

Approved May 3rd, 2018

The Special Meeting - Budget of the Douglas County Board of County Commissioners was held on March 27, 2018 in the meeting room of the County Administration Building, 1616 8th Street, Minden, NV, beginning at 9:00 AM.

The minutes below have been transcribed.

Call to Order

Commissioners Present:

Steve Thaler, Chairman
Barry Penzel, Vice Chairman
Nancy McDermid, Board Member
Larry Walsh, Board Member
Dave Nelson, Board Member

Commissioners Absent:

Staff Present:

Larry Werner, County Manager
Doug Ritchie, Chief Deputy District Attorney
Kathy Lewis, Clerk-Treasurer
Miguel Camacho, Deputy Clerk

PLEDGE OF ALLEGIANCE- Doug Ritchie, Chief Deputy District Attorney

PUBLIC COMMENT (No Action)

Jim Hartman speaks:

We were talking about "Tiregate" yesterday and I think we want to reiterate the fact that the disturbing part is, not only the million dollars that was lost but the fact that this went on undetected until a whistleblower called them to account. But you know, "Tiregate" is not the first issue in this County; preceding "Tiregate" was "Sodgate". "Sodgate" was the problem in the '80s where the Park Superintendent was selling trees and turf to County employees. One of the purchasers was the wife of the then District Attorney (DA) and the insidious part of both "Tiregate" and "Sodgate" is that it implicates a lot of County employees in all of this. That's disturbing. The 1990 Grand Jury took a look at "Sodgate". Their conclusions were that they were very critical of County government and they were particularly critical of the County Commissioners at the time. The Parks Department was found to have sloppy inventory and record-keeping and boy, is this a reprise today of what happened then. That was \$100,000; they went on for three years. This is \$1 million mistake that went on for 10 years; those are the only differences. And I would submit there's a culture of self-dealing that needs to be dealt with in this community.

Chairman Thaler speaks:

Mr. Hartman, I'm sorry to interrupt you but if you want everybody to hear you; we just got notice that the audio is not working. So I gotta believe that you probably do, so if you don't mind, can we wait a second, because I know you

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want to speak to us and to everybody that's watching, so as soon as we get back online and make sure that the audio is working... and what I'll probably do is have you start the time over.

Mr. Hartman speaks:
And start over?

Chairman Thaler speaks:

Well, I'll leave that up to you. I'm not sure where the audio left off and you could be on video going like this and people are going, "What is he saying?" And it is important, not only us but to everybody, so just bear with us one moment. We had video but the audio didn't boot up.

Kathy Lewis speaks:

Kathy Lewis, Clerk-Treasurer, for the record; I just got word that it has started working, so if you don't mind, and I love what you're saying but when you start speaking, if I go like this, it means it's not working again.

Mr. Hartman speaks:
And we'll start from the beginning?

Chairman Thaler speaks:

Yes, and feel free to do however you want; we're going to start your time all over, so go ahead.

Mr. Hartman speaks:

For the record again, Jim Hartman from Genoa; I want to just go back to what we talked about a little bit yesterday and that was "Tiregate", the \$1 million mistake that wasn't caught for 10 years here until the whistleblower came forward. And I said that this is not the first instance of a problem in the County. We had, preceding "Tiregate" was "Sodgate"; actually, "Tiregate" is "Sodgate" on steroids because that was a problem of three years duration, \$100,000 mistake or fraud would be a better term, and implicated in that, our County employees, their purchases of tires, the Sheriff's Department, purchaser, the DA's wife was a purchaser of turf back in the '80s. And again, the Grand Jury took a look at this in 1990, and came to the conclusion that they were very critical of County government, and especially the County Commission of the time. Sloppy inventory controls, sloppy record-keeping, it's a reprise today of what happened 30 years ago And I would submit there's a culture that's developed, unfortunately, that's taken root of self-dealing that needs to be confronted and I guess as I said here, are the two instances that we found of fraud; are those the only instances of fraud in this County, or are controls, financial controls, audits not being done? It's the tip of the iceberg. Are there many more? I mean fraud is the most egregious form of misuse of money, but how much waste is there in the County, which is a less easily detectable item than is fraud? That is of a concern to me. Let's take a look briefly at the County Manager here; on duty for a year and half, six months in 2014 and another year in 2016 and 2017. In a year and half, he never detected any of this; saw no evil, identified no evil. It took a whistleblower to identify the

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problem. And as far as transparency goes, I have a problem. This issue was known to you folks and the County Manager in March of 2017 and it went on the website is a problem identified to the voters of this County six months later, in September, after you'd hired and made full time the Chief Financial Officer, after you'd hired and a new Assistant County Manager and after you with extended the tenure of your Chief Executive Officer on September 7. All of that was unknown to voters and the public until September 28. My point is what I see here is a group of people that see a public relations problem and what you really have is a public policy failing.

