



LINCOLN COUNTY BOARD OF COMMISSIONERS

April 2, 2013
Commission Chambers
Lincoln County Courthouse
181 Main Street
Pioche, Nevada

Commissioners

Paul Mathews
Kevin Phillips
Adam Katschke
Paul Donohue
Ed Higbee

#1-CALL TO ORDER/ROLL CALL

Paul M. called the meeting to order as he is the Commissioner responsible for financial matters. Paul M. called the meeting to order at 8:41 a.m. Clerk Lisa Lloyd called the roll.

PRESENT: PAUL MATHEWS
PAUL DONOHUE
ADAM KATSCHKE
KEVIN PHILLIPS

LISA LLOYD, Clerk
DANIEL HOOGE, DA

ABSENT: ED HIGBEE

There is a quorum present and the agenda was posted on 3-26-13.

#2- -FY 2013-2014 BUDGET

Dan McArthur reviewed the revenue projections. Projections are for less property tax revenue this year than last year. It shows \$48 million assessed increase in centrally assessed taxes, but there is a \$400,000 energy abatement and another \$400,000 property tax abatement. When Dan compares the abatements from last year to this year last year was \$300,000; this year is over \$1 million. When the tax rate is applied to them that should generate \$640,000. However, they're abating 100% of that plus an additional amount. Dan is wondering if the energy abatement has been included twice. There has been a large turnover at the state level and the numbers came out two days late. Dan can't quite understand why the abatement would be higher than the potential increase in tax. The numbers that we are working with today are those we received from the state. Dan advised that based on this information, there is no new revenue. Dan asked if there could be a problem in a prior year where the state is trying to make it up. Assessor Melanie McBride responded yes, it is possible. With the current budget requests, the project ending fund balance is \$243,238. DA Daniel Hooge advised that he's been told insurance will increase to \$900 per employee this year. The PACT contribution will increase as well, between 12-24%. There is also an increase in the PERS contribution rate. The increase in PERS/PACT/ and benefits is going to have a massive impact on the budget. There are two bills before the Legislature right now to change PERS from defined benefit plan. They want to change it to a defined contribution plan and dropping the contribution rate. 25.75% of every dollar goes into PERS for regular employees. The maximum contribution would be 6%. These proposals won't go into effect until July 1, 2014. PERS is increasing by .04%. Dan advised that the benefits issue, specifically insurance, needs to be attacked as does the "other expenditures" inside the general fund. Dan will continue to work on the abatement issue to see if the state has possibly made a mistake. Dan will meet with Pioche Town Board next Tuesday. Nicole Rowe asked if her part-time employee could be made full-time. Rick Stever advised that as the county cuts their portion for Emergency Management the state will also cut theirs. Cory Lytle advised that he has received approval to hire someone part-time, but maybe we'd better reconsider this issue and see if the work can be shuffled within the existing departments. Sheriff Kerry Lee reminded the Board that services/supplies has been gutted over the last four years; there is nothing left in that category. There are a lot of maintenance issues that will catch up with the county eventually. PILT is going to be cut by 5.1%. **Road Department** salaries is discussed. Dan presented a ten year history. Revenues are nearly identical to last year's, \$1,559,587. Salaries are budgeted at \$677,549. Benefits are increased by approximately \$48,000 due to insurance issues. The current numbers show that we are spending about \$130,000 more than is being brought in. Dan doesn't believe the ending fund balance will be as low as projected, though, and there will be more carryover. There is some speculation that there are a couple of RD

