

EUREKA COUNTY BOARD OF COMMISSIONERS
Budget Meeting – February 11, 2016

STATE OF NEVADA)
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COUNTY OF EUREKA)

CALL TO ORDER

The Board of Eureka County Commissioners met pursuant to law on February 11, 2016, for a budget meeting. Present were Chairman J.J. Goicoechea; Commissioner Fred Etchegaray; District Attorney, Ted Beutel; and Commissioner Clerk, Jackie Berg. Vice Chairman Michael Sharkozy was absent due to a prior obligation. The meeting was called to order at 1:00 p.m. and began with the Pledge of Allegiance. The interactive video conferencing system was connected and utilized between Crescent Valley and Eureka for the entire meeting.

APPROVAL OF AGENDA

Commissioner Etchegaray motioned to approve the agenda as posted; Chairman Goicoechea seconded the motion; motion carried 2-0.

PUBLIC COMMENT

Chairman Goicoechea opened the floor for public comments. He noted that Commissioner Sharkozy was absent due to a scheduling conflict to attend Community Development Block Grant training in Carson City.

INFORMATION TECHNOLOGY / NETWORK

AT&T Agreement: IT/Network Supervisor, Michael Mears, explained that as part of the ongoing effort to reduce costs related to technology, he and IT/Network Analyst, Misty Rowley, have been working on the AT&T contract. Mr. Mears presented a renewal contract for a three year period. They successfully negotiated a substantial reduction in long distance costs from \$1.50 per minute to \$0.42 per minute for interstate calls and \$0.54 per minute for intrastate calls. Chairman Goicoechea motioned to approve the AT&T High Volume Calling Service Agreement for a period of three years at the negotiated rates; Commissioner Etchegaray seconded the motion; motion carried 2-0.

PUBLIC WORKS

Preliminary Water Rate Study: Public Works Director, Ron Damele, and former Administrative Assistant, Kim Todd, presented results of the water rate study conducted on all County municipal water systems and the subsequent water rate proposals. There are currently three municipal water systems operated by the County: Eureka Town, Crescent Valley Town, and Devil's Gate GID. The current rates were implemented in 2006 based on a study conducted at that time.

| <u>CURRENT WATER RATES (residential only)</u> | |
|---|---------|
| Eureka Town (first 5,000 gallons) = | \$23.49 |
| Devil's Gate GID (first 10,000 gallons) = | \$35.25 |
| Crescent Valley Town (first 16,000 gallons) = | \$39.24 |
| All Systems (each additional 1,000 gallons) = | \$2.10 |

The Commissioners, who also serve as the Board of Directors for Devil's Gate GID, recently voted to initiate steps to dissolve the GID. Once the process is complete, the Board agreed it makes sense to contemplate a County-wide water system.

Two rate proposals were presented. Both consider standardized rates for a County-wide system. Both include a monthly base rate for the first 10,000 gallons, and a commodity rate for

each additional 1,000 gallons. A two-tiered commodity rate was suggested, with a fee for each 1,000 gallons from 10,000 to 30,000, and a higher fee for each 1,000 gallons in excess of 30,000. This two-tiered rate is intended to promote water conservation.

WATER RATE PROPOSAL #1 (residential only*)

Residential (first 10,000 gallons) = \$38.00

Each additional 1,000 gallons (between 10,000 & 30,000) = \$2.80

Each additional 1,000 gallons (over 30,000) = \$5.25

*Information on commercial/industrial available upon request

WATER RATE PROPOSAL #2 (residential only*)

Residential (first 10,000 gallons) = \$35.00

Each additional 1,000 gallons (between 10,000 & 30,000) = \$3.10

Each additional 1,000 gallons (over 30,000) = \$5.65

*Information on commercial/industrial available upon request

Mr. Damele and Ms. Todd outlined proposed rate changes for commercial water accounts and industrial water loads. (Detailed information is available from Public Works or the Commissioner's office on current and proposed rates for commercial and industrial water).

In order to keep rates current and relevant, the Board asked Public Works to calculate a price escalator. Mr. Damele informed the Board that most large municipalities have built-in scheduled increases typically tied to a CPI rate (Consumer Price Index).

