

EUREKA COUNTY BOARD OF COMMISSIONERS

March 19, 2014 - Budget Meeting

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COUNTY OF EUREKA)

CALL TO ORDER

The Board of Eureka County Commissioners met pursuant to law on March 19, 2014. Present were Chairman J.J. Goicoechea; Vice Chairman Jim Ithurralde; Commissioner Michael Sharkozy; District Attorney Ted Beutel; and Executive Assistant, Jackie Berg. 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 Ithurralde motioned to approve the agenda as posted; Commissioner Sharkozy seconded the motion; motion carried 3-0.

PUBLIC COMMENT

Chairman Goicoechea opened the floor for public comments; there were none.

DIVISION OF WATER RESOURCES

Special Assessments for Fiscal Year 2014-2015: Commissioner Ithurralde motioned to approve the Division of Water Resources budget for special assessments collected by Eureka County on behalf of the Division for necessary expenses related to supervision over the following waters in Eureka County: Diamond Valley Groundwater Basin, Crescent Valley Groundwater Basin, Maggie Creek Groundwater Basin, Lower Reese River Valley Groundwater Basin, Boulder Flat Groundwater Basin, Humboldt River Distribution, Pine Valley Groundwater Basin; and Whirlwind Valley Groundwater Basin. Commissioner Sharkozy seconded the motion. Motion carried 3-0.

FISCAL YEAR 2014-2015 TENTATIVE BUDGET - REVENUES & EXPENDITURES

Revenue Projections: Budget Officer, Mike Rebaleati, noted that the Department of Taxation adjusted the revenue projections for Fiscal Year 2014-2015. The ad valorem value was increased, but the net proceeds projection was substantially decreased. The projections from the Department of Taxation have been very close the past several years, so Mr. Rebaleati felt the adjustments were accurate. CTX (consolidated tax) revenue estimates are based on previous years, but may experience an increase in 2015 if some of the planned mining projects in the area are realized.

Tax Rate: Mr. Rebaleati reviewed recommendations for minor variations in allocation of the current tax rate. He suggested reductions to the RTC Fund, Ag District #15, Building Maintenance Reserve Fund, and the Water Planning Fund. The amounts will then be funneled into the Road Fund and the General Fund. Final adjustments and overall tax rate for the County will be adopted by the Board at a public hearing on May 19th.

Auditor's Report: The Board reviewed current fund balances. Fund balances will be reviewed in greater detail when the Board makes the final decision on allocations within the tax rate for the upcoming fiscal year.

FISCAL YEAR 2014-2015 TENTATIVE BUDGET - DEPARTMENTAL BUDGETS

Most departments have submitted budgets that are status quo or with voluntary reductions in services and supplies. Others wish to request changes or simply discuss their budgets with the Commissioners.

Fair Board - Ag District #15: Department Assistant, Anne Kniefel, reviewed the tentative budget for the Fair Board. Since expenditures for each fair are split between two fiscal years, she provided a report based on the calendar year to show actual costs of the 2013 Eureka County Fair. Ms. Kniefel stated the Fair Board members worked to reduce line items where they could. Adjustments were made to the entry fees and members have discussed the option of charging minimal fees for some activities in the future. They are focusing on ways to increase attendance at the Fair to make it more self-sufficient.

Mr. Rebaleati explained that the portion of the tax rate allocated to the Ag District #15 Fund has served to build up a healthy fund balance over the past several years, so he is recommending a reduction in the allocation for the upcoming fiscal year.

Television District: Ms. Kniefel presented the Television District budget, which was basically status quo. She explained that capital outlay plans include purchase of a character generator (equipment and software) to allow broadcast of local events and activities. Monies are budgeted for contract services and equipment replacement should one of the translators fail, which can be a substantial expense.

Ambulance & EMS: EMS Coordinator, Mike Sullivan, reviewed the budget for his department. Mr. Sullivan explained he was able to decrease the overall budget by reallocating monies within the budget. Mr. Sullivan explained that ambulance revenues are minimal with changes made to service rates over the past several years, but he hesitates to recommend any changes until all effects of the Affordable Care Act are known.

