



## LINCOLN COUNTY BOARD OF COMMISSIONERS

March 9, 2011  
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 8:12 a.m. Clerk Lisa Lloyd called the roll.

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

LISA C. LLOYD, Clerk  
DANIEL HOOGE, District Attorney

There is a quorum present and the agenda was posted on 3-3-11. The Invocation is offered by Tommy and Paul D. led the Pledge of Allegiance.

### **#2-RESIDENTIAL CONSTRUCTION TAX**

Superintendent Nykki Holton addressed this item. Nothing is changing and the residential construction tax rate will continue at \$1,600.00 per residential unit. The ordinance has already been passed by the county. The LC School District is asking that the rate be approved and continued. LCSD is further asking that the Commission send a letter to the NV Department of Taxation advising of the unanimous vote to continue the full support of the \$1,600.00 residential construction tax. The letter itself doesn't site that this tax applies only to Coyote Springs and the Toquop area. Tommy questioned if there was a need for specifics. This is the only residential construction tax that the LCSD has on record. Nykki advised that the ordinance expires every four years and they're asking for a continuation of the ordinance. Daniel commented that the Tax Commission reviews it every four years. There is some discussion about whether or not there is a sunset clause on the ordinance. Denice Brown advised that the ordinance doesn't sunset. Daniel further cited that nothing has to be done to the ordinance, but a letter must be sent to the Tax Commissioner requesting the continuation of the residential construction tax.

### **#3-LETTER RE: ORDINANCE #2006-06**

**Paul M. made a motion to approve sending a letter to the NV Tax Commission to continue the residential construction tax; seconded by Ed. Paul D. abstains as Nykki Holton is his sister.** Nykki advised that when the letter is sent it will include the LCSD minutes/agenda and the Commission minutes/agenda. These funds will be used solely for the purpose of building schools. **All voted in favor.**

### **#4-FY 2011-2012 BUDGET**

Dan McArthur presented the overview of the FY 2011-2012 budget. Present revenue projection and budget requests for this year show the General Fund having a negative balance of \$197,286. The abatement for property taxes will affect this number in that we will have less property tax than is currently shown in today's numbers. As shown today, China Springs fund goes negative \$7,277, which pays for a youth camp in eastern NV. Agricultural Extension fund will be negative by \$1,442; this can be fixed by a \$20,000 transfer from the In Lieu Fund or General Fund. Museum is negative by \$1,957; \$40,000 of capital outlay has been requested. Room Tax Fund is negative by \$51,273. County Indigent is negative by \$89,949; the positive \$64,000 in the Medical County Indigent can be used to off set this negative. Phyllis Robistow commented that it is not true that everything in the County Indigent Fund will be spent this year. Phyllis believes both of these funds will start out higher than currently projected. Paul D. commented that Room Tax has budgeted everything this year based on the fear of those funds being swept. Forensic Services shows a negative balance of \$3,613. Dan suggested

