

EUREKA COUNTY BOARD OF COMMISSIONERS

December 20, 2021

STATE OF NEVADA)
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COUNTY OF EUREKA)

CALL TO ORDER

The Board of Eureka County Commissioners met pursuant to law on December 20, 2021. Present were Chairman J.J. Goicoechea, Vice Chair Michael Sharkozy, Commissioner Rich McKay, District Attorney Ted Betel, and Administrative Assistant Jackie Berg. The meeting was called to order at 9:30 a.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

Public Works item #6 was removed from the agenda and will be considered at the next meeting. Commissioner Sharkozy motioned to approve the agenda as amended; Commissioner McKay seconded the motion; motion carried 3-0.

PUBLIC COMMENT

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

APPROVAL OF MINUTES

November 5th & 19th Minutes: Commissioner Sharkozy motioned to approve minutes of the November 5, 2021, and November 19, 2021, meetings. Commissioner McKay seconded the motion; motion carried 3-0.

COMPTROLLER

Payment of Expenditures: Expenditures were presented for approval by Comptroller Kim Todd. Chairman Goicoechea asked that the record reflect that the expenditures included \$9,188.30 in refunded grazing fees. These are pass-through monies that the County holds on behalf of the grazing boards.

Commissioner Sharkozy motioned to approve expenditures in the amount of \$535,721.69 for accounts payable, \$232,179.50 for payroll, \$5,500.00 for a pass-through to Indigenous Rangeland Management, and \$3,688.38 for a pass-through to the Central Committee of Nevada State Grazing Boards, for a grand total of \$777,089.49. Commissioner McKay seconded the motion. Motion carried 3-0.

Fund Balance Report: The Board reviewed the report showing current fund balances.

COMMISSIONERS

Assistance for Counseling: Pursuant to State law and Eureka County Code, the County provides financial assistance, up to \$1,000.00, for medical and/or psychological treatment for victims of crime. The District Attorney’s office received an application that met the criteria for this assistance. Commissioner Sharkozy motioned to approve the application of an individual for financial assistance for treatment up to \$1,000.00 in accordance with Eureka County Code, Title 11, Chapter 30. Commissioner McKay seconded the motion. Motion carried 3-0.

Eureka Canyon Subdivision: Chairman Goicoechea worked with Public Works Director Jeb Rowley to identify a lot in the subdivision that would be suitable for a daycare facility. A group of local moms, advocating for a child care facility, has secured assistance from the Truckee Meadows Boys & Girls Club to establish a daycare. The group is also seeking financial or other

assistance from local mining companies and Eureka County. Commissioner McKay relayed that the moms were pleased with the selected lot.

Commissioner Sharkozy motioned to designate Parcel 2 as Eureka County's donation for a child care facility, as identified on Parcel Map 0220777 and in Grant, Bargain & Sale Deed 2018-236166 (which grants a non-exclusive easement across Parcel 2, commonly known as Diamond Peak Drive). Commissioner McKay seconded the motion. Motion carried 3-0.

Draft Commissioner Districts Realignment Ordinance: The Board reviewed a draft redistricting ordinance incorporating the proposed Commissioner District boundaries set forth in Proposal 6. Commissioner Sharkozy motioned to propose the Eureka County Commissioner Districts Realignment Ordinance as presented, and to set a public hearing at 10:00 a.m. on January 20, 2022. Commissioner McKay seconded the motion. Motion carried 3-0.

AMBULANCE & EMS

Report on Activities: EMS Director Kenny Sanders reported 24 total calls for ambulance service in November. Mr. Sanders said the yearly total for ambulance runs is approximately 72% over the previous year. EMS continues administering weekly COVID vaccinations, which are primarily boosters at this time.

SENIOR CENTER

Update Report: Senior Center Program Director Millie Oram reported on activities at the Eureka Senior Center and Fannie Komp Senior Center. In November, Eureka served 697 meals and Crescent Valley served 672 meals. Total deposits for the month were \$5,898.50.

TREASURER

Treasurer's Report: The Treasurer's Report for November was submitted by Treasurer Pernecia Johnson, showing an ending General Fund balance of \$42,949,919.45.