Chairman Thaler speaks:

Thank you Mr. Hartman; further Public Comment?

Mary Hartman speaks:

Mary Hartman, Genoa, for the record, really, further to what Mr. Hartman has to say, I will be addressing you today about your efforts at transparency. All I'm going to do is go through a timeline; it is very simple, this is how it appears to the public. March 2017, Manager Werner, Commissioners, you were informed of the now \$1 million plus fraud and embezzlement coming from vehicle maintenance. April 2017, interim CFO, Vickie Moore, is promoted to Chief Financial Officer, with words of praise from Manager Werner. August 2017 and early September 2017, Brad Hurley is selected and appointed Assistant County Manager. September 7, 2017, the contract for Interim County Manager Werner is discussed and approved for an extension of not one, but two years, through December 31, 2019, with words of praise from you folks up there. September 28, 2017, the public is informed of the \$1 million plus fraud and embezzlement by press release, six months after you folks and County Manager Werner were informed. Lastly, late in October 2017, newly hired Assistant County Manager Brad Hurley resigns. The public can draw its own conclusions regarding Douglas County's efforts at transparency. Thank you.

Chairman Thaler speaks:

Thank you, Ms. Hartman; further Public Comment? Seeing none, Public Comment is now closed. Anybody want to take a stab at that or should we move forward?

Mr. Werner speaks:

I guess the only way to take a stab at it is that the timelines are what they are because of investigations we started in March, the criminal division and civil division during stuff that we could not talk about while the investigations were ongoing, and in fact, some of them are still ongoing. That's why you don't see a lot in the press, because if it's under investigation, we can't talk about it.

Chairman Thaler speaks:

Okay and I guess the rest of that story we will still hear, because to my knowledge, not only is the District Attorney still working on his internal investigation which we may or may not have details on, depending on the confidentiality of it. My understanding is, to date, that a Division of Investigations has not completed their investigation as well, so I guess the story

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of the embezzlement that occurred, at least my reading of the Grand Jury, started in 2011 so not sure how the 10 years, but I'm not going to dispute that. So I guess the rest of the story is still to be told, at least for us. We have Grand Jury report, which is a great thing, but what we don't have is Criminal Investigation, which probably will detail of a whole lot more, okay? Commissioner McDermid?

Commissioner McDermid speaks:

I think it needs to be made clear that when we were informed in March, that we were told to not say anything regarding it, because it was an ongoing investigation and we could not talk about it. So I think that's a big problem for people who don't understand how investigations are conducted and the people that are told about it are also informed that they will face serious charges if they speak about it. So that's the reason you didn't hear anything from this Board based upon what we were told by the District Attorney.

Vice Chairman Penzel speaks:

We were told not to discuss it but that doesn't mean we enjoyed it, nor do we enjoy this and it doesn't mean we were hoping it would go away. It doesn't mean that we weren't interested in. It doesn't mean that we're not excited about it and I don't mean that in a good way. The timeline, as the County Manager said, is undisputable; what happens in these investigations and I think everybody that's got a little gray hairs has been through some kind of investigation, what happens is that oftentimes, and in this particular case, we had a criminal responsible who was no longer with us. The natural tendency is to go after other people that are still here and we, as a Board, are responsible. We, as a Board, and I in particular, feel that responsibility and I will own up to that and I will own the fact that it hasn't been disclosed, but I can't get anybody, get the Nevada Division of Investigations or the District Attorney to do their job any quicker. In fact, I have been told if I did that that I would go to jail and that didn't seem to serve a lot of purpose. I'm not happy with it. I don't think anybody on the Board is happy with, but I certainly don't want anybody to think we're satisfied or that we haven't been pushing. We have been pushing and in fact, I can see the District Attorney shaking his head, acknowledging that. The people know that we're doing it, but what we can't talk about is what we're doing; this is a travesty. The most secret organization, and I'm really getting on my soapbox now, I'm fired up, because the most secret organization that's allowed to be secret by the legal profession is the Grand Jury. So they publish stuff that in my view, isn't even complete. I'm not satisfied with that investigation and I don't think anybody here is. It seemed to be missing some of the points. That doesn't mean that the folks who were doing it weren't trying to do it right. But even in their report, they talk about some of the things that NDI (Nevada Division of Investigations) didn't do or couldn't do or wouldn't tell them. When we have an organization at the state level that's supposed to be doing an investigation that make doesn't make any report to us, someday it will be published. Hopefully, we'll still be aboveground but there's nothing we can do hurry them up. If you think, as an individual, you can cause them to render their investigation. I say go for it. Tell the governor; he's the one that controls NDI. I appreciate the help. I don't know about the rest of the Board and I don't

