



LINCOLN COUNTY BOARD OF COMMISSIONERS

March 14, 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 8:30 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/Auditor
DAN MCARTHUR, Auditor
KERRY LEE, Sheriff

There is a quorum present and the agenda was posted on 3-7-12. The Invocation was offered by Paul D. and Paul M. led the Pledge of Allegiance.

#2-PUBLIC COMMENT

Tommy called for public comment; none offered.

#3-FY 2013 BUDGET

Dan McArthur, independent auditor, presented the proposed 2012-2013 budget. Dan has adjusted expenditures to bring the funds that were in the red at the last meeting into compliance. Several funds need significant decisions made as they are running negative: General Fund, FILT, Senior Nutrition, Planning, Building, and Detention Center. General Fund balance drops to \$193,234. \$193,000 is above the required 4%. Dan discussed Senior Nutrition and referred to increased services/supplies. Services/supplies is estimated to be \$141,000. In 2007, services/supplies was over by \$19,269; 2011 it is estimated to be over the amount budgeted by \$39,685. 2011 shows a loss of approximately \$50,000. It appears that this fund will continue to run in the negative direction. Income has decreased by about \$20,000. At this point, Dan hasn't been able to receive the information on all of the meals served and locations that they are served in. Dan was looking for cost per meal. There is some discussion that the meals cost about \$24 per meal in Panaca. The meals are being eliminated in Panaca as there are only 3-4 people that go to the center for the meals. Panaca wages were high because an employee was being paid to stay at the center and serve meals all day. Lunch service at Panaca Senior Center will cease. Meal costs are estimated at \$7 per meal. No information was offered at the last meeting concerning numbers of meals being delivered and costs for such. Very few people actually eat at the senior centers; the Board believes the majority of the cost is associated with delivered meals. There is some discussion about site worker costs as well. Donations are requested for meals, but there is no requirement for individuals to pay anything. Ed advised that Senior Nutrition is serving approximately 180 meals per day, 5 days per week. Dan stated that we have a \$142,000 problem; meals are \$6.71 per meal. Leslie will be taking corrective action and augmenting \$48,000 now, but this means that the fund is still approximately \$98,000 in the red next year. At \$7 a meal, the budgeted amount for Senior Nutrition needs to be \$315,000. Dan believes the problems include labor, transporting food, and raw food costs. Detention Center is paying \$4.25-\$4.50 per day for meals; this is for all three meals. DC has no labor costs. DC feeds about 300 meals per day and raw food costs per year are about \$180,000. Raw food cost per meal at DC is \$1.41. Senior Nutrition is \$4.19 for raw food; labor and delivery charges factor into that and drive the price up by another \$3. Dan believes there might be ways to get the meal costs for SN down to \$5 per day. Sheriff Kerry Lee suggested that the county might look into contracting with the hospital to make the meals. \$7 includes food and transportation of said food. Paul M. stated that the Board members have worked extensively with Toni Pinkham to get this fund into control. Toni has advised that it's reached the point where the only way she can cut costs is

