



LINCOLN COUNTY BOARD OF COMMISSIONERS

May 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

Paul Mathews called the meeting to order at 8:16 a.m. Clerk Lisa Lloyd called the roll.

PRESENT: PAUL MATHEWS
TOMMY ROWE
PAUL DONOHUE

LISA LLOYD, Clerk
LESLIE BOUCHER, Recorder/Auditor
DAN MCARTHUR, Auditor

ABSENT: KEVIN PHILLIPS
ED HIGBEE

There is a quorum present and the agenda was posted on 5-8-12. The Invocation was offered by Paul M. and Tommy led the Pledge of Allegiance.

#2-PUBLIC COMMENT

Tommy called for public comment; none offered.

#3-FY 2013 BUDGET

Dan McArthur presented the previously requested changes in the proposed budget. Dan eliminated the 5% cut that was applied across the board to wages. Dan has pulled out the problem funds that need to be addressed. Paul M. advised that Dan was to put the 5% back in for elected officials only as their salaries are set by the Legislature. The 5% cut was to remain in the budget for everyone else. The 5% cut was to be removed from elected officials and those making minimum wage only. Leslie addressed budget transfers. Last year \$60,020 was transferred to Detention Center; is that going to be done again this year? Yes; it's for the building payment. The budget payment isn't in there for this year but will be added. Leslie addressed the problems that we have with Solid Waste. We run into a problem with the new payment year. \$50,000 will be included in the budget for Solid Waste as well. Fund 86 is budgeted to have \$50,000. Emergency Disaster Fund will be budgeted in full, approximately \$65,000. Phyllis Robistow advised that FAA has found \$600,000 to finish off the Alamo Airport and it will require about \$30,000 for match. Land Act Emergency Disaster is budgeted in full. Land Act Capital Project Fund is not budgeted. Dan added the 5% back into the budget for the elected officials. Net Income loss is \$75,000 for General Fund, \$12,000 loss for Ag Extension, \$23,000 loss for Museum, and \$3,000 loss for Transportation. Dan discussed the Museum Fund. Museum Fund ends up with a positive ending fund balance for the end of the year, but it's eroding constantly. There is a \$35,000 capital outlay expense in Museum; if it was removed this fund would be whole and not slowly dwindling. The fund brings in about \$40,000 in taxes; it's holding its own with regards to expenses. Museum has accumulated the funding for a capital outlay project. Museum spends about \$33,000 per year. Museum fund is left as originally budgeted. Transportation fund is discussed. Transportation will have an estimated ending fund balance of \$11,000. If the need was there, and this fund couldn't hold its own, it would be possible to increase the grant from RTC. Under the grants the reimbursement for the current year is 60/40; that's only been this year. In past years, the reimbursement was 50/50 and at one point it was 80/20; it's based on how much money the feds have. 60/40 is the reimbursement rate for the current year, not the upcoming FY. Transportation usually doesn't have any funding issues. Dan will include a 50/50 rate for FY 2013. Services/supplies for Nutrition has jumped a great deal over the last few years, but it doesn't look like the number of meals served has increased drastically. Dan suggested that a few Board members meet with Toni Pinkham to analyze the food costs and see what can be done to control food costs. SN has a cash issue that is being generated by the services/supplies cost. Paul M. stated that another

