



LINCOLN COUNTY BOARD OF COMMISSIONERS

March 28, 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 8:15 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 3-22-12. 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-GRANTS

Sheriff Kerry Lee advised there is no match on this grant and will replace the laptops in the deputies' vehicles. **Paul D. made a motion to approve the Edward Byrne Memorial Justice Assistance Grant Program (JAG) to upgrade mobile electronics for the Sheriff's Office in the amount of \$84,500; seconded by Kevin. All voted in favor.**

#4-ELECTRONIC FUEL SYSTEM REPAIRS

This item concerns the Sheriff's Office assisting the Road Department with costs to repair the electronic fuel systems. Sheriff Kerry Lee stated that there were about \$10,000 worth of repairs made to the system and he doesn't feel it's fair to place the entire burden on RD. Kerry has some money in the vehicle capital fund that can be put towards this; \$2,500 that was previously set aside for upfitting. Kerry further advised that he feels that any other county entity that uses the fuel system should put money towards the expense. **Paul D. made a motion to approve \$2,500 from Vehicle Capital Fund; seconded by Kevin. All voted in favor.**

#5-LC DETENTION CENTER

There are several plumbing problems at the LC Detention Center, and this month alone \$6,000 has been spent on repairs. Paul D. commented that the problem needs to be repaired, or we can continue to pay Rob Phillips to come every so many weeks to band aid the plumbing together. Total cost for the repairs is \$12,000, and Paul D. feels it's the county's responsibility to fund this as the county owns the building. Sheriff Kerry Lee reviewed the history of the building; when the building was initially occupied by the Sheriff's Office the repairs made to the plumbing weren't done correctly. **Paul D. made a motion to approve \$20,000 for the repairs to the plumbing and for painting at LCDC, to be paid from Fund 87; seconded by Ed. All voted in favor.**

#6-COLLECTIVE BARGAINING UNITS

This item concerns procedures for negotiations with the collective bargaining units. Paul D. stated that if the contracts aren't settled by July 1, then the old contract is used. This means that all raises and steps due under that old contract will have to be given. The Board needs to be working in advance to warn individuals of where the budget sits. Daniel Hooge has been trying for several months to set up meetings with the unions, to no avail. Paul D. suggested that the Board decide today how to handle the negotiations and move forward. Daniel

cited that the bargaining units want to meet in May/June. Daniel was sent a new contract form last November; it has been reviewed. There was discussion concerning having all five Commissioners involved in negotiations versus having only two Commissioners involved. It is a great deal easier to engage in negotiations with only two. Daniel received a call from a federal mediator. This man has no pressure to go one way or the other and he is willing to meet with local governments to mediate the negotiations. Paul D. commented that that's nice, but no, the Commissioners need to make the decisions. Daniel will set up the meetings immediately. Paul D. and Paul M. will attend negotiations. The rules state that you should try to meet at least three times, and if you can't work through things, then you go to arbitration. Negotiations aren't subject to the open meeting law, Daniel cited, and the Board decided to include Kevin. Paul M., Paul D., and Kevin will participate in negotiations.