that expenditures on the Forensic Services fund be adjusted. Thompson Opera House has a negative fund balance of \$3,500, but Dan advised this can be fixed with an adjustment to the carryover. Drug Forfeiture Fund has a negative balance of \$31,000; this is driven by revenues received. Unless the money comes in, nothing can be spent. Dan commented this is an easy fix. LC Housing Authority has a negative balance of \$15,404 due to a capital outlay request to remodel. Dan commented that the fix for this fund is that they can only spend what they have as it is rent generated; this fund must live within its revenue. Multi Species has a negative balance of \$71,937. Dan doesn't believe this fund will go negative in the current year. Phyllis advised that the beginning fund balance should be the same plus interest. There is no requirement for the county to put money into this fund. Dan will adjust this fund so that it is not negative and he will budget to spend all of the money. Recorder Technology will be negative \$8,545, but Dan will make an adjustment so that it rolls forward with a zero fund balance. Youth Activities Counsel will be negative \$8,831, and Dan will adjust this as all of the money will be spent in the current year. Whatever the ending fund balance is should be fully budgeted as the county will not be putting any more money in there. LC Land Act Emergency Disaster has a negative balance of \$3,854. Dan assumes this will have a zero fund balance and it will not go negative. Dan will adjust accordingly. Assessor's Technology Fund has a negative balance of \$3,651; if the money isn't used within two years it is to be transferred to the General Fund. Dan will adjust the beginning fund balance to bring this fund into the black. Public Improvement Fund has a negative balance of \$173,693; Dan will adjust the beginning fund balance. Court Facility Fees shows a negative balance of \$12,288; Dan will adjust the beginning fund balance. Planning shows a negative balance of \$105,902. Vehicle Capital Projects has a negative balance of \$82,197. This is generally funded by a transfer from General County or Federal In Lieu. Air Force money goes into the General Fund, and then is transferred into Vehicle Capital Projects. Fair Board Capital Projects has a negative balance of \$35,517. Dan will adjust the beginning fund balance. Airport Capital Projects has a negative balance of \$5,470. Phyllis advised that the Airport has not budgeted to spend their funds and they'll start out with about \$5,500 more next year. Dan will adjust accordingly. Road Capital Projects has a negative balance of \$49,638. The interest rate earnings will be adjusted to \$1,000. Paul M. commented that other counties have the RD be the public works department and asked if they supplement the fund with other funds. Dan responded that they have a solid waste fund that collects money and the cost is billed to that fund. The funds are then allocated to take care of that. Paul M. asked if there was a way to budget for the public works projects up front so that they aren't searching for funds to reimburse so that they are using gas tax funds for these projects. Dan responded that most of the counties are doing a reimbursement or charge back for any projects that aren't county roads. Captain Gary Davis commented that they used to charge the RD for a dispatch service and suggested that this is something that can be done to pay for the service. Phyllis advised that the airport is looking at getting a fuel tank at the airport and asked if the aviation fuel taxes will go to the RD or will it be split up so airport gets it. Dan responded that the aviation fuel tax doesn't go into this fund, it will go into the airport fund. Dan and Leslie will talk to the RD about potential projects and then work towards attaining numbers to include in the budget to cover these projects. Dan will include \$15,000 in the RD budget for public works projects. There is some discussion about creating this budget line item elsewhere and then augmenting it to the RD as needed. Otherwise, it will get spent. Dan and Leslie will work on this and present it to the Board at a future meeting. Dan discussed issues in the General Fund. Revenues included in today's draft budget are from the state. Interest on rent will be decreased to \$3,500 and rent will be decreased to \$4,800. Total Expenditures if \$4,083,000 and requests are over \$5 million. Budget for 2011 for General Government is up about \$69,000. Judicial requests are \$1.27 million. Public Safety requests are \$1,689,000, which is the largest increase. Transfers in and out don't include Planning, if a transfer is included for Planning it will push the General Fund into an even higher negative. Public Safety is discussed, including the three departments under this; Sheriff, Emergency Management, and Caliente contract. There is an increase in public benefits and Dan understands that PERS will increase the benefits to 39% for Sheriff. Services and Supplies is up to \$182,000. Fuel is a huge consideration for this department. Sheriff has a \$32,162 capital outlay item that can be moved to In Lieu. Emergency Mgt. has a \$60,000 capital outlay item that can also be moved. Dan discussed the General Government section. Business License Department capital outlay, \$1,500, can be moved. County Code is decreased to \$5,000. \$70,520 for Communications is discussed, which is for a contract with Rebel Communications. The county has only been paying this expense since 2009 and the Board can move this expense into the In Lieu Fund. There is some discussion about the ability to renegotiate this contract. \$7,598 for capital outlay for Auditor's request can be moved. \$700 from Assessor's office can also be moved. There is a \$10,000 increase for services/supplies in the Assessor's budget requests. There is some duplication for publication costs within the request. Dan believes there is about \$10,000 that might be able to be moved to a

