that can be directly attributed to indigent expenses. Leslie commented that she has been reporting the negative balance in SN since last July. Ed suggested that one way to cut expenses is to cut one trip per week to Alamo. It is possible that maybe the entire county will have to be cut back to four days per week instead of five. This fund must be fixed somehow, but the Board didn't agree as to a solution. Neither Trina Lytle's nor Toni Pinkham's salaries are taken out of this fund. The Board agreed that this is an issue that must be addressed and resolved. Dan stated that the way this fund is trending, it appears that the actual negative balance is \$92,000. The key is to figure out what the cost per meal is and tie that down. SN meals have to be designed in a specific manner to include certain vitamins and minerals. The rules are very specific as to what can or can't be fed. Transportation costs and packaging for the meal need to be figured in as well. Cost of food, cost of transportation, and cost of preparation are the three components that need to be taken into consideration. Once these things are known

the Board will have a better idea as to how to manage the program. Dan cited that inventory control may be an issue as well. Managing the food is a big issue. Frozen meals are made out of the leftover food. Denice cited that inventory control requires that a separate person creates the list of items that need to be ordered. The assistant cook checks it as it comes in, and the SN assistant does a monthly inventory to check and see what's there. Jason Bleak stated the hospital uses a company called Linda Crandall for their meals. Linda Crandall works with whatever vendor (Sysco, etc.) is being used and they will give an exact price of how much each meal costs. Paul M. stated that at this point, the Board needs to decide if they are going to find \$60,000 to put into this budget as history shows the annual expenses are about \$200,000 or the members must decide what cuts to make; these are things to be considered throughout the budget hearings. Administrative Assessment is projected to have a negative balance of \$20,779. This is a simple fix by reduction of services/supplies for Justice Court. Denice advised that MVJC asked for \$15,000 but there is only \$10,000 budgeted. Dan stated that he will research the AA fund to see what court has what amount of money; he will adjust the budget requests accordingly. Dan reviewed the costs for the Sheriff's Department. Salaries and wages are estimated to be \$794,730. Employee benefits are \$548,418. Services/Supplies are \$186,945. The biggest concern will be fuel. Kerry stated that he currently has a vehicle that has been wrecked and he doesn't have the funding available to pay the deductible to have it fixed. Tire expenses have increased dramatically. Kerry stated that he gave very broad number for salaries and benefits as we have negotiations this year; there is no way to have a true and solid number until negotiations are complete. Kerry added a few extra thousand dollars for tires and fuel in services and supplies. Kerry stated that services/supplies has taken such a cut over the last few years he is at the bottom; if expenses exceed what is budgeted he will have to lose an employee. There simply isn't any extra money in services/supplies. Detention Center has a projected net income loss of \$346,273. The wages in DC are more reflective of 2011, but there was only a one year fix, or concessions given by the employees, for salaries that expire this year. Salaries and wages are projected to be \$994,313, employee benefits are \$669,624. This anticipates inmate numbers staying fairly consistent. Kerry stated that in other cities, the city itself is responsible for misdemeanor crimes and they are responsible for housing their inmates. Caliente would've paid approximately \$10,000 for housing those misdemeanor inmates in DC last year. Kerry stated that to date this cost has been covered by the county. Kerry asked the Board if they would be interested in negotiating this cost with the city or would they prefer to leave things as they are. Over the past years, the gap between salaries and number of inmates has continued to grow wider. Paul M. stated that the business model of this enterprise fund needs to be addressed; salaries have grown enough that inmate numbers aren't covering them. Currently, Kerry estimates that we are at 80 plus inmates to break even. The max that DC can take is 95 inmates. Kerry stated that DC is within 10 inmates. DC has negotiated with a new city to house some of their misdemeanor inmates. County/City requires about 20 beds. Paul M. stated that DC is staffed as low as possible to maintain the facility. Kerry stated that about ¼ million dollars goes to dispatch; this is a county wide function and is used more county wide versus just within the DC. Most of the DC employees are midrange in salaries. The price per bed needs to be \$85-86 with 80 inmates to meet the costs of the facility/salaries. Kerry stated they are currently in negotiations with Metro to raise the cost. The current cost per bed is \$70. Kevin stated that the county needs to expand the facility so that it can pay for the whole host of law enforcement costs. There is nowhere to house female inmates. Females are the current hardship for DC. The Board continued to discuss the gap between salaries and inmate numbers. As salaries escalate we need to increase the number of beds to cover them. There is a need to budget \$35,000 for conceptual drawings to expand DC. Leslie stated that the Board needs to find cash now to augment DC this year. It's been running in the red for months. The Board agreed that this is a short term resolution, finding cash to cover the deficit; a long term solution to the problem needs to be identified. Leslie and Kerry will work together to find the amount needed to augment the current year's budget. Kerry discussed capital outlay; DC is a county building. Kerry stated that it is a county facility and it should be maintained by the county. Total for everything submitted for capital outlay is \$46,000. Kerry disagreed with capital outlay always having to be paid by inmate profits. Paul M. asked if it is possible to inventory all county buildings in one place and establish a capital outlay category for maintenance. The buildings deteriorate continually and no one is watching to see what must be fixed and maintained. The county takes a "shotgun" approach at maintenance right now. There is a cost to maintain all buildings in the county that the Board doesn't realize or address. If this was managed by one department and one person it would resolve a lot of issues. The Property Management Fund was created recently to plant the seed and address overall maintenance. Cory Lytle stated that much of this has been in the works. The first place to start is the list that Michele Wadsworth has at Dolan & Edwards for insured structures. The end result within a few years would make the capital outlay scenario easier. Discussion continued concerning the creation