PLANNING COMMISSION

Parcel Map – Morrison Farm, LLC: On December 15, 2021, the Planning Commission approved a parcel map for Morrison Farm, LLC, dividing a portion of APN 007-200-16 into two parcels of approximately 120 acres and 160 acres.

Commissioner McKay motioned to approve a parcel map for Morrison Farm, LLC, APN 007-200-16, for division of property in Diamond Valley. Commissioner Sharkozy seconded the motion. Motion carried 3-0.

Parcel Map – Donald Lloyd Morrison Trust: On December 15, 2021, the Planning Commission approved a parcel map for Donald Lloyd Morrison Trust, dividing a portion of APN 007-200-13.

Commissioner McKay motioned to approve a parcel map for Donald Lloyd Morrison Trust, APN 007-200-13, for division of property in Diamond Valley. Commissioner Sharkozy seconded the motion. Motion carried 3-0.

MEDICAL CLINICS ADVISORY COMMITTEE

Crescent Valley Clinic: Chairwoman Irma Davila explained that the Medical Clinics Advisory Committee has been in discussions with the Battle Mountain General Hospital about potentially providing services at the Crescent Valley Clinic. Due to the hospital's current lack of medical providers, this is no longer a feasible option, and the Committee was now seeking the Board's permission to advertise a Request for Proposals (RFP).

Commissioner McKay, who serves as liaison to the Committee, agreed that this was the next course of action. Chairman Goicoechea noted that MCAC is an advisory committee and, therefore, any RFP would need to come back to the Board for approval before advertising.

EIDE BAILLY, LLP

Fiscal Year 2020-2021 Audits: Teri Gage, Partner with Eide Bailly LLP, was in attendance to report on results of the Fiscal Year 2020-2021 audits for Eureka County and Eureka County Television District.

EUREKA COUNTY AUDIT:

Independent Auditor's Report: The Independent Auditor's Report states that the auditors reviewed collective financial information in preparing the audit; and it explains management's responsibilities, auditor's responsibilities, and provides a conclusive opinion. Eureka County received an unmodified audit opinion, the highest attainable, which means the financial activities of the County were conducted in accordance with generally accepted accounting principles.

Statement of Net Position: The Statement of Net Position (assets minus liabilities) showed the County ended the fiscal year with \$136 million in net assets, a \$7.5 million increase over the previous year. Primary contributors to the change in net assets included a \$5 million increase in cash and investments, \$676,000.00 in federal monies (including CARES Act and ARPA funds), sewer pond upgrades costing nearly \$800,000.00, and large equipment purchases over \$500,000.00.

Other contributors to net position are net pension liability and other post-employment benefits (OPEB) liability. A biennial actuarial report, funded by the County, determines net pension liability, and an actuarial report done by PERS (Public Employees Retirement System) determines OPEB liability. At the end of FY 2021, the County had \$10.5 million in net pension liability and \$7.5 million in OPEB liability.

Enterprise Funds: Ms. Gage informed that the County's enterprise funds (water, sewer) continue to experience substantial net losses, with a cumulative loss of over \$1 million in the Eureka, Crescent Valley, and Devil's Gate utility funds for FY 2021. This is primarily due to depreciation and out-of-date utility rates that do not support the respective funds. Comptroller Kim Todd noted that the utility fund couldn't support the \$800,000.00 sewer repairs, as it should have, so instead general tax dollars from the Capital Projects Fund financed the project.

Notes to Financial Statements: As of July 1, 2021, the County adopted GASB Statement No. 84, Fiduciary Activities. This changed how agency funds, amounts collected on behalf of parties outside of the County, are reported. These amounts are now reported as custodial funds and increased net position by \$296,590.00.

There was one minor note concerning statute compliance. The Future Reserve Fund was overspent by \$5,000.00 due to investment fees that were previously (and erroneously) being charged to a different account. Ms. Gage noted that this was an extremely minor finding for a budget the size of Eureka County's.