to eliminate service one day per week. Fixed fee grants are based on the number of meals served, so cutting meals will result in less grant money. PILT is already being spent at a deficit. Tommy advised that the county will receive full PILT funding for the next two years. If meal service was cut to four days per week it would help with transportation; people will still ask for frozen meals for the days that there is no service. Frozen meals can only be delivered to the homes of people who meet the disabled requirements. A meal can't be taken from the senior center to home; frozen meals must be delivered. Paul D. suggested that the frozen meals be left at the centers. Denice advised that meals aren't supposed to be prepared anywhere but Caliente. Paul M. stated that the Board needs to identify an amount they're willing to augment next year and then meet with Toni to handle these issues. Paul M. suggested that the Board have Toni create a plan to resolve these issues. Dan provided the Board with a ten year history of SN. Based on current projections, SN will run about \$55,000 negative in revenues over expenses (if everything stays as is). The county is subsidizing SN with property taxes. LC is the only county that Dan works for that uses property taxes to subsidize SN. Nye County puts \$300,000 into their SN program. LC decided to subsidize SN years ago and asked that the program live within the property tax amounts received. Prior to 2010, total costs were less than \$250,000. There was a big jump in 2010 based on changes in the program. Costs for services/supplies increased that year as well. Stimulus money, ARRA funds, caused a big jump in the program. The Board will augment the current year with \$48,000, which leaves a \$95,000-96,000 issue to bring the fund whole through 2013. Leslie advised that she has asked Toni to look at additional funding needed this year, including cash and what is needed for the budget. If SN would purchase fuel from the Road Department as opposed to local gas stations it would save a great deal of money. Paul M. stated that the Board needs to make a decision about how they are going to heal this budget. Paul D. commented that the problem with augmentation is that people come to rely on it. Rick Stever advised that there are months when fuel costs are nearly equal between the county and the local gas stations. The real savings for the county comes when using diesel. The usage of meals has decreased but the cost to service has increased by about 33% over the last five years. Dan remarked that an analysis of the purchase, what's coming in with purchases, and the whole set up need to be included in the package to gain control over the expense. Purchases versus waste needs to be analyzed. Paul M. suggested that \$42,000 of PILT money be added to the tentative budget and then Board members will meet with Toni to see if that's really enough. Dan provided a ten year history for Building Department. General discussion was held at the last meeting about combining this fund with the Planning Fund. Public works department was discussed at that meeting as well. Combining this with Planning doesn't help the bottom line as Planning doesn't have a surplus to help the Building Fund. Kevin said it is beneficial to keep the funds separate. \$64,000 was augmented to the Building Fund in 2012. Revenue for this fund has decreased from \$150,000 in 2008 to \$20,000 in 2013. There is a \$100,000 problem the Board must address with regards to the Building Fund. This year's projected shortfall is \$111,350 and doesn't include any money coming in from PILT. Supplemental funds have been taken from General County in previous years. Dan reviewed the history of the Planning Department, which came into existence in 2008. Planning has a \$91,000 deficit for 2013. The real issue is the lack of revenue for both Planning and Building due to the economic environment that exists right now. Cory Lytle advised that revenue varies from year to year; this year it will bring in closer to \$30,000. The budget inside the General Fund needs to stay at the required 4% limit. Paul M. asked if there is any way to bring more money in from JCCIAC for maintenance of GIS/shape files. Yes, but the issue you run into is that the deficit is directly related to salaries/benefits. Tommy commented that JCCIAC received \$173,000 from the impact fund; this will be the last amount received. Connie's main concern is how to shut the program down. GIS maintenance is high impact and Dawne Combs spends a lot of time working with other offices on this. Cory stated that we need to figure out how to funnel more money to Dawne for mapping services she's providing to the county. Cory suggested that the description of GIS be changed through the JCCIAC budget to provide for those funds to go directly into Dawne's office. Cory suggested that some of the other departments like the Road Department, Sheriff's Department, and Emergency Management should contribute \$2,000 per year towards mapping. The Board readdressed Senior Nutrition when Toni Pinkham arrived at the meeting and reviewed discussions to bring her up to speed. Toni stated that cutting the program back one day per week will result in reduced grant funds. Paul M. asked Toni to figure out how much the grant will be affected and present that information at the next meeting. The \$7 cost per meal is for the meals delivered at the senior centers. Paul D. asked Toni to provide a cost analysis including what is being paid to NDOT and local service stations. Kevin underscored the fact that the amount of the deficit of the funds outlined at the beginning of the meeting adds up to \$591,486; add to that another \$300,000 for reduction in revenue, and this results in an \$891,486 deficit. Tommy cited that negotiations with the unions will be held this year and could result in reduced costs. There is some discussion concerning what it costs per meal at the school district. The