Budgetary requests include a \$400.00/month stipend for the Medical Director who serves both ambulance services; a software upgrade for ambulance billing; nitrous oxide units (one per ambulance); two 12-lead ECG cardiac monitor/defibrillators; backup generator and transfer switch for the Eureka and Diamond Valley Ambulance Stations; six AEDs (automated external defibrillators) for patrol cars; fireproof filing cabinet; and scheduled replacement of an ambulance. Mr. Damele stated they are looking into alternatives to the backup generator, in order to operate the ambulance bay doors, which is the main issue. The Commissioners felt purchase of an ambulance could be delayed, but will take the other items under consideration.

Lisa Hoehne, who does the ambulance account billing, explained a proposal for a software upgrade through TriTech Software Systems. Benefits include online backups, 24/7 technical support, and assurance of billing code compliance. The current contract with TriTech is \$2,561.50 annually and this would increase it to \$3,073.80 with a one-time implementation fee of \$1,485.00. A three-year contract is proposed to be paid up front. Mr. Rebaleati recommended proceeding with the billing upgrade in the current year's budget.

Mr. Sullivan noted that the State will be transitioning to new PCR EMS software for ambulance run reporting and he wanted to ensure that the billing software is compatible. Ms. Hoehne promised to check into this. Commissioner Ithuralde motioned to authorize the ambulance billing software upgrade through TriTech Software Systems for a three-year period at a total cost of \$10,706.40, to be paid in the current year's budget, upon confirmation that the software is compatible with the State's EMS software upgrade. Commissioner Sharkozy seconded the motion. Motion carried 3-0.

Sheriff's Office / Jail / Animal Control: Sheriff Ken Jones and Undersheriff Keith Logan presented the budget for departments under the Sheriff's authority. These include Sheriff's Office, Jail, and Animal Control. Proposed increases include an additional \$3,500.00 for coroner's services based on current year utilization, and an increase of \$8,500.00 for participation in the Northern Nevada Interdiction Task Force. The amount for the policy update

provider, Lexipol, was decreased by \$4,000.00. Travel/training, uniform, and physical examination line items were placed under Sheriff's services and supplies (zeroed out of the Jail budget) with no change to overall dollar amounts. No capital outlay purchases are planned for the upcoming fiscal year, including vehicle replacement. Considering all revisions, the aggregate change in the Sheriff's overall budget is an increase of \$500.00.

Regarding radio communications, the Galena Group is working with Eureka County emergency services and Lander County regarding the possibility of shared repeater sites. As plans progress, this will likely be placed on the Capital Improvement Plan.

Public Works-Road Department: Public Works Director, Ron Damele, and Road Superintendent, Raymond Hodson, reviewed the Road Department budget. This budget has increased due to rising fuel costs and operation of the new Crescent Valley/Beowawe Road Shop. Addition of the Road Shop has allowed Crescent Valley to become a full-service shop for maintenance of ambulances, fire trucks, Sheriff's vehicles, and much of the road equipment. A crack filling program, which is now being done successfully in-house rather than part of the annual street maintenance, has also been added. No capital outlay purchases are proposed, but a \$25,000.00 contingency is budgeted for unforeseen expenditures. In the absence of reducing services, such as after-hours snow removal and fire suppression, and with rising costs of fuel, road additives, etc., it is difficult to reduce this budget.

A \$1 million road maintenance plan has outlined, dependent upon net proceeds. If anticipated funding comes through, it will likely be added to next year's street maintenance program. Mr. Damele cautioned the Board that if pavement maintenance is reduced to every two or three years, it will be easy to fall behind and be forced to revert paved roads back to gravel. Completion of County Road 101 paving (12.5 miles remain) should remain a priority.

\$5 million is budgeted in the Road Department for the Robins Street Project, which will be funded in part from the RTC Fund and the Eureka Water & Sewer Fund (due to the amount of utility work involved). The Eureka County School District will also contribute \$600,000.00 to the project, as previously agreed.

Public Works-Other Departments: Mr. Damele reviewed the remaining budgets in detail. These include Public Works, Buildings & Grounds, Eureka Airport, Emergency Management, Cemeteries, Swimming Pool, Public Parks, Regional Transportation Commission, Eureka Water & Sewer, Crescent Valley Water, Devil's Gate GID, Eureka Landfill, Fire Stations, and Yucca Mountain.

Building costs include maintenance, utilities, elevator inspections, janitor contracts, fire suppression system maintenance/testing, controls and locks at the jail, backup batteries for the emergency radio systems, etc. Plans are to keep the pool on winter hours, but this will be reconsidered if there is some opposition.