employees who will be retiring; sick and annual will have to be bought. There is some discussion about creating a public works department within this fund. Dan will work on the details of this fund and present it at a future meeting. Adam asked if a couple of the men retire, do they need to be replaced. Shane responded that it depends on the guys and the RD can't afford to be short. A resolution authorizing the opening of the new fund for the RD will be considered at the next Commission meeting. Paul M. stated that he sees this fund as being able to cover additional activities, such as cleaning up a dump site. The adjustment for retirement wasn't included in the salaries submitted for RD. Statutory requirement for ending fund balance is going to be a minimum of 4%, but everyone has always worked towards 8%. We will need \$340,000 for the ending fund balance; we are currently sitting at approximately \$43,000 so the Board will have to make cuts to reach the desired range, this is assuming that the insurance will be in the \$1,200 range. Paul M. asked how much the Board will need to find. \$300,000 since \$340,000 is the target for ending fund balance. With services/supplies being as low as it can be, the Board will have to look for funding in salaries/benefits. Another issue to address is that the majority of county employees' salaries have been static. Another thing to consider is whether or not we want to keep employees working. Leslie commented that she hasn't received a budget request for District Court so she doesn't know if the public defender contract increases or stays the same. Paul D. asked if the Board has the authority to reopen the PD contract and put it out to bid, since the county can't afford it. There was some discussion about whether or not the county can re-contract with the state. When the county used the State Public Defender's Office, they didn't provide contract counsel. Also, the current State PD's office that we would use has reduced its staff. There is some discussion concerning Sheriff's contracts and "triggers" built into them. Kerry cautioned the Board to tread lightly with raising the costs for beds because new facilities have been opened throughout the state. We could outbid ourselves if we aren't careful. LC is in a unique position in that we are more competitive than others because of the amount we paid for our facility. We also have an established relationship and Clark County knows what to expect of us. The last payment will be made on the building in FY2014. The rates should be \$80-\$85, but we are currently getting \$74. With the present environment, we are in a good position in spite of the need for \$80-85. We currently have 85 prisoners at \$74 per day, but this makes the DC break even. There is some discussion about the need to expand and build sections for kitchen/laundry/and women. If the bed count has risen, and there are extra funds, Adam agreed that the expansion should happen. The county would make the investment in the facility, not the enterprise fund. If we do the loan and design this year, we will still be one year out from construction. \$60,200 is the amount of the payment per year. Kerry has approximately \$20,000 for the building of the women's facility. Kerry asked why the DC isn't eligible for budgeted funds out of capital outlay; all capital projects complete on the DC come out of the DC fund, even though it's a county building. Kerry stated the phone system is a huge issue that must be addressed. Kerry suggested that the upgraded phone system project be handled in tandem with the courthouse. One of the reasons that there isn't a VOIP system at the SO is because FBI requires encryption, but the phone company doesn't have the capabilities to encrypt. The phones are the greatest expense in a VOIP system. Kerry has funds in the current budget for a phone system. It is agreed that the expenses to put in the VOIP system and use of the current system will be a wash. Estimates will be put together for the next budget hearing and a decision can be made. \$350,000 will be budgeted for a loan to expand the DC, Sheriff will contribute \$20,000 as initial payment, and payments will start in 2015. Kerry stated that the expansion for the female section will be very simple; it can be done this budget year. The tentative budget must go out by April 15, and the final is due June 1. Paul M. stated between now and April 15 a meeting must be held with Teamsters to negotiate insurance. The ending fund balances and projections aren't very solid at this point. Dan advised that the budget can be submitted as it sits right now. There is some continued discussion about the possibilities of other offices absorbing some of the planning coordinator duties. Paul M. suggested that Cory shift the duties previously discussed to the Assessor's Office, speak with Wade Poulsen concerning sharing a secretary with the water district, and hire the part-time person to answer the phones. LCWD isn't interested in going the direction of sharing a secretary. There is continued discussion as to whether or not layoffs will occur or is the Board committed to making the employees pay their own insurance costs. Leslie asked if the minimum wage employees will have enough money to cover the costs of the insurance. Will it be possible to opt out if you can't afford it? The affordable care act requires that the employee is covered; the dependant costs will be the issue to consider since employees have to pay for their dependents. Paul M. has decided that he would like to go line item by line item, department by department to establish what should be cut. Leslie suggested that we go back to the salaries that were in effect July 1. Decreases haven't been discussed. Melanie suggested that furloughs in place of wage freezes should be considered. The increase in an hourly rate will make a difference to PERS. If pay increases are granted and the Board asks the employees

to take a furlough day it will result in savings. Paul M. asked if the courthouse can be run on fewer hours per day. Yes, there is a statute that provides for that. The county is running nine hours now, the offices are open nine hours per day. The structure of raises is higher than the county can afford at this point. Giving increases and furloughs doesn't address the cost of the wage increases. When you stack cost of living, step raises, etc. you often end up with a 9% increase. The Board agrees that they are looking for a \$120,000 at this point as they assume the ending fund balance for the current year will come in \$100,000 higher than projected. Dan will work out a scenario with furloughs built in to be presented at the next meeting. Unless there is a savings to the county, there is no point in doing the furloughs. Daniel stated that he advertised for a deputy at \$65,000 but he couldn't get anyone licensed. He hasn't been able to get his deputy to pass the bar, so they've been paid at probationary pay of \$55,000. If his current deputy passes the bar, he will be due an increase to \$65,000. The next budget hearing will be held on 4-25 at 8:30 a.m.