cost is \$3.50 per meal with delivery costs to Pioche and Panaca Elementary. Cory stated that the first thing that will be done is a reduction in wages. Daniel H. advised that the unions want to wait until May/June to negotiate. The Board agreed that we can't wait until May/June to work on negotiations. Kevin stated that the Board needs to prepare a proposal outlining what the county can fund and present it to the unions. Paul M. discussed the ordinance that governs PILT funds. The Board has historically agreed that PILT funds will not be spent to pay salaries. The county is in a position now that substantial cuts have to be made or PILT fund areas need to be maximized. When PILT is opened for salaries, it opens the entire fund to arbitration during union negotiations. The ordinance exists to protect PILT from wages taking all of it. There is no guarantee with the PILT funding. All of the PILT funds are being used, but not for salaries. Dan advised that the real issue is that the revenue numbers are limited. Property tax is locked down due to assessed valuations dropping and abatements. With the numbers the Sheriff provided today for salaries, it reduces the overall deficit from \$809,000 to \$540,000. This is all salaries/benefits driven. Teamsters has advised that the insurance will increase by 25%; this increase hasn't been included in the budget that was considered today. Employee plus dependents will increase to \$1,000. Clerical/Road Department contracts include a clause that makes the county responsible for a portion of dependents. Caliente has found an Aetna plan that costs about \$500. Kevin stated that we are in a situation where the Board will be forced to make a paradigm shift. Kevin met with White Pine County to see what they are experiencing now that they've come out of the complete management of the State of Nevada. WP provided Kevin with information concerning costs. Currently, WP is receiving a great deal of revenue from the mines. For employees, there are 5-6 steps that are 1%. The sheriff's department receives 2.5% maximum steps. There is no longevity and the language reads that if their revenue is above a certain level then a one time bonus for longevity is given (it doesn't raise their base; they receive a bonus check). Kevin gathered the same information from all of the other rural counties. Kevin stated that the Board needs to take a new look at contracts, steps, growth, and salaries and consider a shift. The salaries/benefits must be tied to revenues and a shift must be included to address revenue shifts. Kevin commented that relative comparisons with rural NV need to be made with regards to compensation. Kevin cited that proposals for pay, steps, rewards, contracts need to be completely reworked or the county will be flat out broke. Kevin would like to have cooperation from the elected officials/department heads in defining what it takes to get an employee to full capacity and what they should be paid. Step increases in other counties are tied directly to the amount of revenues received. If the county continues in the current manner, then a broke State of NV will come in and take over our broke county. Kevin cited that the Detention Center can't go broke; it really helps the county and it must run on X number of bodies or the contracts are affected. There isn't much flex in terms of numbers of bodies in the DC. The county is going to have to get by with less and it becomes a matter of priorities. Kevin suggested that during negotiations, the county put on the table that which can be afforded and is in accordance with other counties of our size. If total revenue in the General Fund increases by only 1% it locks the county down as to what can be given for steps. The county can't afford the automatic step raises that are built into the contracts. White Pine gives a bonus instead of adding the amount to the base pay in order to avoid the explosion in the benefits. Dan agreed that wages have to be locked down and the county needs to work forward from here, based on the small 1% that is being collected. Dan suggested that a break even analysis approach be done. Dan stated that he doesn't know how the county can even commit to giving a 1% step at this point, looking at the numbers. Daniel H. cited that there is a new law that requires a provision in union contracts that states if the county is running a deficit you have to renegotiate. **Kevin made a motion to put forward a budget plan that takes into consideration everything he just mentioned and to prepare a proposal for the unions that reflects that; seconded by Paul D.** Dan asked if the Board wants to keep the same positions as they have now, eliminate some, or wait to see what the numbers are. Paul M. commented that dialogue needs to be held with the elected officials concerning necessary positions/priorities/costs. The current contracts expire July 1, 2012; if no contracts have been approved at that time the county abides by the current terms until a new contract is in place. **All voted in favor.** Cory asked if there is a way for the non-union people to be involved in these discussions. Yes. Daniel advised that NRS requires the county to set the salaries through resolution or ordinance. The Board agreed that the budget needs to be based on prior year numbers, to a number that the county can live with. Kerry cited that the contract is \$74 a day and 85 prisoners for the DC. Kerry asked for \$77 per day, but Clark County asked to leave it at \$70. They met in the middle with \$74 with the agreement that Clark will try to keep the inmate numbers at 85. Kerry advised that they are working on a contract for a small source of additional inmates that will be presented to the Board later this month. Kerry stated that capital outlay needs to be addressed during budget hearings. DC has major plumbing issues and Kerry needs funding to fix it. Kerry stated that a video arraignment system is being looked at that will eliminate some costs for court. As of

last month, DC is required to submit electronic finger prints. Kerry cited that they need an AFIS machine that is connected to the sated. Every time fingerprints are done, DC charges \$15 and that comes back to the General Fund. Kerry discussed the need for a new phone system. Paul D. stated that a capital outlay fund within the budget needs to be created to take care of the building. \$150,000 from PILT has been allotted for technology and Paul D. suggested that that be looked at closely to see what the money is actually being used for. The next budget hearing is set for March 28 at 8 a.m.

#4-PUBLIC COMMENT

Tommy called for public comment. Ken Dixon stated that he applauds what has taken place here today. Ken commented that someone should be appointed to work with Dan outside these meetings to address the salary scale. Daniel H. asked the Board to start thinking about how they want to handle contract negotiations, full Board involvement or just a couple of Commissioners.

#5-ADJOURN

There being no further business for the Board to attend to, Tommy adjourned the meeting at 11:43 a.m.

Attest: _____

Approve: _____

DECLINED