Statement of Revenues, Expenditures, & Changes in Fund Balance – General Fund: The County's ending fund balance was \$43 million, an increase over the previous fiscal year of \$6.4 million. The County received \$4.4 million over the budgeted amount for net proceeds of minerals, which was \$2.1 million more than received the previous year. Consolidated tax (CTAX) was \$2 million over budget, and a \$680,000.00 increase over the prior year. Overall revenues were \$7.3 million more than anticipated in the budget, an increase of \$1.1 million over the previous year. Total expenditures exceeded the previous fiscal year by \$1.4 million, but were \$5.2 million less than what was budgeted.

Ms. Gage recommends that an entity's operating fund balance never drop below 8.3% of expenditures, which is 1/12th or one month's worth of annual costs (100% / 12 = 8.33%). She was happy to report that the General Fund balance was at 337% of annual expenditures.

Schedule of Findings: The audit is required to report that the County does not prepare its own financial statements, but instead engages Eide Bailly. Ms. Gage relayed that this is true for most of her clients, and an entity of Eureka County's size simply does not have the time or staff

to keep up with changes in accounting standards and prepare the financial statements in the detail required.

The Schedule of Findings includes material journal entries, which often represent typical year-end adjustments. Two larger transactions were noted for FY 2021 – \$136,000.00 in CARES Act dollars and \$7,000.00 in grant funds – that had to be reclassified to different accounts.

Each year, as part of the Schedule of Findings, the auditor selects what is called an “unpredictable procedure” in order to anticipate an unrevealed risk. Since the County recently invited Ms. Gage to give a presentation on credit card usage, she decided to select a credit card category with a spending increase that exceeded the typical or expected trend. In auditing credit card charges that hit the uniform account in the Sheriff’s budget, it was noted that uniform costs for FY 2021 were nearly \$34,000.00, a \$10,000.00 increase over the previous fiscal year. It was also noted that two credit card expense reports for uniform purchases were not reviewed by anybody other than the party making the charge. Ms. Gage said this was not a substantial problem, but was worth monitoring. She suggested a uniform allowance might keep these costs under control.

Auditor’s Comment Letter: The comment letter summarizes audit responsibilities, significant liability estimates, journal entries, and statute compliance. It stated the County conformed to all significant statutory constraints on its financial administration during the year, with a single audit finding.

Approve Audit & Financial Statements: Commissioner Sharkozy motioned to approve Eureka County’s Fiscal Year 2020-2021 Audit and Comprehensive Annual Financial Statements as presented. Commissioner McKay seconded the motion. Motion carried 3-0.

TELEVISION DISTRICT AUDIT:

Independent Auditor’s Report: Ms. Gage reported that the Television District received an unmodified opinion (clean audit), and its financial statements were presented fairly in all material aspects.

Statement of Net Position: The District ended the year with a net position of \$1.3 million, a \$46,000.00 increase over the previous fiscal year. With no employees, there are no net pension or OPEB liabilities to consider. Cash balance increased by \$104,000.00, and there were capital asset additions valued at \$67,000.00 for fiber optic projects on Prospect Peak and Argenta Ridge.

Statement of Revenues, Expenditures, & Changes in Fund Balance: The Television District has only one fund, its General Fund. It ended FY 2021 with a fund balance of \$794,000.00, an increase of \$24,000.00 over the previous year. This balance represents 354% of annual expenditures, well above the recommended 8.3% required for one month’s expenses.

Expenses in FY 2021 increased by \$12,000.00 and revenues decreased by about \$16,000.00, partly because the District was no longer receiving the T-Mobile grant.

Notes to Financial Statements: The District conformed to all significant statutory and legal constraints on its financial administration during the year.

Schedule of Findings: As stated in the County’s audit, Eide Bailly is required to report that the Television District does not prepare its own financial statements. Ms. Gage again noted that that is typical for entities of this size. The District had no journal entries to report. There were no audit findings.

Auditor’s Comment Letter: The Auditor’s Comments summarized the audit and again noted that there were no audit findings for the Television District.

Approve Audit & Financial Statements: Commissioner Sharkozy motioned to approve Eureka County Television District’s Fiscal Year 2020-2021 Audit and Comprehensive Annual Financial Statements as presented. Commissioner McKay seconded the motion. Motion carried 3-0.