As shown in the most recent audit (Fiscal Year 2014-2015), all three water systems generated \$460,710.00 in revenue and cost \$606,600.00 to operate, *not including* depreciation. The cost figure only reflects day-to-day operation and maintenance of the system and does not include expenses related to failures or breakdowns or anticipated costs for future replacement and capital improvements.

Similar to the current rate structures, the proposed rates do not include depreciation, because of the resulting substantial increase to the consumer. Addressing depreciation is a major concern. During presentation of the Fiscal Year 2014-2015 audit results, Teri Gage of Eide Bailly, LLP, informed the Board that in compliance with GASB (Government Accounting Standards Board), depreciation must be budgeted in the enterprise funds (water system funds). The Board must resolve this issue in the upcoming budget. Assigning a portion of the County tax rate to a depreciation fund is one option that should be considered.

Before any water system rate changes are implemented, they must be proposed by resolution and one or more public hearings will be scheduled.

Swimming Pool: Mr. Damele, Ms. Todd, and Swimming Pool Supervisor, Clint Tognotti, discussed a proposal to close the Swimming Pool for nine months each year, leaving it open for the three summer months. Mr. Tognotti provided swim counts for 2015, as follows: January-251; February-220; March-218; April-211; May-253; June-682; July-922; August-568; September-186; October-135; November-163; and December-262.

Total cost for operating the pool in 2015 was \$316,241.70. Wages and benefits are the largest expense, followed by building maintenance costs (mainly for fuel and power to heat the building and the water). Pool revenues for 2015 were \$4,253.00. Closing the pool for nine months each year would result in an estimated cost savings of \$168,225.25. Closing the pool for six months each year would result in an estimated cost savings of \$81,580.06. Mr. Damele emphasized that these are just estimates.

During closure, Mr. Tognotti would work elsewhere in Public Works. Several other items related to the pool were discussed: daily exercise/lap swimmers, optional hours, use by the school, importance of offering swimming lessons, and recent changes/improvements resulting in reduced operating costs.

Eureka resident, Christine Smith, spoke on the benefits of having the pool as a form of low-impact exercise. She asked that the Board consider reduced hours of operation that might allow the pool to remain open for additional months. She urged the Board to work towards keeping the pool open at least six months a year.

Eureka resident, Robin Hicks, agreed that Eureka is fortunate to have the pool, as it provides swimming lessons, physical rehabilitation, and something for all ages.

The Board considered whether optional hours might provide some savings and Public Works agreed to do a trial during one of the spring months and to report back to the Board. For the upcoming fiscal year, Public Works will write the budget based on six months of operation.

FISCAL YEAR 2016-2017 BUDGET PREPARATIONS

Revenue Projections: Revenue projections are expected from the Nevada Department of Taxation later in the month. Budget Director, Michael Mears, reported that he spoke with a representative from Newmont Mining and, due to the overpayment received by the County (from the years that net proceeds were under a pre-payment system), any net proceeds payments will simply be applied to the large credit that remains. Due to this, Eureka County will probably not realize net proceeds revenue from Newmont until calendar year 2018.

DEPARTMENTAL BUDGET REVIEWS

Cooperative Extension: Eric Killian, Southern Area Director for University Nevada Cooperative Extension, joined the meeting by telephone to discuss the upcoming budget year as it relates to UNCE. The Eureka office currently has two vacancies, the Extension Educator and the 4H Coordinator. The Extension Educator position was recently offered to a candidate, but turned down. It will be reopened and UNCE hopes to have it filled within a few months. This position is completely State-funded.

The 4H Coordinator position is also vacant. This is a casual position funded by the County. UNCE is in the process of converting this to a State position with the possibility of increasing the hours. This position will continue to be funded by the County tax rate assigned to Agricultural Extension. The Eureka Cooperative Extension office currently has a Senior Department Assistant, but Mr. Killian indicated that UNCE plans to sunset this position at the end of the current fiscal year. He noted this is strictly a budgeting decision to allow more of the monies to go directly to the programs. Administrative duties will be assumed by the Extension Educator and the 4H Coordinator.

Mr. Killian plans to be in Eureka in late February or early March and may meet with the Chairman to discuss specific budget numbers at that time.