different line item. Building and Grounds has a \$10,000 capital outlay request that can be moved. There is also the insurance, which is not a very solid number. Alamo budget hasn't been received so Dan included prior year numbers. Judicial Function is discussed; no budget for District Court has been received. The beginning fund balance for District Court will be greater than anticipated. Public Defender costs are reduced to \$122,000. \$5,500 is in the DA's budget for capital outlay that can be moved to a different fund. Law Library hasn't been updated for a couple of years. The DA's office could provide an old laptop with access to the updated law library. Law Library is reduced to \$7,500. Budgets from Alamo and the Juvenile Probation Office haven't been received yet. There is a possibility of savings with the LC Health Nurse. Jean Lucht is requesting a salary increase as she hasn't had one for years. If the state dumps the public health nurse, the county will be forced to pay the salary as we are required to have public health nurse. NACO dues are reduced. There is some discussion about PEBP. Dan reads the statute that the county *may* provide retiree insurance benefits. Many of the places that Dan works with now are opting out of PEBP. Leslie advised that we didn't sign back up with PEBP; we don't pay for any new retirees. The numbers in the budget include only existing retirees. Tommy advised that Caliente has expanded their boundaries and all of the traffic citations in that area will go to the City. Dan discussed the option of the In Lieu fund, which is currently budgeted conservatively. This fund is controlled by an ordinance passed by the Board in previous years. \$15,000 will stay in this fund for RSVP. 10% of whatever comes in is to be spent on information technology, another 10% is to be used for grant match. The current year allocation for grant match money is \$296,000. If the \$296,000 isn't going to be spent, \$200,000 can be moved to use for other items. IT override totals \$186,000 plus \$74,000, this includes the ADS requests and Tracy Lee's IT requests. There is a line for capital outlay in this fund and those capital outlay items discussed can be moved here. This budget also contains a \$35,000 principal payment for the Alamo Industrial Park. Transfers out last year include \$56,000 for the Planning Department. Dan suggested that this fund might be used to solve the negative balance on the Planning fund this year. Dan further suggested that this fund can be used to give Ag Extension funding. Costs are going to increase slightly as Recology is making more trips to empty the bins at the Alamo site. Increases on solid waste occur in October, but the billing doesn't occur until January so the county pays the difference for about three months. There is some discussion about increasing the rate to the citizens for the solid waste; how much of the increase does the county want to absorb and how much should be passed on to the residents? Daniel cited there is an option to get out of our contract and that individual residents will have to negotiate with Recology for door to door pickup. Currently the Solid Waste fund doesn't go negative, but if money isn't put in there from PILT this year it will certainly have to be done the following year. \$50,000 is added into Solid Waste, to come from PILT. Dan is concerned about the revenue projection of \$66,000 for Building; he feels it is very high based on the economy. Dawne commented that some of this revenue is derived from the SWIP line. If this revenue doesn't come in, this fund will need a transfer. As it sits right now, this fund is upside down by \$18,000. Paul M. questioned how the PILT transfer fits with the ordinance. When this transfer occurs, you lose track of that money. Paul M. suggested that itemizing how the transfer is used can be required. The bulk of the Building Department budget is salaries and benefits. Kevin commented that the funding from the SWIP line is a temporary solution. Dawne Combs advised that the Planning Department budget pays for GIS. Discussion centers on how the Board wants to run, fund, and staff the Building Department. If the power line goes through there will be funding. Dan was unaware of any other significant fees that will be coming into this budget. Salaries for Building include \$25,000 for Director, \$17,100 for Inspector, and \$1,800 for Administration. PILT can't be used to pay salaries based on an ordinance passed by the Board. Paul D. commented that these offices are going to have to be supplemented during these hard economic times. These offices must be funded sufficiently, Paul D. said. Dan would reduce expenditures for salaries and move that to the other departments they're working under. Buildings and Grounds, Business Licenses, and Building Department currently fund the Building Department. Dan is suggesting that an additional \$18,000 for salaries be moved into the General Fund. Depreciation and Amortization can be moved to PILT. Dan simply doesn't believe \$66,000 will come in as revenue. Dan feels that if \$30,000 is realized it will be amazing. Paul M. commented that the other thing to consider is the annexation. The development agreements specify certain amounts of money that will come to Building/Planning if they ever break ground. If the annexation happens, the agreements will be null and void. Even without the annexation it would be years before anyone builds anything on the Toquop property. Dan feels that \$20,000 revenue is optimistic. There is some discussion concerning the \$100,000 annual payment to be received from Coyote Springs for the power corridor. There are restrictions tied to the money. Dan reminded the Board that there is an ordinance governing the LC Land Act funds that can be changed by the Board. However, this is one-time money and once it's spent there will be no more. Coyote Springs pays \$500,000 in January and June to BLM; BLM is to forward \$50,000