\$50,000 is needed to make SN fund whole. Dan presented a ten year history of SN. Since 2009, services/supplies has increased by \$60,000-70,000. This fund is being supplemented by about \$150,000 per year. This fund is escalating out of control. Three Square will no longer allow SN to purchase food from them as they are not nonprofit. Dan suggested that SN become a 501(c)(3) in order to obtain other funding, including a yearly donation from the county to run the program. The current budget for SN is \$300,000, and that includes transfers in. Caliente Senior are currently a 501(c)(3). Caliente allows SN to use that kitchen to produce meals and they pay \$100/month towards utilities. Last year, \$40,000 was budgeted from FIL for SN. \$40,000 has only been going to SN for the last couple of years. If SN reduces to four days per week it will affect the amount coming in from grants. If the budgeted amount is left where it's currently at, this fund will probably end up short. The Board agreed that it is easier to budget the full amount and work towards fixing the problem. If the fund is left as it is, the Board will be forced to try and augment. Paul D. commented that this program helps a group of people that need it. Dan commented that everywhere he's been, no one dares touch the senior programs but the prices continue to rise. Dan stated that California is now \$16 billion in debt. The other places Dan audits don't have this kind of cost increase. Dan feels that if the \$40-50,000 is included in the budget now, there will be no need to worry about fixing the program. SN is a categorical; they don't get reimbursed for meals. Based on everything Dan has looked at, it is costing \$11 per meal. The Board discussed putting an item on the agenda to create a committee or panel to review SN. The Board agreed to put the additional \$40,000 into SN from FIL. In order to form a 501(c)(3) a group of people to run the program must be found. Ag Extension is depleting the ending fund balance. Usually \$20,000 is augmented into AE, but it wasn't done this year. AE is alright the way it sits, Dan said. Planning Fund shows zero profit/loss, and this is driven by the \$40,300 transfer from the General Fund. Planning Fund has an anticipated revenue number of \$34,000, but Dan feels it might be a generous number based on the current environment. If \$40,000 didn't come in from the General Fund, Planning would be negative but General Fund wouldn't be as far in the red as it is. Building Department line item under FILT is discussed. It has \$52,319 budgeted. Dan discussed the Detention Center. In an enterprise fund, if it generates a profit and isn't needed, the profit can be transferred to the General Fund. If DC has 77 beds at \$74 per day it will still generate a loss of \$29,000. Paul D. stated that even if there is a profit, it needs to stay in this fund in case something happens and needs to be repaired. There must be growth in beds/rates every year in order to afford the continued wage increases. Paul M. asked if there was any way to organize language that would allow for the borrowing of money from the Land Act funds that would require repayment; this would eliminate the need to augment from the General Fund. Sheriff Kerry Lee advised that every scenario presented, various numbers of beds and rates, would require work. Paul D. reiterated that guard to inmate ratio that we must maintain. Kerry stated that they don't need an additional person if the inmate population increases to 90, they would need overtime hours. 78 beds at \$74 per day is what will be included in the budget. In order to make this rate work, Dan said, there is no money for raises for seven years if the inmate count stays at 77. Everyone there should know that there is no additional money for seven years unless there is an increase in inmates; we are at break even and this is assuming that the PERS rate doesn't go higher. Paul D. commented that this will come back as a rumor during negotiations. There are some minor repair funds included in the budget. Kerry feels that the majority of all systems are in good shape for now. Paul M. addressed the Public Safety budget in the General Fund. Almost all of the salaries/wages lines from current year ending to tentative approved is a decrease in the budget book. The numbers are correct and based on what an individual was being paid at the end of June 2011. Public Defender costs come out of the General Fund. Paul M. asked if there is any way that the PD costs can be reimbursed from an indigent fund. Dan responded that he's never seen anything that allows indigent funds to be used for court costs. Dan will look into the statute to see if it is possible. Pioche Town services/supplies have been restored to the amount originally budgeted. There is some discussion about salary increases for Pioche Town employees. Paul M. commented that if everyone is being cut 5%, then why should PPU be an exception. There is no way to make this fair for everyone. Cindy Free asked if one of the unions get a big raise will it be given across the board to everyone, in order to be fair. If that's how it works, then PPU may not have the money to pay it. Paul M. stated that PPU came in without a plan. Cindy commented that PPU employees should have the chance to come to the table and negotiate raises just like everyone else. Tommy suggested that PPU should operate on their own. Phyllis Robistow asked if PPU can be incorporated. Yes, but it would cost a good deal more; it isn't practical from a money standpoint. Historically, the Board has always followed the recommendations of PPU. Paul D. suggested that PPU get a plan, including a salary schedule. Cindy presented a salary schedule several months ago and will present it to the Board again for consideration. Leslie advised the Board to speak with the DA over PPU's contracts; things were said to both Leslie and Nathan Adams concerning contracts. Leslie believes that she and Nathan were