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know where that falls in the legal realm, I'm not a lawyer, I don't intend to be a lawyer. In fact, I wouldn't be a lawyer. Having said all that, I think it the anger and angst that we get in this regard is appropriately placed. I don't like to listen to it, but I think it's appropriately placed. We are the responsible party and we should be able to come up with systems that don't allow for people that are weak to take advantage of them. And I believe that there is, and I can't talk to these folks, also, the grand jury, we have to do everything in the public and this was not ajenized. But this is public comment, and I believe that we all would get together if we, if this were brought up and there's gonna be part of that done in, according to the Chair on the first of the first meeting in April when we discuss the Grand Jury report. But there is, in my view and I can only speak for me, there is an intent to get not only to the bottom of this but to put processes in place so this never happens again. And Mr. Hartman's right though, it'll pop up again somewhere else. We gotta make sure that we do everything within our power, which is very limited, to make sure that that doesn't happen again, to put those systems in place. We've started that, the County Managers hired a couple different firms that are outside the County to do internal investigations and audits and that's a good start once they get going. We'll be talking, I think, for the next year about things we're putting in place. Unfortunately, government works very slowly and I'd like to say, "They're all in place right this second and we're going for it"; that would be my preference. But we can't. So I would tell you I share your angst, but I believe that we are capable of resolving the issue and what we've had a problem with is a break in faith and we need to reestablish the faith with the public and the residents, make sure going forward that we're doing our level best that this doesn't occur again.

Commissioner Nelson speaks:

I think one of the reasons why I've been pushing for more detail on our budget process, some history of things, is because we do need to do a better job of looking into this as your County Commission and I think Commissioner Penzel and Commissioner Walsh have also said the same thing. We received some information this morning more detail; we don't have a chance to look at it before we start this process, so it's gonna be very difficult to really do anything today that's detailed but I hope going forward we'll continue to get more details so we can really do our job properly. One of the things the Grand Jury said that I was very upset about was that a Commissioner had said the \$400,000 was just a drop in the bucket. I want you to know I did not say that; I don't think \$400,000 is just a drop in the bucket, but that the shows badly on the Commission and it's part of what the Grand Jury said. Thank you.

Chairman Thaler speaks:

Commissioner Walsh, want put anything on the record? Then I'll finish it up and we'll move on.

Commissioner Walsh speaks:

Not really, I echo the thoughts of my fellow Commissioners. I was upset about that \$400,000 drop in the bucket comment. I think that's actually ridiculous; whether it was \$400,000 or \$400, it's an issue that we have to correct. Mr.

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Nelson is correct and we just received a lot of detail this morning. Thank you to our staff, but it's going to be difficult for us to go through this stuff by just getting it just now. We'll try but going forward, we are absolutely intent on getting more detail from our staff so we can make logical and good decisions here at the Board and protect the assets of our County. Thank you.

Chairman Thaler speaks:

And this is Public Comment; so we'll get another chance later on. I'm trying to limit it or we're going to end up beating this thing up; that's why I'm letting everybody on the Board put their, what they want to put on the record, cuz we're going to get into a debate. I don't want to go there; I kind of allowed a little bit latitude because normally we don't do this when it comes up to Public Comment. So I appreciate that. I just don't want this to turn into a debate. Our first meeting in April we'll be able to talk about the Grand Jury report. So now I get to put my comments on the record. So first of all, thank you to the Hartman's; I'm assuming you're related but I'm going to make that assumption. So you know, a while back, I was invited to speak before a group of citizens, make your own conclusions as you want, I will put it on the record that I was invited to speak before some citizens and talk about what the community has termed as "Tiregate". I have said then and I said now and I will continue to say that "Tiregate" does it a disservice. It's called a grand larceny. For 15 years of my career, I spent in law-enforcement and Mr. Hartman, some of those years were follow-up to, and I can speak of, Marty Strube. He spent a year in jail for a grand larceny, prior to this time, if he was not convicted, if it was just an internal investigation, I couldn't comment about that because anything that goes on with employees is confidential. That's the rule. You want to see a real quick lawsuit against the County with a lot of numbers on it, we start talking about employees and throwing names out there. They have rights too. So we have to be really careful. I, and I gotta believe each one of my colleagues sitting up here, was incensed when we learned that one of our own employees, somebody that was in this County for a long period of time, he did what most criminals do; they learn how to defeat the system by a myriad of a bunch of stuff, take advantage of controls that probably worked perfect. I can guarantee that each and every one of us were upset, bothered, asking lots of questions and pissed off. Why? Because we continue to get the accused that we knew about it, we should've stopped it. And I spoke to this group and I said, had I known, with my law-enforcement experience, and I know my colleagues would've said the same thing, had we known about it, we would have done something; we could've stopped it. No doubt in my mind; I knew it back then, 15 years ago when I was there, actually, more than 15, almost 30 years ago now. When I was in law enforcement, I spent my career, five of that specifically looking into departments in this County through internals, but you never hear about those. Why, because they're confidential. You can connect dots all day long. So for instance, we went through and you can connect dots and the fear for me about connecting dots is those dots may not connect and turn out to be a picture. There's a lot of assumptions to be made and those assumptions need to have finality to them and I'm hoping that, and I know the Vice Chair mentioned it, that Nevada Investigation will flush that out. We all hope. I'm not gonna sit here and say that they're, I don't know how big their investigation is,