Increases this year include: repeater maintenance (done every 2-3 years); a volumetric survey at the Eureka Landfill (required by the State every five years); a nominal amount for work at the cemeteries; required sewer maintenance (video & cleaning done every few years); cleaning of the water storage tanks; costs to complete incorporation of the springs into the Eureka water system; and \$50,000.00 for media replacement in the Crescent Valley arsenic treatment plant (needed every three years). Mr. Damele noted that \$17,500.00 is spent annually to water the Crescent Valley Town Park.

Due to additional responses placed on the rural Fire Chiefs, with absorption of all-risk responsibilities from Nevada Division of Forestry, Mr. Damele recommended paying the Chiefs a monthly stipend of \$200.00 beginning July 1st. The Eureka and Crescent Valley Chiefs already receive a stipend. He also recommended a run stipend per truck paid to the individual departments to be used as discretionary funds.

Future capital improvement projects include a \$120,000.00 encumbrance for completion of the Eureka Canyon Subdivision; an estimated \$366,000.00 for a commercial approach into

the subdivision; a \$1.5 million arsenic treatment plant for Devil's Gate; expansion of the sewer ponds; and Eureka County is working on a project to partner with White Pine County, Duckwater Shoshone Tribe, and Midway Gold to install a repeater on Mt. Hamilton in White Pine County, with Eureka's contribution estimated at \$40,000.00.

Juvenile Probation: Juvenile Probation Officer, Steve Zimmerman, discussed the Juvenile Probation budget with the Board, including funding received through grants for various juvenile programs. Mr. Zimmerman reduced the overall portion of the budget funded by Eureka County to \$17,695.00, down from about \$30,000.00 in the previous year. This was done by reducing several categories and by reallocating expenditure percentages, such as a portion of office supplies, to different grant categories to reflect where supplies are actually used. Even with increases in the recreation programs and vehicle maintenance, he was able to achieve the overall reduction.

Crescent Valley Town Advisory Board: Mr. Rebaleati explained that the budget presented by Crescent Valley Town Advisory Board was basically status quo, but did contain some capital outlay requests. Road pavement will be dealt with under the Public Works budget and no new paving is planned for the upcoming year. The Board opted not to include a cooking range for the concession stand at the Crescent Valley Fairgrounds, but agreed that Public Works could go forward with construction of a tennis backboard.

FISCAL YEAR 2014-2015 TENTATIVE BUDGET - PERSONNEL ITEMS

Proposed Employee Buy-Out Incentive: Several employees were present to hear information and details on the proposed employee buy-out. The Commissioners, District Attorney Beutel, Mr. Rebaleati, and other staff continued to debate the pros and cons of a possible buy-out offer. The Board reiterated that this has been proposed but no decisions have been made due to the details that must be worked out. If the option is offered it will be voluntary. The suggested buy-out is \$1,000.00 per year based on service credit with Eureka County only, to be offered for a limited period, such as 60 days.

Many questions remain unanswered related to tax consequences for both the County and the employee, effect on retirement credit calculated through PERS (Public Employees Retirement System), effect on the County's long-term funding obligation to PERS, and other implications. It will likely be taxed as income for the employee, but this might be minimized with payment into a deferred compensation program. Preliminary discussions with Nevada Pool/PACT indicate it will not be considered a PERS qualifying event, meaning there will be no effect on retirement calculations. But these questions and others have not yet been definitively answered.

Public comments were invited, particularly from the employees present. The general consensus was that there is definitely some interest, but more information is needed before employees can even consider whether the incentive is worthwhile.

The Board decided that the additional information required, before moving forward with any offer, should be provided in writing. Mr. Rebaleati felt he could get a written response from PERS by the April 7th meeting.

Health Insurance Premiums: The final recommendation on insurance plans and costs will be provided by the Health Insurance Committee at the April 21st meeting, after they meet with the broker to review all proposals. Initial estimates show there could be a premium increase as high as 12% (there was no increase the previous year), but the broker was asked to work to get it closer to 5%. This number will be refined in the Final Budget.

Cost of Living Adjustment: Per direction at prior meetings, the budget will include a 2% COLA for hourly employees (applied to the average wage and distributed across the salary scale) and a 3% COLA for department heads, since they are not eligible for the annual merit increase. Elected officials are not eligible for COLAs, as their wages are set by State statute.

