



LINCOLN COUNTY BOARD OF COMMISSIONERS

April 28, 2014
Commission Chambers
Lincoln County Courthouse
181 Main Street
Pioche, Nevada

Commissioners

Paul Mathews
Kevin Phillips, Vice Chair
Adam Katschke
Paul Donohue
Ed Higbee, Chair

#1-CALL TO ORDER/ROLL CALL/INVOCATION/PLEDGE OF ALLEGIANCE

Paul M. called the meeting to order at 9:08 a.m. Clerk Lisa Lloyd called the roll.

PRESENT: PAUL MATHEWS
ED HIGBEE
ADAM KATSCHKE
KEVIN PHILLIPS
LISA LLOYD, Clerk

ABSENT: PAUL DONOHUE

There is a quorum present and the agenda was posted on 4-22-14. The Invocation was offered by Ed and Kevin led the Pledge of Allegiance.

#2-PUBLIC COMMENT

Paul M. called for public comment. None offered.

#3-FY 2014-2015 BUDGET

This is the time and place set for budget hearing on the FY 2014-2015 budget. Dan McArthur met with Sheriff Kerry Lee and Lieutenant Jon Neighbor about the Detention Center (DC). The budget is based on 90 beds; this is the maximum that the DC can accommodate. The wages in the fund represent the wages that are being paid today; the rate the individuals are being paid this week is what is included in the budget. The budget doesn't include any wage increases that may have been negotiated. The DC is at max capacity right now. The current number in the budget could change based on negotiations. Dan discussed the upgrade of the 911 system; the DC will purchase two servers in the approximate amount of \$40,000 (this is what Dan included in the budget) and have Tracy Lee install them. Dan met with Treasurer Shawn Frehner concerning the "Area" money that was received for the current year property tax payment. When the funds came in, they were distributed normally to all funds. NRS allows the funds to go directly into a capital projects funds as it isn't required to distribute these funds to all the normal funds that it is allocated to. Shawn spoke with DA Daniel Hooge, who has stated there is a possibility that the funds don't have to be moved out of the General Fund. The Board voted to use \$75,000 of these funds for the Panaca Town Center but that was with the understanding that it was in the capital improvement fund. At a previous Commission meeting, the Board voted to keep the funds in General Fund to keep it out of the red. There was some confusion as to the distribution of the funds and Daniel will finish his research. Dan advised that he reads the statute in such a way that it indicates that the decision to distribute the money is at the discretion of the Commission. When property tax comes in that isn't part of the normal evaluation the Board can decide how it should be distributed. The fund balance is under \$300,000 as the current budget sits. The General Fund has had a cash flow balance in the last few months. The timing of when revenues come in will determine cash flow. Some of the money that shows up in the budget won't come in until two months after the end of the year. At any given time, the General Fund may be negative. This doesn't mean the fund balance is negative. If the "Area" funds are removed from the General Fund and put into the Capital Projects Fund the Board would have to deal with the negative cash through a temporary interfund loan to cover the shortfall in cash. As long as the fund balance is below \$300,000 and we're spending \$320,000 per month this will be a perpetual problem. Consolidated tax will come in and Shawn will be apportioning one more tax installment. Adam suggested that only \$75,000 be moved in Capital Projects instead of the entire \$240,000. The Board agreed not to make any more decisions with regards to the "Area" funds until the legal