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but having done that for a while, I know the last thing you want is political pressure to finish up an investigation because then what happens, you get half shoddy investigation. So sometimes these things take a while. It's very frustrating to the public. And I certainly understand your frustration, I get it. We, I think, every one of us here, are as frustrated as you and this entire community we call Douglas County. What's more important is that we focus on the future, the same thing we did years ago after the Marty Strube incident, call it "Sodgate" or whatever, it was still embezzlement, the guy did a year in jail. So what we need to do as Commissioners and what we're gonna try and do as we focus on budget and we focus on the future is make sure that we put in place every control that we can that will help us to fend off those employees from taking advantage of us. But I'm here to tell you no matter what controls we put in place, how good it is, there will be an employee out there that will figure out how to steal from you. Now, I'd like to have 99% controls. I would love to get 100% controls, but I'm not ignorant to think that there's criminals out there every day looking for a way to steal money, steal property, steal people's lives and that's sad. So what you hope to ask of your County Commissioners is that they do their due diligence, and their due diligence is to make sure that we create the systems we ask staff, we push staff, we push the County Manager, to do the right thing. Now I can tell you that if I thought for any moment at any given time that I thought one of our staff was not doing the right thing, I'd be having a sit down with the County Manager. Now I can't sit down with these people because that's violation of the Open Meeting Law, but I can talk to the County Manager. The bottom line is we all sit around and wait for the facts. We have most of the story; that's called the Grand Jury Report. We have most of the story. What we don't have is the end of the story and it's as frustrating to us as everybody else. So I will finish with that; if you can't tell, we're as passionate about this as you. And I will also say, my wife says you change directions without your turn signal on and I'm going to do that, and that is, we talk about the budget and yes, it's very frustrating to get this material at the last minute. I guess it's easy to look at that as a negative, I'll look at it as a positive, at least we got it. This is our first, what I call reading, on the budget. My guess is we're gonna have a whole lot more discussion on the budget. Our job, just like the public, we're to start working through this as we go and please bear with us if it takes a little longer because we're looking at material here instead of our computers which we all went home and studied on. So that's gonna make our job little slower.

APPROVAL OF AGENDA

Chairman Thaler speaks:

So with that in mind, I am going to ask the Board if I could get an Approval of the Agenda for today? I have a motion by Commissioner Walsh, second by Commissioner Penzel. All those in favor signify by saying "aye"; opposed? Seeing none, motion carries unanimously.

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MOTION to approve the Agenda; carried.

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Larry Walsh, Board Member |
| SECONDER: | Barry Penzel, Vice Chairman |
| AYES: | Thaler, Penzel, McDermid, Walsh, Nelson |

ADMINISTRATIVE AGENDA

The Administrative Calendar will be handled as follows:

- (1.) The Chairman will read the agenda title into the public record.
- (2.) Staff will introduce the item and provide a report, if any.
- (3.) The applicant, if any, will have an opportunity to address the Board.
- (4.) The Board will then discuss the item. Once the Board has concluded their discussion, public comment will be allowed.
- (5.) Public comment will be allowed and is limited to three minutes per speaker.
- (6.) Once public comment is completed, the Board will then ask any follow-up questions and take action.

On agenda items that are agendized as a “presentation” with no action listed, public comment is not legally required and must be made at the beginning of the meeting.

1. For possible action. Discussion on the Fiscal Year 2018-2019 tentative budgets for Douglas County and the Douglas County Redevelopment Agency funds. (Julie Andress)

Chairman Thaler speaks:

Item 1; discussion on the Fiscal Year 2018-2019 tentative budgets for Douglas County and the Douglas County Redevelopment Agency funds; Ms. Andress. We have scheduled three hours, my guess is it's gonna take a little longer than that. So two hours, let's see, it's 9:30am now, probably somewhere around 11am we'll take real quick short break and lunch will probably come at 12:30pm or so and then we'll try and wrap it up in the afternoon. So who wants to go first? Rochambeau? Anybody wants to go first? Ms. Andress, you know what you could do is if you wanted to, you could just come up and just say... or we could just go right to Road Operating. Okay, let's start with Road Operating, Mr. Erb. And if you don't mind, would you let us as a Board know whether you're going to refer to slides that we've seen or new slides, just so that we know what to look at.