#7-FY 2013 BUDGET

Dan McArthur, independent auditor, presented the proposed 2012-2013 budget. As of today, the General Fund is showing a negative net income/loss of \$126,174. This includes adjusted salaries/benefits that provide for the county living within its revenue stream. The wages included in this proposed budget include the wages from June 2011. Dan factored shift differential, holiday, overtime, standby, and fitness compensation into the proposed numbers. Updated property tax numbers were received from the state. Centrally assessed went up \$30 million, and it is believed that the increase is due to the power line coming through the county. The combined overall loss at this point is \$218,210. In order to get rid of the loss, we will have to reduce wages/benefits by 3.5%. This would keep everyone working. This 3.5% includes everyone in General Fund, Road Fund, Ag Extension, Museum, Transportation, County Indigent, Senior Nutrition, County Library, Planning, Building Department Enterprise, and Detention Center Enterprise. The funding coming into the RD is dropping. If wages are kept at 2011 levels, the county breaks even. Melanie asked what happens to the Sheriff's Department, who got their steps. Will they be taken back to what they were before the steps plus the 3.5%. Yes. Some of the individuals may receive a large cut. The reason Dan chose 2011 numbers is because it is believed that people can live on what they were making seven months ago. Wages and benefits can be negotiated. The county can decide not to pay health insurance anymore or lay off two-three people. Melanie stated that all individuals need to be aware of the fact that cuts might be deeper for some. If salaries/supplies are reduced to 2011 numbers this will chop another \$115,000 off the negative \$218,000. Kevin stated that the revenue breakpoint was 2009. The ending fund balance took a 21% dive at that point as well. Kevin is interested in a long term fix to the issue that removes the subjectivity and angst over all this. Kevin would like to hook salaries/benefits to the trends in the revenue stream. When there is an increase in PERS, the increase comes off the folks' compensation in White Pine. If we took the General Fund, calculate the percent increase/decrease, then take away the General Fund slices it will be possible to craft a trend that is non-subjective. Kevin feels this is the direction we should go in, keeping in mind that we can't just deal with percents. We must crunch the numbers. Kevin feels there is a way to establish this and work the contracts so that none of us have the angst that exists and we can stay within the revenue stream coming in. This must all be done within a 3% target because this is all the new money we get. Today we are still lower than the 2009 revenue figures. Kevin suggested we went to 2009, less 4%, and this will put us back to realistic numbers. When revenues increase, salaries/benefits can increase accordingly. Unfunded mandates cause issues. Instead of a longevity increase to the base, a longevity bonus check should be given. Melanie commented that all of the individuals under the contracts start at a minimal amount, but the Board has brought people in at \$60,000 with no steps or increases. Melanie said that the individuals under the contract are clawing their way up the ladder, while others are being started at the very top. Dan is working to get comparables from other rurals. The revenue high was 2009. We are, as of today, \$200,000 less than 2009. The county needs to take what they can afford at the maximum and work backwards to figure the steps, and it must be applied across the board. Knowing what the others pay and compensate is helpful as a guide, but LC may not have an equal revenue stream. Kevin suggested that we look to White Pine to see what procedures have been put in place through their being controlled by the state. Melanie commented that you can use job duties from other counties to provide insight. Paul M. asked what the specific plan is to get back to 2009 numbers. If we go back to 2009 numbers the ending fund balance will be enormous and the employees will say no way. Paul D. said there are three options: 1) collective bargaining units and county can reduce wages across the board, 2) leave wages where they are but make employees pay all their benefits, or 3) layoffs, wage decreases, furloughs or benefit pay; there are no other budget choices. The Board has two choices, Paul D. said; 1) the Board can say "elected officials, here's your budget", or 2) the Board takes the budget issues on. Paul M. asked how the Board will create a plan based on 2009 numbers that is solid enough to prevent the county from ending up in court. Kevin

responded that 2009 is just where the numbers started to decrease. A plan needs to be created that eliminates emotion. Kevin stated that layoffs don't apply to certain places. Leslie reminded the Board that when people are laid off there are still unemployment claims that have to be paid. Dan stated that there are a few other things that have to be looked at to try and get us to 2011 wages, including a concerted look at the Senior Nutrition Fund. SN is showing a \$64,000 loss. Museum Fund and County Library need to be addressed. Dan commented that he doesn't see how the county will ever pay more than 2011 wages and make this work. This needs to be set on an even keel so that the county stops eroding the reserves. Wages/benefits are 73% of the "pie". Paul M. stated that we have about 2.5 weeks to submit a tentative budget and asked what the Board's strategy is to achieve that. Dan can pull money from other funds to make the deficits whole in order to submit a budget by April 15, but it isn't a solution. The final budget isn't due until June 1, so this gives the Board time to negotiate with the unions. Departments that are requesting more money than they have will be zeroed out. Paul M. stated that the Board has more whacking to do versus just addressing salaries/benefits. Dan advised that the ordinance governing PILT funds will have to be reopened in order to address the unfunded mandates handed down from the state last year. Dan stated that the bonus idea could work. The minimum required fund balance is 4%, anything over that is subject to bargaining unit negotiations. The Board can set a limit, create contract language, and tell employees that anything over and above that percent can be paid out through a bonus check on December 15 every year. Dan is pretty certain that this bonus will not be tied in with PERS. This limit creates an incentive for all entities within the county to control their expenses. The parameters can be set at 10% or 12%, but it definitely has to be above 4% in order to make the bonus idea work. In order to reach the required numbers, we are looking at 2011 wages less 3.5%; this is the breakeven limit. Daniel reminded the Board that there are many non-union positions that need to be included in the wage discussions as well; a resolution with a salary schedule needs to be passed. Dan and Leslie will work through the current numbers to create schedules for the Board to review. The Board needs to consider that insurance is going to increase another \$200. The Board needs to include a clause in the contracts that says the county will pay X amount of dollars and the employee will be responsible for anything over and above that. The Board agreed that the minimum amount that the county must aim for ending fund balance is 8%. Consensus is that we use 2011 numbers less 5% for tentative budget. This will let the employees know what direction the Board is moving in. The overall budget is completely different on an enterprise fund. Paul M. said that the Board needs to decide who 2011 numbers less 5% will apply to. Longevity will disappear with the determination of the wage scale and development of the bonus. The direction that the county is moving in is to live on reoccurring money. Wages will be tied to ad valorem and c-tax. Dawne Combs reminded the Board that they need to explain to the employees that bonuses are taxed at 35% and if the bonus is more than \$50,000 employees are paying at a higher tax rate in income taxes at the end of the year; this isn't protecting the employees. Paul M. said that if the county is going to pay the employees something, the Board needs to decide on it and plan for it so the employees can bank on it. Money can be built into the General Fund and the county can be fiscally responsible about it. If a bonus is given, it needs to be capped and not left open ended. White Pine has parameters on the bonus. Paul M. would like the bonus tied to a specific dollar amount and isn't a moving target. Year to year the county can budget away all the surplus; the employees will be able to say to the Board, "Hey, you just spent my bonus on the Sheriff's parking lot." Paul M. advised that the Board needs to not put too much pressure on not spending that money for needed items. Dan asked for copies of the contracts from other counties; he will look at that and look at the idea of the 8% fund balance. These can be compared, and Dan can present the scenarios to the Board to see which approach they like the best. Wages have escalated beyond the revenue of the county and it must be corrected. There was some discussion concerning the best way to determine what services can be eliminated or reduced. In Lieu Fund and Capital Outlay were addressed. \$317,000 is the total for technology. There are over \$630,000 worth of capital outlay requests. Paul D. agreed that the phone system needs to be replaced, but indicated that VOIP won't necessarily save a great deal of money. The technology is budding and is still in development stages. Kerry stated that whatever the most stable platform is, that's what needs to be installed in DC; they can't be out of phone connectivity. Paul M. suggested that the phone system upgrade for the courthouse be cut and some of that funding be applied to the DC phone system upgrades. Tracy Lee stated that the problem we will have is whether or not we can establish VOIP using our existing network. Whatever vendor is able to work with us to achieve the necessary security behind our firewall could result in relatively cheap upgrades. If it isn't possible to work with what we have, it will be very costly. Tracy commented that it might be smart for him to leave the telephone stuff alone and not get involved. If this is the case, Kerry will have to go out to bid for the phone system. Tracy commented that the phone system and tape library system are "wish list" items; the remainder of the requests are day-to-day necessities that will result

