

EUREKA COUNTY BOARD OF COMMISSIONERS
Budget Meeting – January 21, 2011

STATE OF NEVADA)
 :SS
COUNTY OF EUREKA)

CALL TO ORDER

The Board of Eureka County Commissioners met pursuant to law for a budget meeting on January 21, 2011. Present were Chairman Leonard Fiorenzi, Vice Chair Mike Page, Member Jim Ithurralde, District Attorney Theodore Beutel, and Clerk & Treasurer Jackie Berg. The meeting was called to order at 9:00 a.m. and began with the Pledge of Allegiance. The interactive video conference system was connected and utilized between Crescent Valley and Eureka for the entire meeting.

APPROVAL OF AGENDA

Chairman Fiorenzi stated he would like to add discussion of the Eureka Canyon Subdivision slide presentation and current legislative concerns to the agenda to be discussed prior to the budget items. With those changes, Commissioner Ithurralde motioned to approve the agenda; Commissioner Page seconded the motion; motion carried 3-0.

PUBLIC COMMENT

Chairman Fiorenzi called for public comments; there were none.

REVIEW OF EUREKA CANYON SUBDIVISION SLIDE PRESENTATION

Chairman Fiorenzi explained he has been in contact with Jack White who has provided preliminary costs but is still working on final estimates for the slide presentation scheduled at the Opera House on January 26th. A thorough discussion ensued regarding the draft slide presentation. The presentation will be further refined in independent meetings with staff and NRHA during the following week.

LEGISLATIVE ISSUES

Possibility of Legislature Sweeping County Funds: Chairman Fiorenzi talked about speculation that the Legislature may sweep county funds, transfer responsibility of funding certain services to the county level, and/or consolidate services. The recent action by the Legislature of sweeping an enterprise fund in Las Vegas of \$62 million (which was upheld by the District Court in Clark County) seems to support this possibility. This action would be highly unfair to a local government like Eureka County which has been responsible with revenues and built up a healthy financial base. This raises the question whether Eureka County should build up their tangible assets and expedite infrastructure projects rather than maintaining fund balances that may prove vulnerable. The Board should be asking what might be done in the current budget sessions to safeguard County funds in the upcoming fiscal year.

County Auditor Mike Rebaleati recommended proceeding with budget preparations as usual, while staying informed of the Legislature's actions, having more physical presence at the Legislature, and continuing to talk about a contingency plan. The County might also look into professional services in addition to the contracted lobbyist to monitor and advocate on behalf of the County. The final budget due on June 1st might differ radically from the tentative budget that must be filed by April 15th.

TENTATIVE REVENUE ESTIMATES FOR FISCAL YEAR 2011-2012

Mr. Rebaleati reviewed revenue fund balances, net assets, depreciable assets, cash and investments, assessed valuation and ad valorem revenues, net proceeds of mines, charges for services, Assessor's commissions, CTX/consolidated tax (mostly comprised of sales tax), room tax, and other revenues that will be the basis for the Fiscal Year 2011-2012 budget. Estimates will be refined once the State provides their revenue calculations.

ESTIMATED EXPENDITURES BY FUNCTION AND ACTIVITY

Mr. Rebaleati reviewed the estimated expenditures by activity including governmental functions; business-type expenditures; public safety and services; contracts; Public Works and infrastructure projects; and County operational grants to the water and sewer funds, Town of Crescent Valley, and Television District, etc.

Mr. Rebaleati reported that all departmental budgets are currently running as scheduled, except for the Television District as explained during the January 20th meeting.

Chairman Fiorenzi commented on the Governor's statement that nine cents from property tax would be used for higher education and asked how that would affect the local budget and tax rate. Mr. Rebaleati wasn't sure if the intent was to reallocate the existing tax rate or to raise the base tax rate, and that decision may ultimately be left up to the individual counties. This raises another question for counties that are already at the state cap for their tax rates. The State portion of the property tax rate is currently 17 cents.

Calculation and distribution of net proceeds is another area the Legislature may look at this year. Net proceeds of mines accounts for 60% of Eureka County's assessed valuation so this could have a drastic effect on the budget.

PERSONNEL BUDGET ITEMS

Mr. Rebaleati provided a salary worksheet broken down by department including budgeted hours. The worksheet detailed estimates for the following categories: salaries/wages, overtime (shown in more detail on a separate spreadsheet), longevity, retirement benefits, insurance benefits, and workers' compensation. These estimates will be refined after insurance rates are received and once the cost of living increase is determined. Following a brief discussion on cost of living, the Board directed Mr. Rebaleati to calculate preliminary estimates, (for discussion purposes only) based on 4% of the average hourly wage of the County applied straight across the board for hourly employees, and 1%-1.5% above that for salaried employees.

Mr. Rebaleati stated that as Budget Officer, he recommended a freeze on all new hiring for the County and any managers requesting an exception should be prepared to give detailed justification. Following a brief discussion, Commissioner Ithurralde motioned that no new positions will be created for Fiscal Year 2011-2012 (vacancies of currently approved positions may be filled), and any exceptions will be considered only with substantial justification of the need; Chairman Fiorenzi seconded the motion; motion carried 2-1 with Commissioner Page voting against the motion, stating that he preferred to hear individual department requests before making this decision.

CAPITAL IMPROVEMENT PLAN

Five-Year Capital Improvement Plan: Mr. Rebaleati reviewed the current five-year capital improvement plan through Fiscal Year 2015-2016. As budget talks proceed, Mr. Rebaleati will take direction from the Board regarding additional capital improvement projects and scheduled start times. Adjustments will also be made when the Public Works budget is presented.

Television District: There will be a proposal from the Television District at a future meeting requesting a budget augmentation to complete the digital conversion. Mr. Rebaleati stated that despite some problems, the Television District has come a long way in improving the infrastructure. They need to submit a detailed proposal on what it will cost to complete the digital project. Chairman Fiorenzi added that they need to justify the costs to date and explain why there has been little or no improvement to the television service. Mr. Rebaleati believes there is an explanation for the delayed improvement in service, and felt it would be far better to get that explanation out to the public, rather than the continued perception that money is being spent with no tangible improvement. With some additional funding, Mr. Rebaleati believes the Television District could complete the project in the next fiscal year.

TRUST FUND FOR RETIREE HEALTH INSURANCE

Mr. Rebaleati explained that he looked into the possibility of setting up an irrevocable trust fund through Nevada Pool/Pact to finance long term liability of the Eureka County retiree health insurance. The Board of Commissioners, and future Boards, would not have the ability to access these funds, but unfortunately the State might have access to them. Mr. Rebaleati will continue researching this option, but with these preliminary findings no change is recommended at this time.

SET DATE & TIME OF NEXT BUDGET MEETINGS

Commissioner Ithurralde motioned to schedule the next budget meetings for February 8th and February 23rd from 9:00 a.m. to 12:00 noon; Commissioner Page seconded the motion; motion carried 3-0. Mr. Rebaleati will contact the departments regarding which meeting they are scheduled to present their budget requests.

PUBLIC COMMENT

Chairman Fiorenzi called for public comments; there were none.

ADJOURNMENT

Commissioner Ithurralde motioned to adjourn the meeting at 11:40 a.m.; Commissioner Page seconded the motion; motion carried 3-0.

Approved this 22nd day of February, 2011.

/s/ Leonard Fiorenzi

Leonard Fiorenzi, Chairman

Attest: /s/ Jackie Berg

Jackie Berg, Clerk