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John Erb, Transportation Engineering Manager, presented on the following Road Operating topics:

- Revenue
- Expenses
- Services and Supplies
- FTE
- Programs Road Operation
- Programs TDTD
- Programs Regional Transportation
-

To view Mr. Erb's complete presentation, please see the Board Packet and the Supplemental Materials.

Mr. Erb speaks:

Good morning, Mr. Chairman, members of the Board; my name is John Erb, I'm with Douglas County Public Works. I'm the Transportation Engineering Manager. I'm here at present the budget; actually I have three budgets that I manage; Budget 232 Road Operating Fund, Budget 236000, the Tahoe Douglas Transportation District and Budget 430, the Regional Transportation or the RTC funds. I'm kind of doing this a little different because of the three budgets and so you can see how much revenue goes at one time to roads in the County and how much expenses. So, I'm going down through each of the three budgets, the revenue portion of it and then I'll go down through each expense portion of it, starting with Road Operating taxes for the 18-19 Fiscal Year.

Chairman Thaler speaks:

So, we're looking at the handout, correct?

Mr. Erb speaks:

We're looking at the handout. When I get down to expenses and we get into Services, I'll bring up the line item for Services so you can see each individual item for Services. So taxes on the Road Operating, that comes from the 1% Room Tax, the one cent County Gas Tax option. It's at \$331,210 is the estimated amount for the next Fiscal Year. The Intergovernmental is the State Gas Tax.

Commissioner Walsh speaks:

Excuse me, John, where do those taxes come from?

Mr. Erb speaks:

The taxes come from the 1% Room Tax and the one cent County Gas Tax option.

Commissioner McDermid speaks:

I have a question; the 1% from Room Tax, is that from the Lake? is that from the Valley? is that from both?

Mr. Erb speaks:

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That's from the Valley.

Vice Chairman Penzel speaks:

It seems a little bit unique that you're estimating that the taxes will go down. I don't often hear that. Why are you thinking that you going to get \$9,777 less in taxes?

Caroline Chieffo speaks:

Carolyn Chieffo, Senior Accountant; these numbers are estimates that are given to us by the State when we do the budget process. I don't know what they use for their calculation, but that we use what they tell us we're expected to get.

Vice Chairman Penzel speaks:

And they'll revise that when?

Ms. Chieffo speaks:

I think they are final for this budget cycle.

Vice Chairman Penzel speaks:

These are final?

Ms. Chieffo speaks:

The State estimates of our taxes, yes.

Vice Chairman Penzel speaks:

I don't, I still don't understand why would they estimate lower taxes? They're not decreasing what they're collecting.

Ms. Chieffo speaks:

Well, usually when you're estimating Gas Tax, that type of thing you would be more conservative in their cancellations, but I don't know.

Larry Werner, County Manager, speaks:

The taxes aren't going down, it's the revenue they're getting from, and I suspect it's the Gas Tax, that there's probably less there than, they're anticipating less Gas Tax being collected and some other things going on. But as we go through, that's one of the things at the end of the year that we finally get the final numbers, actually we get them on a quarterly basis, I believe, we get actuals in and then they'll finally true up. As Caroline has stated, when it comes to preparing the budget, we have to use the estimate by which the state gives us, what they estimate to be for the year and that that will be modified by actual collections.

Ms. Chieffo speaks:

If you look at decrease of \$9777, there is an increase in the Valley Room Tax estimate of \$6000 and then a decrease \$15,000 for the Gas Tax. I would tell you that typically, our Gas Tax does come in higher than what's estimated but the estimates are more, you know, you want them to be more conservative.

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Mr. Erb speaks:

Okay, on the Intergovernmental, that is the State Gas Tax and we receive from the State Gas Tax 2.357 cent, a 1.75 and a 1.25 and that makes up the \$1,011,096.

Vice Chairman Thaler speaks:

For them, they're estimating that their tax will go up. For us, they estimate our tax will go down.

Commissioner McDermid speaks:

I think one of the reasons the State Gas Tax will go up, for two reasons; one, they get Diesel Tax. Secondly, Washoe and Clark both have indexed the Gas Tax. Their gas, and therefore that price, is going up. So the State will benefit from that and so that's why they're estimating their Intergovernmental State Gas Tax will go up, but why Douglas County's will not.

Mr. Erb speaks:

Next line item is Other Financing Sources. This is the transfers from the 430 RTC account and also the General Fund transfer of \$214,343. The decrease is because the amount that's being transferred from RTC, based on the five-year plan, has gone down by \$200,000. That brings up the year Beginning Fund Balance and reserves. The Beginning Fund Balance for this coming Fiscal Year is \$645,945 and the reserves are at \$1,464,674.