County Comptroller: Comptroller, Tina Hubbard, and Payroll Specialist, Kim Todd, reviewed services provided by the Comptroller's office, all of which have been assigned by the Commissioners. Most of the duties are required by statute and include accounts payable, payroll, the annual budget, various public reporting, etc. Other duties assigned to the office that are not mandated include personnel support, assistance with the annual audit, capital improvement tracking, grant auditing, etc.

The Comptroller's office currently has two FTEs (full-time equivalents) and this is the minimum required to perform the essential duties. Ms. Hubbard added that she plans on retiring sometime in the next fiscal year and asked for direction related to budgeting for a replacement. The Board felt a replacement should be trained for a minimum of six months and directed Ms. Hubbard to account for this in the tentative budget.

Television District: Television District President, David Pastorino, and Senior Department Assistant, Anne Kniefel, presented the Television District tentative budget for the upcoming fiscal year. Staffing related costs consist of the part-time Senior Department Assistant and the monthly stipend paid to the President.

The proposed overall budget is \$167,800.00, an increase of \$28,000.00 over the previous year. This is primarily accounted for by an estimated capital outlay of \$26,000.00 for installation of the 40 feet tower extension purchased for Prospect Peak. The remainder is due to slight increases in electrical costs and contract services.

The District operates off the portion of the County tax rate allocated to the Television District. In addition to the rate, the District generates roughly \$132,000.00 in revenue annually for tower rentals, building rentals, etc.

It was noted that different County departments, such as Public Works, Sheriff's Office, and EMS, will need to budget for installation of their radio equipment on the Prospect Peak tower extension, since it will be reserved exclusively for County equipment (with the possible exception of Mt. Wheeler Power).

Natural Resources: Natural Resources Manager, Jake Tibbitts, reviewed essential services and minimum staffing for Natural Resources. Other areas under the purview of Natural Resources include the Diamond Valley Weed District, Natural Resources Advisory Commission (NRAC), County Advisory Board to Manage Wildlife (CAB), and the County's association with the Eureka Conservation District.

Natural Resources has two FTEs, which includes the Natural Resources Manager and a Senior Department Assistant. The level of services currently provided requires a full-time Department Assistant, but this position could be reduced to part-time, or become a shared position, if certain duties were reduced or eliminated.

There is no legal requirement to have a Natural Resources Department, although this department does perform duties outlined in Eureka County Code and the Eureka County Master Plan. NRAC also provides services outlined in County Code and the Master Plan. The CAB is established by NRS 501. Weed District obligations are outlined in NRS 555. NRS 548 requires the County to appoint a Supervisor to the Conservation District.

Mr. Tibbitts detailed the various projects overseen by his department and explained that many have been pared back in recent years in cooperation with the annual budget reductions. He reviewed which projects were worthwhile investments and should remain priorities (i.e. USGS water studies, acting as Cooperating Agency on federal projects) and reviewed which projects, although important, could be eliminated in an effort to further reduce costs (i.e. Firewise Communities). In addition to these, there are several grant obligations that the department should see to completion.

Mr. Tibbitts reviewed the pros and cons of having a contractor for spraying weeds versus a part-time employee. He also noted the importance of some major projects being managed by the Conservation District through leveraging grant monies provided by the County.

A memo provided by Mr. Tibbitts states the following in relation to funding many of the services provided by Natural Resources, *"I believe the benefit to our stable economic bases of ranching, farming, and associated rangeland health for wildlife (including sage grouse), has a high rate of return on the investment."*

PUBLIC COMMENT

Chairman Goicoechea opened the floor for public comments. In reference to the water rate study and proposed water rates presented earlier in the meeting, Diamond Valley resident, Jim Gallagher, stated he is in favor of a rate structure that promotes water conservation.

ADJOURNMENT

The meeting was adjourned at 3:05 p.m.

Approved by vote of the Board this 7th day of March, 2016.

/s/ J.J. Goicoechea

J.J. Goicoechea, Chairman

I, Jackie Berg, Commissioner Clerk, attest that these are a true, correct, and duly approved minutes of the February 11, 2016, budget meeting of the Board of Eureka County Commissioners.

/s/ Jackie Berg

Jackie Berg, Commissioner Clerk

I, Beverly Conley, Clerk & Treasurer of Eureka County, acknowledge and accept the attached minutes as approved by the Board of Eureka County Commissioners and attested to by the Commissioner Clerk.

/s/ Beverly Conley

Beverly Conley, Clerk & Treasurer