#3-CALIENTE REQUEST FOR ROAD FUNDS

John Brown, City Attorney, addressed the Board. A few months ago the issue of maintaining the amount of road funds being received was discussed. At that meeting, the Board asked what the City was spending the funding on. Jo Whitlock, City Clerk, presented the roads plan to the Board and the City is slated to receive \$93,000. This is the least amount of money that the City has received for many years. The funding the City receives reflects the county's decrease in funding received. John discussed the statute outlining gas tax. The City receives gas tax money; there are three funds for gas tax and the City get access to only two of those funds. The additional funding that the county gives the City brings the amount up to 10%. The City isn't getting two "bites at the apple". The City is requesting access to funds that the county gets but the City doesn't have access to. There are four different Caliente employees who draw from the \$93,000 received from the county. Effort has been made to identify where resources need to be placed for the future of the City. Caliente is requesting the funds that they would normally receive. Since this discussion commenced, Paul M. has had members of every town talk to him and inquire why they don't receive these funds as well. The towns do get a greater share of the gas tax funds than Caliente since the Road Department works on all the towns. Paul M. asked if there is some way, over time, that we can do more for the other towns as well as Caliente. Paul M. suggested that this year the \$93,000 could go to Caliente and in the following years the funds could be used for projects in the other towns. John responded that if it looks like Caliente is receiving more of the overall funds, then, yes, over the course of the next 3-5 years figure out a way to spread the wealth and wean the City off the money. If it appears that the percentages would be going to the City anyway, then the funds should continue to go to Caliente. Shane Cheeney advised that he was under the impression that the RD was to be given a document outlining why those funds went to Caliente. Minutes were identified with discussion concerning the funds, but no actual agreement was ever found. There was no contract, just the influence. John stated we will always be better off by figuring out the best way for everyone, but the best thing to do right now is to figure out the accurate formula for the funds. Since this issue first came to light, the RD has been experiencing some rapid changes with regards to how they do business. Paul M. asked if we will know how each town and community relates to the total piece of the pie. There are different dollar amounts assigned to each town, dirt roads, and paved roads. There are five different classifications of roads, but only three different dollar amounts. Paul M. asked for time to work through the process prior to giving an answer. Caliente responded that they need to put their budget together as well. John asked that this system be maintained as we work through it. Adam would like to see the funds, if taken from Caliente in the future, put into some type of capital improvement project. This project should only be used to improve things, not applied to the general fund. Paul M. stated they are working for this right now, including how to plan for all the funds in the future. There are three sources of gas tax, 365 gas tax, 373 gas tax, and 403 ad valorem taxes. 365 is already split by the state and 373 goes to RTC to be used for everyone. 403 is the only thing that applies to the 10% that is split with the City. Daniel hasn't found a single ordinance that that says we get any 403 taxes at all. There isn't anything that shows that we have those property taxes at all. The City is saying we have \$900,000 of property taxes we are getting. John responded that 235, 125, and 175 are the three being considered, but the City only receives two of those three, and it is the smaller two of those three. These are all the 365 taxes. Daniel cited. These funds come from NRS 365, but the chapter that the City is citing doesn't apply to these taxes; it doesn't apply to the 403.450. 403 only applies to Chapter 403. \$03.450 doesn't apply to the 365 taxes, Daniel cited. 235, 125, 175 are all 365 taxes. John responded that he isn't here to brief it; he's here to address the comments being made that the City is getting two bites at the apple. The City isn't getting two bites at the apple. Daniel stated there is no statutory vehicle that allows for the splitting of the fund; the statute says that this funding can only be used on

county roads. Once the City incorporates, the funds cannot be used on City roads. 4403 funds can be requested but they are ad valorem funds that come through taxes; we don't have those. In the 1970s-1980s this issue was taken to the AG's office and the same opinion was issued. John questioned why the City ended up receiving the funds. These funds have been received into the City since the 1980s. The question is whether or not this is legal, but we must remember that these are citizens of our county. Paul M. addressed NRS 235, which doesn't go to the road tax fund then the county has discretion on how to spend it. The money that goes to Caliente is taken out before it goes to the road fund. 403.450 doesn't apply, Daniel advised. Paul M. stated that the funds are being diverted prior to going to the road fund. The county has more discretion on this as long as it is for the greater good of the public. Paul M. suggested that this discussion needs to be finished with an interlocal agreement. For the county to continue to pay the amount, if it's legal, then a long term plan and financial analysis need to be completed. Paul D. suggested that the funds be given to Caliente this year and the back issues be worked out. Adam suggested that a deadline for the interlocal agreement be put in place. John commented that we need two separate interlocal agreements; one for the funds and one for the equipment. The time can be used to analyze how much we are going back and forth between the county and Caliente. **Adam made a motion to grant the City \$93,000 for this budget year while the interlocal agreements are worked out; seconded by Paul D. All voted in favor.**

#4-PUBLIC COMMENT

Paul M. called for public comment. None offered.

#5-ADJOURN

There being no further business for the Board to attend to, Paul M. adjourned the meeting at 1:19 p.m.

Attest: _____ Approve: _____