In conclusion, Ms. Gage stated she enjoys coming to Eureka and thanked Ms. Todd and all of the staff for assistance and cooperation during the audits.

COUNTY FACILITIES

Facilities Update: Joyce Jeppesen, Public Works Assistant Director-Administration, gave an update on activities at County managed facilities.

Opera House: In November, the Opera House had 40 tourists and over 400 attendees at meetings and events. This included many mine events and the holiday bazaar. The events are keeping Luz Dory quite busy. December has multiple events scheduled and many have already taken place.

Sentinel Museum: The Museum had 60 visitors in November. Desiree Gonzalez has been helping cover the Opera House, since some days have meetings and events scheduled well beyond normal working hours.

Swimming Pool: The Pool had 41 swimmers for the month. After conducting a skills test for the Swimming Pool Supervisor position, the decision was made to repost the vacancy through January 14, 2022.

Eureka Canyon Subdivision: The one pending application for a subdivision lot did not go through.

Eureka Airport: A total of 999 gallons of fuel was sold at the Eureka Airport, 458 gallons of avgas and 541 gallons of Jet A fuel. Nevada Department of Wildlife is the primary Jet A consumer as it continues conducting aerial wildlife counts.

There was one overnight hangar rental for \$25.00. With feedback from the District Attorney, Public Works is working on an annual hangar lease as well as an overnight rental agreement.

Eureka Landfill: The Landfill had 354 municipal customers and 109 commercial customers in November. It received 21 tons of municipal waste and 177 tons of construction and demolition debris. Regarding recyclables, Battery Systems picked up 763 pounds of batteries (for a net to the County of \$152.00) and Liberty Tire is due to pick up the tire stockpile. The Nevada Division of Forestry Honor Camp is scheduled after the first of the year to pick up trash at the Landfill.

PUBLIC WORKS

Public Works Update: Joyce Jeppesen, Public Works Assistant Director-Administration, reported on Public Works projects and activities.

COVID Update: Public Works was successful in setting up an account with Abbott and has ordered 520 BinaxNOW rapid tests. Another 1,040 were secured from a supply in Reno. Public Works will now absorb the School District's test orders and bill back for its share. Costs are around \$5.00 per test.

The County is working with Shannon Ernst, Social Services Director for Churchill County, to establish a weekly monoclonal antibody clinic in Eureka (potentially each Wednesday at the Opera House through January and February). The clinic should be able to accommodate nine people a day, cycling three at a time. EMS will assist the Churchill County team as needed.

Road Construction and Water Use: Jeb Rowley and Ms. Jeppesen spoke with Amy Race from Nevada Gold Mines. The mine has identified several potential water sources available for County road maintenance, primarily in northern Eureka County. Talks are still in the preliminary stage.

Heaters/Boilers: Crews continue working on repairs to the boiler at the Opera House and heaters at the Airport (hangar) and Eureka Senior Center.

Devil's Gate Mainline Extension: Quotes for parts and supplies for the water line extension and upgrades along Third Street in Diamond Valley are coming back at twice the original estimated cost. Public Works will be requesting an increase in funding for this project. The list of parties wanting water service in the area is continually growing.

Local Emergency Planning Committee: New members have been added to LEPC pending Board ratification at the first meeting in January. Raymond Hodson will serve as transportation alternate, Dennis Gordon will represent Ruby Hill Mine, and Clara Bundy will soon join as communications alternate.

Equipment Repairs: The shop crew essentially did a complete rebuild of the Caterpillar 966F Wheel Loader, saving the County significant money (upwards of \$70,000.00). The crew includes two former Cashman employees, so the County is fortunate to have that expertise in-house.

Residential Water Applications: Two residential water service applications were presented to the Board. One was approved earlier in the Devil's Gate GID meeting. Commissioner Sharkozy motioned to approve the application for a 3/4-inch residential water service for APN 007-380-83 in Devil's Gate GID District #1. Commissioner McKay seconded the motion. Motion carried 3-0.

Commissioner McKay motioned to approve the application for a 3/4-inch residential water service for APN 001-012-31 in the Town of Eureka. Commissioner Sharkozy seconded the motion. Motion carried 3-0.