of a public works department. Cory stated that there will be a priority issue with the buildings that will have to be addressed by the Board. Paul M. stated that he doesn't want to do anything that will require the county to increase the workforce. The intent is to centralize the departments to reduce costs not increase them. Pioche Town was discussed. As the budget was prepared, including all requests, the ending fund balance is \$56,722. Pioche Town has property taxes at \$70,000, but Dan believed this was high and was going to double check it with the state. The amount budgeted includes the addition of a couple of part-time employees. Dan didn't see any concerns with the town budget. Pioche Town Capital Projects Fund was brought to zero. Pioche has done a complete inventory of their entire system; Dan is working on actual depreciation and replacement costs for the system. Nathan Adams advised that this next month a rate raise for sewer/electric will be addressed. The sewer fund shows a loss at services/supplies have increased by \$27,000. Phyllis and Nathan advised that they will continue to refine this budget. The electrical fund shows a budgeted loss of \$44,000 for the year. Rate increases will be used to address this loss. Thompson Opera House is projected to have a negative balance of \$2,864. Cory stated that there the grants that have been paying for this building run out this year. The sprinkler system in there has to be serviced every year; it costs \$400. \$3,000 per year is needed to cover general expenses. Paul D. suggested that a donation jar be set out for the maintenance of the building. The Board agreed to roll this into the property management fund. Alamo Clinic is projected to have a negative balance of \$202. Drug Forfeiture has an estimated negative balance of \$57,038. This fund is in the red as there aren't enough forfeitures taking place. Dan adjusted the fund to reflect whatever is actually being brought in. Lincoln County Housing Authority is projected to have a negative balance of \$26,784. The Authority has to operate on what they bring in. \$29,000 for capital outlay was reduced to zero to correct the deficit. Recorder Technology is estimated to have a negative balance of \$3,989. Dan adjusted this to reflect what is brought in. LC Water Planning Fund is projected to have a negative balance of \$107,835. LC Water Special Projects is projected to have a negative balance of \$122,096. LC Water Emergency Disaster is projected to have a negative balance of \$68,980. LC Water Grant Match is projected to have a negative balance of \$86,612. LC Land Act Emergency has an estimated negative balance of \$68,853. Dan adjusted the expenditure requests to correct the deficit. Assessor Technology Fund is projected to have a negative balance of \$6,766. Services/supplies was reduced to what is actually available to spend. Genetic Marker Testing Fund is projected to have a negative balance of \$1,750. This fund is adjusted to reflect what is actually brought in. Court Facility Fees are projected to have a negative balance of \$106,128. This money is to be used on LC Courthouse. Current year it is estimated that \$91,000 will be spent in Alamo and \$46,000 in Pioche. Denise advised that MVJC was planning to redo the jury box but she doesn't believe that will be spent this year. Dan advised that this funding is under the Commission's control and they have the ultimate power to decide how it's spent. Dan stated that the courts come in with their request to spend the money and the Board has to approve the expenditure. The Board agreed that this fund must be budgeted at the amount that comes in. Planning has a negative projection of \$102,357. In 2011, funds were pulled from LC Water Planning, General Fund, Federal In Lieu, and LCLA Planning. There are no funds available for Planning for this year. Cory advised that he invoices \$60 an hour to the GID for work that is done for them. Cory stated that they don't even get close to the \$55,000 in the amount charged to the GID; it's closer to \$20,000. LCLA funds are one-time monies, they don't get replenished. Paul M. stated that the interest that used to be generated from the LCLA fund has reduced drastically. Historically used for this fund, but now it's not there to be applied to the deficit. Paul M. asked if there would be efficiency in combining the offices of Planning/Building. Cory stated they are eliminating one of the post office boxes. Physically consolidating won't save much money, but consolidating services/supplies might. Cory offered to rework the numbers to see what type of savings can be derived by combining the offices. Physically combining offices won't save money, but Dawne would be answering phones instead of Richard. This would free Richard up to go out and take care of buildings. Cory submitted \$12,000 for GID reimbursement. Paul D. stated that the Board is at the point where they either have to fix this fund or ask how important this is. The Board discussed the Building Fund in conjunction with Planning. Building has a projected deficit of \$111,350. These two departments create a \$213,707 deficit. Cory stated that the Building Department consist of him full-time, Richard part-time, Dawne part-time. Business licenses take care of themselves, but they aren't a huge source of revenue. Cory is the Building/Planning Director, Richard is the Building Inspector, and Dawne is the Planning Coordinator. Paul M. stated that much of the deficit is that the developers failed to put funding into this department as had been anticipated. Kevin stated that the services rendered by Building/Planning are necessary. Paul D. stated that the Board has put a great deal of pressure on the individuals who work in this department to increase revenue. Permit fees are increased and the costs to fund this are put on the people who have to pay the permit fees. Paul D. cited that fees increase relative to the pressure the Board puts on them to justify their job. There is no