in January and June for the county's 10%. Paul D. commented that a revenue source for public lands commission needs to be considered; this commission isn't currently included in the draft budget. Kevin commented that the basic principle of the LCLA fund is that if the corpus is spent, there is nothing after that. There is more discussion concerning changing the ordinance governing the PILT funds, which would be a safer change versus tapping into the LCLA funds. There is some discussion about the state sweeping the LCLA money. Paul M. asked if it is safe. Dan feels the potential for the state to sweep this money exists. Every entity is a subdivision of the state and they can take anything they want. If the state is searching for funds to protect programs that care for people, they're working as hard as possible to fund these programs. If the funds are swept, all of the people in the state will be taken care of. LCLA funds will be the first place the state looks. Kevin reiterated that this is a short term fix for a long term problem. Even if the state takes the funding it can only be used for its intended purposes. Section 7 monies can only be spent on mitigation and even then it's subject to BLM approval. Tommy commented that several years ago the county was negotiating tipping fees with Western Elite. This is a source of revenue to look at. Daniel commented that he's spoken with WE's attorney and it doesn't seem like we are close to reaching any type of an agreement on tipping fees. All of those conditional fees were based upon the county helping them get a Class I status. WE would like to attain that status; they're currently Class III. The county can pass an ordinance requiring 5% franchise fee that gives them exclusive rights to all construction waste. Funding from PILT will be moved to cover the shortage in Building. Dan discussed the Planning Department, which has a negative fund balance that includes \$75,000 from nuclear waste. With the removal of the \$75,000 it makes the deficit \$180,000. Dan will work with Leslie on clarification of this issue. \$16,000 is revenue and \$123,000 is projected for expenditure. The bulk of this fund is wages, \$85,000, which should be coming from General Fund not In Lieu. The salaries are for Dawne Combs, Planning Coordinator, and Cory Lytle, Planning/Building Director. The only outside contracts included in this budget request are for GIS. The Detention Center fund is a concern this year. Operating income/losses shows a projected loss of over \$75,000. 2010 actual numbers show a loss of \$26,000. Dan will review the depreciation value. The bottom line is that this is showing a loss. The key is that the expenses for 2011 compared to 2010 include increases for salary/benefits. The issue that comes into play is the rent for the inmate; will we try to bump up the rent or do something to increase the revenue to take care of the higher expenses? Costs per bed remain at \$70 and Captain Gary Davis advised that they aren't in a position to increase it. Dispatch is included in this budget. \$97,000 projected increase is for jail and \$4,000 is the projected increase for dispatch. The contract adds Step 9, plus whatever increases are built into the contract. There are 19 Detention Center employees, including one part time position. Depending on the depreciation value we may run into a cash flow problem. If there is a need for cash, the Board will have to designate a fund to supplement. Gary advised they hesitate to raise the contract rates due to the situation in Clark County. LC will be the last contract to be eliminated due to our price. Paul D. cited that this fund needs to live within its means. If this fund can't do that, the county will be forced to supplement for dispatchers out of general fund. When this started, the goal was 50-60 inmates; currently they have 85 or more inmates. This fund will get to a point that it needs a cash infusion of about \$50,000 by the end of the year. Enterprise funds are user fee driven, not tax driven. This enterprise fund should have a business model showing that it's carrying its own weight. This isn't a viable enterprise with the wages rising so high. Wages are out running the ability of the facility to generate revenue. Under services/supplies category there is a budgeted amount of \$473,000. It's possible that they will find savings in that category and it may be possible to pick up \$20,000-30,000 from the previous years; this would solve the problem. Leslie asked if some of the jailers do patrol work and suggested that if they do it can be charged to a different fund. No. Dispatch isn't that big a part of the jail; it's a separate issue, Gary cited. If it is backed out of this fund, it will nearly solve the problem. This is a public dispatch; EMS/fire/Sheriff's patrol use this service and should share the costs. Dispatch contracts will have to be renegotiated this year and they want an additional step similar to the Law Enforcement unit. There is a potential to do an allocation for all services using dispatch. There is some discussion about how to bill Caliente and Pahranaagat Valley Fire. Rick commented that many of these budgets are tight and there won't be funding to cover the allocation. Dan cited that the funds discussed today are those that he is the most concerned about. \$249,700 is the total of adjustments made today, but it doesn't solve the Planning/Building problem. The communications contract can also be moved to PILT. \$329,000 is the total for savings right now in the General Fund. Dan reviewed the various existing tax rates. Museum fund isn't required to have a tax rate; the Commissioner instilled this as they didn't want to continuously fund it. Senior Nutrition, Alamo Clinic, and the Library tax rates aren't statutory. Ag Extension is statutory. The tax rates were set up so that these funds would live within their means. Panaca Town budget has a negative fund balance; Dan will work with Leslie and the Panaca Town Board. Panaca's expenses are more than their