Surplus Property: Pursuant to Eureka County Code Title 3, Chapter 20, Section .130, Commissioner McKay motioned to approve declaring the 2010 140M Caterpillar Motor Grader (VIN: B9G00186) surplus property, to be sold by the vendor with receipts of the sale used as a trade-in allowance towards purchase of new equipment approved by the Board for Fiscal Year 2022. Commissioner Sharkozy seconded the motion. Motion carried 3-0.

Devil's Gate Mainline Extension: Public Works obtained a quote from Day Engineering for the Devil's Gate mainline extension along Third Street in Diamond Valley. The line will extend from Third Street to the northern part of the subdivision heretofore unserved.

Commissioner McKay motioned to approve a quote from Day Engineering for engineering services for the Devil's Gate Mainline Extension Project, in an amount not to exceed \$24,000.00, utilizing funds budgeted for capital outlay (042-150-55010-746) in the Capital Projects Fund for Fiscal Year 2022. Commissioner Sharkozy seconded the motion. Motion carried 3-0.

NATURAL RESOURCES

Report on Activities: Natural Resources Manager Jake Tibbitts reported on recent activities and meetings.

Cooperative Extension: Mr. Tibbitts attended the Extension Advisory Committee meeting on December 13th. Committee member Marilyn Kirkpatrick (Clark County Commission Chair) is working to host a reception or similar event in Las Vegas for legislators and community leaders to learn about the benefits of Cooperative Extension, which has been a recurring target in recent legislative years. Mr. Tibbitts has committed to participating in the event.

Meat Processing Industry Roundtable: On December 14th, the Nevada Department of Agriculture and the Nevada Farm Bureau hosted a virtual roundtable meeting regarding meat processing. One challenge rural producers face is obtaining USDA inspections because it's not feasible for inspectors to travel long distances to inspect a small number of animals. The US Department of Agriculture joined the meeting and had some ideas that could remedy the problem, and might have the added benefit of economic opportunities for local producers.

Nevada Gold Mines Water Applications: Mr. Tibbitts and Chairman Goicoechea have been working together and communicating with Nevada Gold Mines concerning two change applications filed with the State Engineer on waters in Pine Valley. As a mitigation measure, the mine proposes changing manner of use to wildlife and changing point of diversion to a well in Horse Canyon to discharge into the creek to maintain streamflow. The County voiced concerns that the mine cannot prove beneficial use on wildlife it does not own or manage. Mr. Tibbitts received a follow-up email from Nevada Gold Mines the previous week and it now appears the

mine is willing to withdraw those two applications. Mr. Tibbitts will keep the Board updated as this moves forward.

BLM Instruction Memorandum: Mr. Tibbitts reported that, during the previous week, the Battle Mountain BLM District Manager signed an Instruction Memorandum (IM) addressing compensatory mitigation for projects on federal lands. The new policy provides that mitigation measures will be examined during a project's initial EIS (not under a separate EIS, often years later) and will authorize said mitigation as part of the Record of Decision. This will clear up some gray areas in a previous IM issued by the Secretary of Interior, but could add some delays and complexities to the permitting process.

Nevada Gold Mines Pipeline Project WPC Permit: Mr. Tibbitts explained that the Water Pollution Control Permit for Nevada Gold Mines' Pipeline Project was up for renewal. To date, monitoring has not revealed any issues with the groundwater resource in Crescent Valley. Mr. Tibbitts had no concerns over renewal of the permit and prepared a letter of support.

Commissioner Sharkozy motioned to send a letter to Nevada Division of Environmental Protection supporting renewal of the Water Pollution Control Permit for Nevada Gold Mines' Pipeline Project. Commissioner McKay seconded the motion. Motion carried 3-0.

DIAMOND VALLEY GROUNDWATER MONITORING

Monitoring Program Update: Dale Bugenig, Consulting Hydrogeologist, gave a detailed update and slide presentation showing results of groundwater monitoring in Diamond Valley, which has been ongoing for over ten years. The monitoring network is comprised of data loggers installed on a dozen wells to track groundwater levels. This includes 11 wells in Diamond Valley and one at the gravel pit in Kobeh Valley added in 2020. Half of the loggers are maintained by Eureka County and half are maintained by Diamond Natural Resources Protection & Conservation Association.