Commissioner Walsh speaks:

Just as a point in the future, it would be beneficial if we had all of that broken down in the presentation so we could see it.

Mr. Erb speaks:

Okay. Moving on to the Tahoe Douglas Transportation District, the taxes, that's the Lake 1% Room Tax. It's increasing \$651,662; the interest is staying the same and the Beginning Fund Balance and reserves total \$646,307. The RTC is the next item. The taxes there are from the Ad Valorem, Residential Construction Tax and the Commercial Construction Tax and that actually went up \$114,000 and the anticipated amount is \$1,242,676. Intergovernmental is the nine cent Gas Tax at the County has and that is increasing a little bit to about \$2,002,456. The interest is self-explanatory. Other Financing Sources, that's the transfer from the General Fund and Property Tax.

Chairman Thaler speaks:

So, I know that's accumulative of the nine cents but we took what used to be four cents and boosted it up to nine cents and back then, I think it was two years ago, we projected an increase in revenue about \$900,000; are we on track or are we exceeding that?

Mr. Erb speaks:

We're exceeding that, just not by much. So before, I don't have before the 2017 in front of me, but I can get you that information. The difference, it would be

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the difference from the 16-17 budget and the 18-19 budget revenue which isn't on here but I can get that and email that to you.

Chairman Thaler speaks:

And again, some of this is a learning process of what we require, what we'd like to see. I think we probably speak for the public too, cuz I know you guys work with these numbers every day and our job is to try and figure all the stuff out too. So, keep taking notes.

Vice Chairman Penzel speaks:

To go back to the taxes, that nine cents is generating \$1.2 million?

Mr. Erb speaks:

No, the nine cents is generating the \$2,002,456; it's the Intergovernmental and that's an estimate because we, DMV (Department of Motor Vehicles) is a quarter behind us in giving us the tax revenue.

Vice Chairman Penzel speaks:

So instead of \$900,000 that we estimated, we're, per year, getting \$2 million?

Mr. Erb speaks:

No, this is a full nine cents. So from what I remember when I first started here, the Gas Tax revenue for the County taxes was in the \$900,000 range. Then we added the five cents and now we're up to about the \$2 million range.

Ms. Chieffo speaks:

Of the \$2,002,000, just under \$890,000 is the four cents and \$1.1 million is the five cents, the additional five cents.

Vice Chairman Penzel speaks:

So the total then... we are exceeding it, by a lot.

Mr. Erb speaks:

Okay, so Other Financing Sources, that's transfers from the General Fund and Property Tax. And that's at \$1,157,607 and that went down just a little bit.

Chairman Thaler speaks:

Can you, and one of those other things that we talked about, cuz I get questioned a lot because I see it on my Property Tax bill, it's about 5.4 cents; how much does that generate? I know you may not have it right with you, but that would be one of those ones that we would love to get an answer back, okay? So because it's on your property tax and...

Mr. Erb speaks:

It's Regional Road taxes.

Chairman Thaler speaks:

Yes, but you just listed here, correct? It's part of that number?

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Mr. Erb speaks:

That's part of Other Financing Sources.

Chairman Thaler speaks:

Correct and it's based upon Property Tax and Douglas County being the third highest in receipt of property tax is probably why we have a whole lot coming in.

Commissioner Walsh speaks:

A lot of our budgets, we see Other Financing Sources or transfers in and out or whatever. Who makes those decisions? And really, in the future, I'd like to see real clear picture, understanding first of all, of the amounts are transferred from the General Fund, RTC, Property Tax, whatever. Who makes those decisions?

Mr. Erb speaks:

The transfer from the General Fund is made by the Board, is made by you guys and whether it's a past Board or current Board, you will make, you can make changes to what's transfer from the General Fund.

Chairman Thaler speaks:

My guess is it's done during the budgeting process, correct? When you're approving a budget, tell me if I'm wrong with my thought process, there's gonna be accounts that are moving money around and that's done, I don't think we know that it's done, other than by approving a budget. So I'm kind of thinking in my head, probably a slide, maybe in the future, maybe before the next budget meetings, is what I would call "follow the money", because I have the same question. We approve a lot of stuff but we need, kind of like that map that shows, because I get a lot of questions, "How can we transfer money out of the General Fund into x" and then its done. We have how many transfers within the General, out of the General Fund into Social Services, into X, Y, and Z and I can pretty much tell you that if we don't, I don't want to say we don't get it, but if we don't get the pathway, the public doesn't get it either. So I will tell you, John, and I believe you; you do this for a living. We do not. We follow the money, we watch the money, but we don't see how it goes. So, that's a great question, Commissioner Walsh. That's kind of what we need to see so the public sees us going, "Why do we do these things?" Because you're right and we do, today we'll transfer a lot of money; we won't see it here, but you'll have that Intergovernmental transfer but then the question is, "Why did we do that?"