issues have been resolved. In future years, the "Area" funds will be transferred out into Capital Projects. The General Fund balance is \$216,000 right now, based on transferring \$245,000 out of this fund into Capital Projects. Dan discussed the areas that need adjustment, including District Court. \$75,000 has been included for salaries/wages for the District Court. Total amount budgeted for District Court is \$260,000. Miscellaneous line item, under Miscellaneous Overhead, is budgeted at \$40,000. There was some discussion concerning the possibility of setting aside funds to pay out for lawsuits. Dan responded that if the arbitration is capital related then it can come out of the In Lieu Fund or Capital Fund. Daniel stated that normally it is very hard to get an arbitrator's award overturned but the contract was ignored altogether in this case with Hardy; it would be prudent to set aside funds. The county doesn't have funds to consider setting aside funds right now; our best hope is to wait and see if SNPLMA will help us then move forward from there. An adjustment will be made to include the cost for NACO dues, which are \$13,500. Western Frontier Contribution is budgeted at \$2,500. Dan reviewed the capital outlay and IT requests. The total for all requests is \$1,360,808. Dan moved all of the computer requests over into IT. The amount budgeted for Panaca Town Center bathroom is \$22,000; this amount was removed from the budget as it will be done this year. The Board discussed the need to budget for upgrades to the Commission room; \$7,500 was included in the budget. The Airport would like to have residences built so management of the airports can be addressed within the next few years. A great deal of money has been lost since Francis retired at Panaca Airport since there is no one there to collect the fees. The Airport also needs a vehicle for those flying in to use as they travel about the county. Cory asked that another vehicle for the courthouse be included in the budget, something like an SUV. Kerry responded that the SO has an SUV or two that will be available this coming year that could possibly be transferred to the county. Shawn indicated that the copier in the Treasurer's Office needs to be replaced. Assessor Melanie McBride stated that her salaries/benefits is short \$4,000. A tentative agreement has been reached with the Teamsters. Grants Administrator Elaine Zimmerman addressed salaries/wages in Senior Nutrition and Indigent. SN is short by quite a bit and Indigent actually has more than requested. Brenda Mason advised the Justice Court budget is approximately \$7,000 short in salaries/wages as well. Elaine advised that her travel budget needs to be increased as well; Dan increased this budget to \$7,000. Judge Nola Holton advised that her budget is pretty much the same, with the exception of cost of living and step raises. It has been 7 years since Nola and Judge Mike Cowley have had a raise. The Pahranaagat Valley JC budget is mostly salaries as they use their AA fees to cover most everything else. Pioche Town has been working with Dan's office regarding some changes that need to be made with regards to electrical power bills increasing from the LC Power District. It's easy to raise the rates for utility customers, but it's difficult to address the town fund. They will continue to work with Dan to find a resolution for the budget. Dan stated they are working on the Pioche Town budget fund, which is eroding. They collect about \$103,000 per year but have been budgeting \$125,000 per year. Nathan Adams stated they are trying to live within their means; they can't provide the service necessary with the funds that come in. Emergency Management Coordinator Rick Stever advised the budget has been decreasing; the county only funds ¼ of the position. The requirements for the position are getting stiffer; there is a great deal more training and traveling involved. Rick advised the Board to look at this position. Rick has submitted a request for pay raises for six years; it was granted for four years but when the county refused to match the state's increase he quit applying. There was a solution to getting clerical help, but Rick thinks this might require a closer look. The help was appreciated, but there are a few more qualifications that should be reviewed. Paul M. responded that the Board is looking for the best way to address the clerical help from a budget standpoint. Elaine gets a 5% reward for assisting Rick and now there is an entire list of requirements that have nothing to do with Elaine's position. Elaine is now required to complete quite a bit of training as well as attend all of the exercises but she only receives a 5% reward. More of Rick's salary will be shifted to the LC Fire District in the future in order to ensure that the funds allocated to EM are being used for EM functions. The workload is continuing to increase with state requirements. Paul M. will work with Rick to determine the cost for a part-time clerical employee. 10% of revenue collections will be transferred into the LC Fire District. The goal for the emergency fund is approximately \$1 million. Treasurer Shawn Frehner stated that a portion of Shannon's wages are in the LC Water District. However, when the LCWD moves to the new building Shannon will no longer be working with them. The deputy's wages need to be increased in the Treasurer's budget. Shawn created a budget for landfill; some of the salaries/services/supplies will be applied to this fund. Daniel's office hasn't budgeted for landfill expenses as of yet. Shawn hopes that the county will not be handling landfill after this year. Daniel stated they track their hours then bill it to landfill. A line item will be added to Landfill and Shannon will be moved 100% to Treasurer's office. The Board reviewed Cooperative Extension. Holly Gatzke stated she's been pulling enough federal grants that she's saved about \$6,000 in travel costs. A computer went down and needs to be replaced;