allocations. Routinely Panaca brings in about \$50,000 and spends \$62,000 each year. Panaca Town has questioned the difference in the tax rates between their town and the others. Panaca Town is sharing their tax revenue with the Panaca Fire District. Alamo Town asks for the maximum tax levy every year. Panaca Town is paying for the cemetery now, but the cemetery committee has a private bank account that should've been turned over to the Town. The fund grows from the sale of plots. The grave fee shouldn't go to the committee, it should go to the Town, who maintains it. The other thing that can be done is to transfer the maintenance back to the committee. If the Town wasn't maintaining the cemetery, they'd be flush in their budget. At this point, the county will just have to direct Panaca Town to cut expenses. Dan discussed Pioche Town budget. Dan will go through the budget with Pioche Town Board at their next meeting. There is an issue with the sewer fund that shows a negative of \$3,800. The water fund has a \$44,000 negative balance. One of the issues that has occurred is that USDA is helping to fund many of the operations, but USDA expects the electrical fund to be separated. Dealing with the loan covenants has created an issue. Pioche Town may have to make an adjustment with the water to cover the negative balance. Pioche Town has enough cash to operate but it is slowly being eaten away. USDA wants the number high enough to cover the depreciation. Dan will adjust the expenditures in the Regional Transportation Fund. Paul M. commented that individual homework should be done on the requested capital outlay projects. Decisions can also be made on the capital outlay when the department heads come in to discuss their requests. Paul M. feels the hole that needs to be filled certainly isn't as bad as he thought it would be. Dan doesn't feel the big Legislature decisions will be made until after May 15. Dan's greatest concern is what will happen with consolidated tax and what will be pushed off on to the county to fund. There is no way for the county to fund additional things unless the cap is removed from the property taxes. Dan advised the Board to put a plan together and budget the LCLA monies, LC Water monies, and the In Lieu Fund. March 30<sup>th</sup> at 8 a.m. is the next date for budget hearings.

**#5-PANACA FIRE DISTRICT**

This item is covered under a separate agenda.

**#6-LINCOLN COUNTY FIRE DISTRICT**

This item is covered under a separate agenda.

**#7-PUBLIC COMMENT**

Tommy called for public comment.

**#8-ADJOURN**

There being no further business for the Board to attend to, **Ed made a motion to adjourn the meeting at 12:57 p.m.; seconded by Kevin. All voted in favor.**

Attest: \_\_\_\_\_ Approve: \_\_\_\_\_