Commissioner McDermid speaks:

So, previous board, we put a penny a year of the property tax to go into, I believe it, went into the 430 and we did penny a year for five years. Now, that went into 430, is that correct? So, is that under the taxes or is that under the Other Financing Sources? Where does that come in and how much is that?

Mr. Erb speaks:

That would be under the Other Financing Sources.

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Commissioner McDermid speaks:

So is that then the five cents of Ad Valorem Property Tax then goes into Other Financing Sources?

Mr. Erb speaks:

No, the Ad Valorem goes in the taxes.

Commissioner McDermid speaks:

Well, I thought you said it was a transfer from the General Fund and Ad Valorem under Other Financing Sources.

Mr. Erb speaks:

No, it's a transfer of the General Fund and Property Tax.

Commissioner McDermid speaks:

What's the difference? I thought Ad Valorem was Property Tax. So I'm just trying to figure out under which, in the 430 fund, where is the nickel of the property tax? Where is that? Is that in the taxes or Other Financing?

Mr. Erb speaks:

The nickel in the Property Tax, that would be that the Board set up for a transfer, would be in Other Financing Sources. In the taxes, it's Ad Valorem, the Residential Construction Tax, the Commercial Construction...

Chairman Thaler speaks:

Hey, John, I'm going to call an... Ms. Lewis, can you help us out here?

Kathy Lewis speaks:

I can; Kathy Lewis, Clerk-Treasurer, for the record. Because I was in Budget at the time that we did do the General Fund transfer; at that time we did a General Fund transfer to the Road Operating at the equivalent of what five cents was. And so we didn't actually move the tax rate, we just moved, we just transferred money from the General Fund. So that transfer from the General Fund, that is what five cents was at that time is in the Other Financing Sources. And then in addition, later on, you guys also approved the five cent tax rate, about five cents tax rate, to go directly to the Road Operating. So there's two pieces; there is that transfer from the General Fund that's equating to about five cents in the Other Financing Services and there's a direct tax rate that everybody pays that is in the Property Tax line item.

Chairman Thaler speaks:

And that's 5.63?

Commissioner McDermid speaks:

I still don't know where...does it go into to the 232?

Mr. Erb speaks:

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One goes into the 232 and one goes into the 430 and in both of them are Other Financing Sources.

Commissioner McDermid speaks:

Okay, so, thank you for clarifying that, Kathy. So when you talk about the Commercial Construction and the Residential, you're talking about \$0.50 per CFA and \$400, \$500 per residential?

Mr. Erb speaks:

Per square..yes.

Commissioner McDermid speaks:

So, those are the two that could be raised by a vote of the people, correct?

Mr. Erb speaks:

That's correct.

Commissioner McDermid speaks:

And we're still on target for that to go forward in November?

Mr. Werner speaks:

Yes, ma'am, we're looking at doing exactly that.

Commissioner McDermid speaks:

Well, for new construction, we currently have \$0.50 per commercial square foot; by a vote of the people, that can be taken up to ninety cents. On the residential, a new residential, we get \$500; that can be taken to \$900. If you remember we had this discussion, I said we're leaving money on the table when people say growth doesn't pay for itself, part of the reason is new construction. This would not affect any current homeowner or anything but the fact is, if you look at some of the other counties, that's where they are and we're not.

Vice Chairman Penzel speaks:

John, I think that part of the problem, as I've been saying, I said last night and I'm saying it again today, is that the line items are not explicit enough. And for some reason, the tradition has been that we amalgamate a lot and we don't get the detail. So, when it says "taxes", we know there a lot of different taxes that go into these things. But taxes isn't just taxes and Intergovernmental includes taxes, you know. I think that also, the Finance Department could help us by having a line item that actually includes all the taxes and breaks them down from whatever the source to us and if it's a transfer, then it should be labeled as "a transfer from the General Fund to this fund". And I think most of us have read balance sheets and income statements for a long time. This departs from that and it's difficult to follow it. So I think as the Chair said, follow the money; it's very difficult and whenever that happens, the illusion is, or I think the assumption is, that it's not transparent. And so the more information that we get on it, the better off everybody is, so we can look at this in common, collected way, so that we can understand the magnitude of what we're dealing

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with. And I'm not giving you that lecture so much as other people. So, thank you and proceed, please.

Mr. Erb speaks:

Commissioner Walsh asked a two-part question and I only answered one of them, so I'd like to answer his other question. As far as transfers from the 430 RTC account, that's done usually by the RTC Board and it's part of my five-year plan on what I need done on Regional Roads with our internal Road Department. So there's equipment needs and there's also preparation that they do ahead of projects that, on Regional Roads, that we transfer money so there's funds available to do that work. Moving on, I think I'm in...