The State doesn't have final numbers for irrigation use in the valley yet, but its initial outlook is that there was less pumping than in 2020.

In general, the water levels continue to go down, but at a lesser rate of decline than in previous years. This is in response to less irrigation pumping this past season, attributable in part to the substantial rainfall during the 2021 summer season. The level of drawdown is significantly better than the drop seen in response to the 30% pumping increase experienced in 2020.

Exceptions to the general trend are the Bailey well and the shallower Morrison wells. The well at the Bailey Ranch (furthest to the northwest) continues plummeting in response to a large irrigation well in the vicinity that Sadler Ranch began pumping about 3½ years ago, resulting in nine feet of water decline over that period of time.

The shallower wells provide data on water levels above the widespread clay layer, and water levels are not trending down as they are in the deeper wells. The Matt Morrison well has stabilized and water level in the Lloyd Morrison well has actually increased somewhat in the last three years. The State monitors 50 or more wells in the area and sees a similar response in its shallow wells.

The Kobeh Valley well, which is in the tight rocks of the Vinini formation, was added in the spring of 2020 and is the newest in the monitoring system. Although there is only 1½ years of data on this well, it seems to suggest some transmission through Vinini (between Kobeh and Diamond Valleys), which was previously considered a barrier to groundwater flow.

Along with seasonal drawdown, Mr. Bugenig sees positive recharge in nearly all of the wells. He attributes this, at least in part, to careful and responsible irrigating practices.

OLCESE WASTE SERVICES

Update on Waste Services: Rick Lake, Operations Manager for Olcese Waste Services, gave an update on residential and commercial waste collection in Eureka County over the past

quarter. One 96 gallon residential service was added to the route in October; one new residential service was added in November; and one commercial three-yard container was added in December, for a total of three new customers for the quarter.

CORRESPONDENCE

Correspondence was received from: District Attorney Ted Beutel; Comptroller Kim Todd (2); Planning Commission; Television District; Crescent Valley Town Advisory Board; N6 Grazing Board; Nevada Assoc. of Counties; Nevada Division of Child & Family Services; Nevada Div. of Environmental Protection; Bureau of Mining Regulation & Reclamation (2); Nevada Div. of Water Resources (2); Nevada Aging & Disability Services Div.; State of Nevada Consultant Scott Gavorsky; Nevada Dept. of Taxation; UNR CABNR newsletter; Dept. of the Interior-BLM (2); US Navy FRTC Intergovernmental Executive Committee (2); US Commission on Civil Rights; Grand Traverse County, Michigan; National Assoc. of Counties (multiple); Governing E-news (multiple); and America First Policy Institute (multiple).

Commissioner Reports: Chairman Goicoechea said he has received multiple calls and emails and is working with other counties with concerns over the historically low Census counts.

Commissioner McKay reported that he and IT Director Misty Rowley met with Brian Mitchell, Director of the Governor’s Office of Science, Innovation and Technology, to discuss various grant funds available to provide or upgrade broadband in rural areas.

PUBLIC COMMENT

Chairman Goicoechea called for public comments; there were none.

ADJOURNMENT

Commissioner Sharkozy motioned to adjourn the meeting; Commissioner McKay seconded the motion; the meeting was adjourned at 11:39 a.m.

Approved by vote of the Board this 7th day of February, 2022.

/s/ J.J. Goicoechea, DVM
J.J. Goicoechea, Chairman

I, Jackie Berg, Commissioner Administrative Assistant, attest that these are a true, correct, and duly approved minutes of the December 20th, 2021, meeting of the Board of Eureka County Commissioners.

/s/ Jackie Berg
Jackie Berg, Commissioner Administrative Asst.

I, Lisa Hoehne, Clerk Recorder of Eureka County, acknowledge and accept the attached minutes as approved by the Board of Eureka County Commissioners and attested to by the Commissioner Administrative Assistant.

/s/ Lisa Hoehne
Lisa Hoehne, Clerk