she has enough money in this year's budget to cover that. CE budget is higher for next year because the printer needs to be replaced. \$2,151 is going to CE budget from the "Area" funds. Our "Area" funds were never on the tax roll so Daniel believes the funds can just be apportioned if the Board wants them to. Holly has been working really hard to keep costs down as far as possible. Dan listed ten funds, LC Land Act and LC Water funds, that don't have a budgeted expenditure. The Board directed Dan to budget each one since the Board will have to approve the expenditures if they occur. One line item in each budget called services/supplies can be included that allows the money to spend those on whatever is needed. If nothing is budgeted in any of those funds, by law nothing can be spent. A budget augmentation can't even be done for these funds if nothing is budgeted. The Board can always spend less than budgeted but they can't spend any if nothing is budgeted. The Board agreed that Dan should budget each of these funds. There was some discussion about budgeting LC Land Act Special Use Fund, Fund 97. This fund is loaded but has certain criteria that must be met in order for these funds to be spent. The Board agreed to budget \$250,000 in Fund 97. Dan asked for a firm number for liability and property insurance; right now there is a \$15,000 increase over last year in the budget. The health insurance costs discussed at the last meeting have been factored into the proposed budget. Dan discussed a cost of living contract and revenues. The only way to get a property tax increase is through new construction. The salary in each of the funds, and what the county will agree to, needs to be ironed out so it can be included in the budget. The county truly only has 1.5% new money, so if 5% increases are granted it will cause problems. The expense will far outweigh the revenue. Kevin stated the 102% trigger doesn't "cut it". It's better than we had before, but it isn't enough to reopen it if needed. The 102% trigger is the bottom, if the consolidated is under 102% then the contract could be reopened. It would make more sense if the trigger was at 104-105%. As long as revenues are above that, the contract should be paid because there would be funds to pay it. Paul M. anticipates that once all the changes are made to the proposed budget, we will be below the 8%. Once the wages are adjusted we will know the ending fund balance and the Board will be able to make decisions from that point. The \$40,000 for anticipated salary increases doesn't include law enforcement. The Board must pay market value for whatever the employee is worth, Daniel said. If less revenue comes in, then the Board will have to reduce workforce. When the salary surveys came back there were some that were over/underpaid. Once the individual gets to what their market value is, the Board cannot pay them less because revenues are less. Workforce will have to be reduced or something else will have to be done but you simply can't pay an individual less than they're valued at. Triggers will be included in the new contracts. Kevin cautioned the Board that the triggers need to be a sufficient percent; Adam believes they were higher than 102%. Daniel responded that they were higher than 102% for the county's revenue. The trigger causes the contracts to be reopened as there aren't sufficient funds. During contract negotiations it was pointed out that wages are approximately 10% too high. Several state employees just took a 1-2% cut due to lack of funding. The wage scales that have been included in the new contracts will apply only to new employees. Grandfathering will affect the budget and could cause problems as some people are topped out and will still receive cost of living. Daniel discussed how the scale works. The C tax generated for LC is based on money coming in from Clark/Washoe. They're pushing hard to look at changing the C tax process. Right now, they're willing to leave the rural counties where they are but there will be no more increases unless they're local increases. This is a real problem. The cap on property taxes is a game changer as well. The revenues have changed and it's a combination of the C tax and changes to property tax laws. Dan worries that it will be capped even if thing start to come around. Every time someone spends even a dollar outside of LC it causes problems for LC. Once more people are on the new schedule, it'll go down a great deal and salaries/wages will come back in line. Once the wage increase amount is known, the Board can make decisions with regards to the budget. Ambulance is requesting \$23,000 for ambulance billings and the cost associated with such. Paul M. stated that 6% is a good ending fund balance, 8% would be better. Currently we have \$416,000 for ending fund balance. Based on discussions today, \$75,000 of that will go to the property management fund. This will reduce the ending fund balance to \$340,000, which is still above the 8%. When salaries/wages are complete, this number will reduce even further. Estimates are \$280,000, which would be 6%. If you relate the ending fund balance to cash flow, we would need to be back at the \$300,000 mark. Kevin is in favor of an 8% ending fund balance. Paul M. stated that law enforcement is asking for meetings; those should take place prior to completing the budget. Kerry responded that he tried to reflect that in the figures he turned in.

#4-FY 2014-2015 BUDGET

This item was covered under #3.

#5-PUBLIC COMMENT

Paul M. called for public comment. Rick Stever asked if anyone knows what the county's obligation is for insurance copay and building maintenance on the settling building in Panaca (Panaca Fire Station/Emergency Management Office). Paul D. was going to ask POOL/PACT about it. The answer is unknown as to how much the insurance will cover and how much the county would have to pay. The insurance will send in their own adjuster. The current deductible is now \$2,000. Treasurer Shawn Frehner advised that the Landfill Committee needs to meet again.

#6-ADJOURN

There being no further business for the Board to attend to, Paul M. adjourned the meeting at 12:07 p.m.

Attest: _____ Approve: _____

DRAFT