in services being turned off if those items are eliminated. The tape library is needed, but we can circumvent the immediate purchase by doing manual tape saves. The phone system is removed from the budget. Paul D. stated that he doesn't see a reason why people can't walk down to the data center and manually perform the tape save. Currently, the Treasurer's Office is taking care of the backups. The Board agreed to remove the tape library. The problem with the phones is that if a phone went out in this building the telephone company doesn't have a replacement. Melanie advised that she purchased two cordless phones and they are able to transfer calls throughout the building. Paul D. stated that he was talking about key systems; the current key systems we have can't be replaced. The Board agreed that \$7,000 will be contributed towards the DC phone system. Data connectivity allows for the transference of larger files via the internet; this adds bandwidth and will be a reoccurring cost each year. Tracy hasn't received official notification from the phone company, but the phone company is getting ready to throw in caps on their data system. This will cause us to be charged extra if we go beyond our data limit. This will be of great discomfort to the county. Tracy stated that he will no longer be able to present fixed costs. April 15 the state will no longer accept paper fingerprints. For the past 25 years every time someone is fingerprinted a fee of \$15 is charged; this goes into the General Fund. A new AFIS machine is needed, but if the Sheriff's Office decides not to do this people will have to travel to Ely or Las Vegas to be fingerprinted; this is for civil actions. SO will still fingerprint criminals in-house. The state will give us a waiver and accept them for a few more weeks, but we will be charged. Paul D. commented since Ely has the ability to fingerprint this way then that's what people will have to do. Tracy stated that the SO captures money and these are the types of things we need to look at. How are we funding these types of equipment? We have purchased a ton of computers through grants but all of those computers will have to be replaced within the next 6 years. The AFIS machine was purchased through a grant, but no money was set aside to provide for us taking over these services. These costs are being included in Tracy's budget. Tracy advised that we need to understand that "free stuff ain't really free". Tracy suggested that fees for AFIS need to be revisited and increased. Whether or not the machine supports itself needs to be vetted. Kerry suggested that the fees be put into an account to provide for future replacement. Tracking it might outweigh the costs of replacement. The Board agreed to submit the tentative budget with the changes discussed. The next budget meeting is set for April 11 at 8 a.m.

#8-PUBLIC COMMENT

Tommy called for public comment. None offered.

#9-ADJOURN

There being no further business for the Board to attend to, Tommy adjourned the meeting at 12:08 p.m.

Attest: _____ Approve: _____