way that permit fees will ever raise \$200,000. This is a function that the Board has to figure out. Many of the funds that the Board continues to dip into have restrictions on them. At some point in time, the Board will have to address the ordinances to free up some of the funding. Kevin stated that if the ordinances are modified he worries that there are entities that will want to maraud the funds. Water and Land Act Funds are one time funds; they will not be renewed. If the ordinances are changed, the funds will be completely gone within ten years. This is the reason that Dan is opposed to changing the ordinances. Ed stated that LC has Dutch Disease. It's easy money. Other entities plunder funds and then live on it until the funds are gone and the empires collapse. BLM is dying of Dutch Disease. BLM is sitting on money that will never be use to help the 5,300 residents of this county. If LC doesn't pursue some of the BLM funds, BLM will use it up. Ed stated that LC has no foresight; we are always just trying to survive today. The developers will reimburse the county if we send people down there to work, but there is no work for Cory to do there. Cory stated that when the broad scoped projects came in, the only thing that was revamped was the mileage rate. Paul D. stated that if the Board feels that the departments and services they provide are important, then the Board needs to find the funds to cover the department expenses and not put the costs back on the residents. Paul D. stated that our county will never fund itself. Another funding source must be identified. The funding that Ed is referring to is BLM money, but we have been told that we can't have any until ours is completely spent. The Board agreed that the attempt to go through Congress to obtain the funds BLM has received from Coyote Springs movement of the power line needs to be increased. The reason that restrictions were put on PILT is because the county wanted the jobs to be more secure and not based on a disappearing fund. PILT has always been questionable. If PILT disappeared completely, there are many employees and services that would evaporate as well. The county leaned on PILT so hard last year that we are currently spending the surplus. LC received \$750,000 for PILT and is spending \$897,000. 10% of PILT goes into Grant Match pursuant to the ordinance. 10% of PILT is set aside for technology. As time went on, technology costs increased dramatically. There are significant IT costs in PILT. The Board questions why a county with 5,300 people in it is spending \$350,000 for technology. Paul D. stated that Tracy Lee's costs are extremely high. Ed responded that the Sheriff's Office will say different. Equipment costs are very high. Tracy Lee addressed the Board and reviewed the budget requests submitted. Tracy stated that there is a need to replace the UPS in the data center. Replacement of the batteries isn't an option as they cost as much as replacing the device. Tracy stated that we've run into a problem with parts. Last year, a switch blew up and there was no replacement. Tracy was able to round up parts and switches that have been taken offline from other locales. Tracy used these to get us up and running, but the switch needs to be replaced. There are some sections of the courthouse that need to be rewired. There are power issues in the data center as well as connectivity issues in the Clerk's and Assessors Offices. Additional wires need to be put in and it has to be put in pipe. The phone system in this building is outdated and is in dire need of replacement. There are no spares and if something goes out we are done. Cory stated that he included this buildings and grounds. The desk handsets will cost \$439 each. The new phone system will cost VOIP. Paul D. stated that Tracy is quoting the Board what his costs will be. Paul D. stated that he knows someplace where the costs would be a great deal less. Tracy said that the telephones are good phones; they are high tech and allow for programming of transfers to other offices and several other things. Tracy also stated that there is another system that we can get that doesn't require handsets. Tracy cited that we have to buy phones at retail. Tracy suggested that this project can be split between two budget years. Paul D. stated that he doesn't know what the county has contracted with Tracy for time-wise. Tracy does have other contracts. Paul D. commented that it is hard enough with all of the computer stuff that Tracy takes care of, but adding phone things to it might be adding too much. Tracy stated that one of the things built into this is that the company provides premium support for this. The annual cost will be about \$4,000 annually; this includes software upgrades and programming issues. If we eliminate the current system and go to plain telephone service then everyone can purchase a phone at Wal-Mart. Doing this would cause everyone to be isolated. Paul D. stated that LCTS just purchased a call manager system. Tracy has spoken with LCTS numerous times in the past. To date, the county hasn't been able to reach ability for what the phone company can sell us that will work behind our firewalls. The whole point is to decide whether or not we need a new phone system. If LCTS can do it in a manner that everyone agrees on, then it will be done. Paul M. commented that the dollar amount to maintain IT continues to increase. \$30,000 was budgeted for ADS tape save library. This device handles tapes for the backup. This isn't an ADS requirement, it's needed to move the server from the Treasurer's Office. These numbers are very preliminary. Paul M. stated that budget-wise it doesn't matter if this is split between two budget years. The key component is whether or not we are overspending the funding because the costs will continue to rise. Tracy advised that he believes IT costs will be drastically reduced next year, down to about \$160,000. Paul D. stated that the costs