MEDICAL CLINIC ADVISORY COMMITTEE

Proposal for Medical Fund: Chair of the Medical Clinic Advisory Committee, Garney Damele, and Mr. Rebaleati relayed information discussed by the MCAC about possibility of implementing a special reserve/operations fund to ensure future funding for operation of the medical clinics in Eureka County. They felt a special fund was preferable to continued financing from the General Fund to ensure the monies aren't utilized for anything else. The fund would have to be designated as an operations fund or a reserve fund. There are several options for financing: (a) establish a special tax rate in addition to the current County rate; (b) reallocate within the existing rate, assigning a portion to this special fund; or (c) provide an annual grant from the General Fund into this specified account. The possibility was discussed of continuing to utilize the General Fund to run the clinics, while establishing a reserve fund with a smaller tax allocation for use in the future when revenues diminish.

Ms. Damele explained the Committee's purpose in considering a designated account was to ensure and stabilize the future of health care for Eureka County's citizens. The Committee was not in favor of a tax increase, but the majority of members agreed that the benefits outweighed the small monetary increase that taxpayers would experience.

Mr. Rebaleati pointed out that the County has established the importance of health care by consistently budgeting for these services, even while other areas are cut. Currently, the County designates about nine cents of the ad valorem tax rate to finance the clinics. He noted that assessed valuation is high right now; if that drops it could take up to 12 cents to provide the same level of funding.

Creation of a resolution or ordinance identifying the priority of essential functions, such as public safety and health, has been suggested and it may be time to pursue this. Another suggestion was placing an advisory question on the November ballot to see if the public is in favor of a tax rate specifically supporting the clinics, although it would not affect the budget currently being written for Fiscal Year 2014-2015.

The Commissioners agreed with the importance and priority of the clinics but, with budget cuts occurring across the board, did not feel there was room to reallocate a portion of the tax rate for partial or full funding of the clinics. They preferred the flexibility of financing health care from the General Fund as it allows for more flexibility should the entire tax base deflate. They also didn't feel the public would support a tax increase, but would consider an advisory question if the MCAC recommends pursuing this route.

FISCAL YEAR 2013-2014 BUDGET AUGMENTATIONS & TRANSFERS

Fiscal Year 2013-2014: Mr. Rebaleati is proceeding with budget transfers and augmentations in the current year's budget and will present them at a future meeting. Tentative plans include a \$2 million transfer into the Building Maintenance & Reserve Fund, \$1.5 million transfer into the Eureka Water & Sewer Fund (to support the Robins Street Project), \$1.5 million transfer to the RTC Fund. This will reduce the General Fund from \$12.2 million to \$8.7 million. Mr. Rebaleati is also considering transfers into the Retiree Health Insurance Premium Fund and the Crescent Valley Water Fund.

Ron Damele commented that Crescent Valley has all new infrastructure related to their water system (two new wells and the arsenic treatment facility) and doesn't have the immediate need for reserves that the other utility funds do. Mr. Rebaleati agreed focus should be on augmenting the Eureka Water & Sewer Fund.

NEXT BUDGET MEETING

Mr. Rebaleati stated there was no need for another budget meeting before filing of the Tentative Budget. Any budget items can be addressed at the April 7th meeting, including

approval of the Fiscal Year 2014-2015 Tentative budget and signing of top sheets for submission to the Department of Taxation.

The tax rate hearing, set by statute, is scheduled for May 19th. The Commissioners may consider moving the regular May 20th meeting to May 19th to accommodate this. Mr. Damele requested a special meeting on April 24th to consider the GMP (gross maximum price) negotiated with the Construction Manager at Risk for the Robins Street Project. The Board agreed to consider moving the May 20th meeting and scheduling the special April 24th meeting during their April 7th meeting.

PUBLIC COMMENT

Chairman Goicoechea called for public comments; there were none.

ADJOURNMENT

The meeting was adjourned at 4:46 p.m.

Approved by vote of the Board this 21st day of April, 2014.

/s/ J.J. Goicoechea

J.J. Goicoechea, Chairman

I, Jackie Berg, Executive Assistant to the Board of Eureka County Commissioners, attest that these are a true, correct, and duly approved minutes of the March 19, 2014, meeting of the Board of Eureka County Commissioners.

/s/ Jackie Berg

Jackie Berg, Executive Assistant

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 Executive Assistant of the Board.

/s/ Beverly Conley

Beverly Conley, Clerk & Treasurer