told something different. The Board directed Dan to put in the budget information from the Pioche Town as originally submitted, changing the 2011 wage freeze to the wages they've requested. Dan will work with Phyllis and Rita Cheeney to ensure the numbers are correct. Road Department is now discussed. Paul M. cited that all General Fund employees are affected by the 5% cuts. The cuts will end up at whatever rate can be negotiated. Paul D. commented that we function on gas tax dollars; gas tax funding is decreasing. RD has a \$325,000 ending fund balance, with no capital outlay. Out of fairness to all groups, the Board will try to negotiate and keep things even and fair. If the Board doesn't make these cuts, there will be layoffs. Dan stated that the key point is that the fund balance is disappearing in the Road Fund. The revenue line is flat. There needs to be an overall policy/plan for the Road Fund as far as maintaining roads. Dan believes the Road Fund is headed in the same direction as the General Fund. The revenue line for Road Fund is flat, but wages and PERS continue to increase. There are three or four people that are close to retirement; this would make a difference for the Road Fund. Dan will create some scenarios for RD and review them with Shane Cheeney and Steve Chouquer. Paul asks if we leave the numbers where they are for the final budget, how would that be managed. They way it is set now is at the lower wage levels; the budget will be submitted as is. Right now, we need to find \$75,000 for General Fund as it is in the red. Property taxes are up a bit but consolidated tax is flat. Revenues for this year aren't dramatically less, but the ending fund balance is about \$300,000 lower than it was the year before. This year's estimated ending fund balance is approximately \$325,000. We are still spending about \$100,000 more than we are bringing in and this includes the 5% reduction in wages. There is some discussion concerning the manner in which the \$100,000 can be found/cut. If we review the sections of the General Fund to see where we can cut to get \$100,000 and find we can't, then the Board will have to review duties to see how they can be shuffled and allocated. The only other way that Paul D. can see to find the \$100,000 would be to adjust benefit packages. Denice said that if the Board cuts the at will employees and adjusts the benefits package, these same people will take it twice. Paul D. advised that the only things that the Board has left to cut are wages and benefits. Assessor Melanie McBride asked what the Board will do if the unions don't agree to the proposed cuts. Paul M. stated that he doesn't want to submit a budget that isn't realistic. There are so many unknowns as to how negotiations will turn out; will the 5% cut be agreed to in its entirety, only a portion? No one knows, but we will have to compensate during the coming year to deal with the results of negotiations. If we can't get to the number needed through negotiations, we will have to get there some other way, including reducing hours. There is some discussion about whether or not every department will be affected if one of the unions sue and prevails. It will be difficult to adjust office by office and be fair; some offices have only one employee and no one to lay off. Melanie asked if we are safe with the final budget. If the Board doesn't think they can get to the required budget number now through negotiations then they need to start fixing that right now. Paul D. stated the only way to address that now is through decreases in staff. It will either be collectively through salaries, or we lose individuals to pay more to the people that are working, Paul D. commented. Judge Mike Cowley discussed the ending fund balance, which can be available by September 30. There are many different bargaining units as well as people who haven't received salary increases for years. All employees are asking for fairness across the board throughout the county. Mike further commented that last year everyone was supposed to stay the same, but there are several people that received increases. Leslie is frustrated; she was told July 1st there would be no pay increases. January saw multiple people granted pay increases. Leslie has had people come into her office who have asked why she's given certain individuals increases; she doesn't have an answer for them. Even with the freeze that we had before, there were many people who came in to plead their case and say that they were frozen at the wrong time. The Board was soft and granted increases. Paul M. stated that he lost track of how long the freeze was on, he believed it was temporary and expired; this created another uneven playing field. The problem is how we correct the problem now. This will really affect those who didn't get increases during those years. Paul M. said a base scale needs to be negotiated; this would allow for compensation/classifications based on specific job duties. Paul M. questioned how you create the scale with everyone working at different places on the pay scale. The only way to do this would be to fire everyone and start fresh. Paul D. said they'd like to have the opportunity to sit down with the union. Whatever the Board does, they try to be fair but it won't be possible to be fair to everyone. Leslie stated that all she's asking is that the Board be consistent. Paul M. asked if we are down \$80,000 in revenue but we're down \$250,000 in ending fund balance, where was that money lost. It is a combination of things, including transfers to other funds and we were losing \$200,000 plus in prior years. We have a loan on Alamo Industrial Park (AIP) with about \$15,000 per year in interest. Why do we have investment monies making 1% and loans with an interest rate of 5%? Paul M. suggested that the county just pay the loan off since we aren't gaining anything on it. There is some discussion about the final payment on the DC. Can we pay it off

as well and save money? DC interest is \$1,100. The bulk of the annual DC payment is interest. The county would save only \$1,100 on DC by paying it off. AIP will be paid through 2019, and the county would save quite a bit of money by paying it off. Right now, AIP has a principle balance of \$328,000. The other reason we've never written a check to pay for that property is because we don't have a solid plan. There are pros/cons to writing the check and paying it off. Another thing we haven't considered is whether or not we pay the Solid Waste percentage out of FILT. We pay about \$50,000 per year. The problem is that the contract starts in October, but we don't bill until January. Paul D. asked when the county is going to say to the public that the county can't afford this anymore. When solid waste goes up 6%, the county pays 3% of that and passes the other 3% on to the residents. The county took the bulk of the payment on as we were told that within just a few months garbage would be free; that didn't happen. Treasurer Shawn Frenner advised that the citizens received the full 6% increase in January. Denice suggested that the Board talk to Elaine Zimmerman concerning paying of AIP; it might affect grants. Retirees Insurance is reduced to \$85,000. Juvenile Officer's services/supplies budget is increased from \$12,000 to \$17,000. There is some discussion about the county paying for responses to Caliente Youth Center; we shouldn't be paying for visits/investigations at a state facility. Mike Willden was supposed to look into that, but never responded back to the county. \$15,000 is the total cost for China Springs and Aurora Pines. There is continued discussion about whether or not the budget should be submitted as is or continued work/cuts should be done. Dan took everyone back to 2011 numbers, fixed the NRS employees, took 5% off the appropriate employees, left \$8.25 employees alone. If someone was hired after 2011, the lower wage was used; they wouldn't get a cut, they would stay where they are at the base rate. Dan will provide the schedules for employees' base rate based on whether or not they are employer/employee paid or employer paid. Dan will double check the base wage; if it needs to be adjusted it can be. No action is taken.

#4-PUBLIC COMMENT

Tommy calls for public comment. None offered.

#5-ADJOURN

There being no further business for the Board to attend to, Tommy adjourns the meeting at 12:19 p.m.

Attest: _____ Approve: _____