Tracy outlined are incredibly high. Paul D. stated that he knows what LCTS can do for the county. Paul further commented that the phone system in this building is 25 or so years old; the thing Tracy is going to sell the county will be outdated in five. Kevin stated that he wants a live person on the other end of the phone, not an automated response. Alamo Town was discussed; Alamo's taxes dropped as the assessed valuation dropped. Dan didn't receive a budget from Alamo Town, so he used last year's requests. Alamo can only spend what they bring in. Panaca Town property tax revenues stayed mostly the same. Panaca Town didn't provide budget requests either, so Dan used last year's numbers. Pioche Town wants to raise their rate to the maximum. Regional Transportation revenue was discussed. \$20,000 was budgeted for Panaca's sidewalk project. Pioche also has a budget request for RTC, but the Board was uncertain as to the total amount. Vehicle Capital Projects is projected to have a negative balance of \$70,174. Fair Board Capital Projects has a projected negative balance of \$35,209. Airport Capital Projects has a projected negative balance of \$1,681. Road Capital Projects has a projected negative balance of \$33,803. Panaca Fire District was discussed. \$43,000 is received in property taxes. PFD will have a greater assessed valuation, but it also pulls some of the rate out of the town. Panaca Town receives a mere \$8,000 in property taxes. There is a new accounting requirement on governments: in order to have a special fund there must be a dedicated revenue source. Department of Taxation wants to see fewer funds. The way to address that is to create a small tax for the emergency fund so that there is revenue coming in to the fund. Dan believes the Emergency Fund and Operating Fund are two different funds, according to statute. Dedicated revenue sources are something to be considered for each of the fire districts. Property tax for Coyote Springs has decreased dramatically. Over the last three years it's decreased from \$217,258 to \$92,383. Budget requests are \$129,000. Coyote Springs, LLC, has requested that the GID pay some of their water bills for them. It's a standby fee for some of the agreements they had with the water district. Paul M. stated that this fund can't tolerate it. In less than three years, this fund will be bankrupt if that fee is paid. The fees are \$15,000 per month. The next budget hearing is set for March 14 at 8 a.m.

#3-PUBLIC COMMENT

Tommy called for public comment. None offered.

#4-ADJOURN

There being no further business for the Board to attend to, Tommy adjourned the meeting at 1:02 p.m.

Attest: _____ Approve: _____