Vice Chairman Penzel speaks:

John, one other point, okay? On the information, we talked about the 430 fund, it'd be great here in the Regional Transportation Fund, it'd be great if those numbers were associated with the funding you're talking about. So if it said Road Operating, which is what, 430? If it said Road Operating (430) labeled clear, no misunderstanding.

Mr. Erb speaks:

I can definitely put the fund numbers in the title.

Vice Chairman Penzel speaks:

And make sure you pronounce the "d" in that because "fun numbers" would be something different.

Mr. Erb speaks:

It is a lot of fun. Going on to expenses, on the Road Operating, we have salary and wages for the 2018-19 Fiscal Year; it went down some to \$572,186, that decrease is most likely due to the reorganization, the different percentages of all...

Chairman Thaler speaks:

Let me help you grow quick, because this is what's the hardest for us, is numbers on a page, and I know the you guys get these numbers, so the first things that really stand out is when you see things that are not trending. So, for instance, if you look at Capital Outlay increased 41% Ending Fund Balance. I get that, and then you go down into the top of Douglas Transportation District, you see a lot of high percentages and changes. And I think you know, small changes in percentages, I get that; when you start seeing big changes, big percentage changes, \$308,000 in Capital Outlay, those need to be called out because we really need to see. So, for a good example is \$308,000 increase in your Capital Outlay and I know you have an explanation for it because it says "Projects". John, this is where I think you or your department needs to kind of explain, okay what is that? And then if you get down to the bottom of the Regional Transportation, you see a reduction of \$2.5 million and it says "Projects". My guess is this is probably something you're gonna do next year, so if you don't mind, would you call those out?

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Mr. Erb speaks:

Yes, I will and so my budget is gonna have a lot of weird things in it because I need to have the money available to advertise a project and may be in one fiscal year but the work will be done in the next fiscal year. And so it will change from what's adopted to what's anticipated.

Chairman Thaler speaks:

And that's why you have Ending Fund Balances, Beginning Fund Balances, tend to move; I get that

Ms. Chieffo speaks:

So the Road Operating salaries and wages, the reason you see a reduction there is because in FY, in the current Fiscal Year ending June 30, 2018, there was contract snow removal that was budgeted in salaries and wages instead of, not contract, I'm sorry, part-time seasonal snow removal that was budgeted in salaries when actually, for FY 19, we moved that down into Contracts and it will be under Services and Supplies. We won't be attempting to do that internally. And then that's why there's also, you'll see an increase in Benefits, because there are regular full-time employees, you know, benefits increased.

Mr. Erb speaks:

Moving on, Employee Benefits, as Caroline just commented on, 265,630 and the increase in Benefits Insurance caused that to go up. Service and Supplies, and this is the new sheet you got today, will be under the 232 Road Operating. And so, Service and Supplies, I'll just read through what it covers and if you have a question about the dollar amount, please stop me. Service and Supplies covers Snow Removal, Weed Spraying, Travel, Advertising, Utilities, Janitorial Services, Maintenance Equipment, Maintenance of Traffic Lights and Signals, Motor Pool expenses, Vehicle Maintenance and County Shop, Rents and Leases of Equipment, Risk Management...

Commissioner Nelson speaks:

Yeah, I have a question on that one, John. That one was about \$8,000 in 2015 and is now almost \$14,000; that seems like a pretty big jump in couple years.

Mr. Erb speaks:

So, Rent and Leases of Equipment, the computer leases have gone up, so that's off Rents and Leases of Office Equipment and the Dell leases have increased for this coming year.

Commissioner Nelson speaks:

Okay, so it's basically IT (Information Technology) expenses?

Mr. Erb speaks:

Yes.

Commissioner Nelson speaks:

Okay, it didn't say anything about IT, so I was wondering.

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Mr. Erb speaks:

Risk Management and Insurance, EMRB Assessment (Employee Management Relations Board), don't ask me what that is because I don't know; Cell Phones, Training and Education, Radio User Fees, Professional Services, Physicals, Admin and Overhead.

Commissioner Walsh speaks:

That one went up too?

Mr. Erb speaks:

The Admin and Overhead, yes it has gone up.

Ms. Chieffo speaks:

That's the cost allocation.

Chairman Thaler speaks:

So, John, real quick and this is more of a housekeeping thing. Thank you for providing this; this is, or whoever did it, this is exactly what we need for every budget and my goal is to get this as the Budget Presentation, that right there. But the housekeeping part is, this is me, it's backwards, so 2019 should be far to the right and not front. That's just the, I'm not sure if that's how you guys account for stuff, but it should be at the very, to the right; oldest year should be left, the newest year to the right. And I would add is this, you need one more category and it's gonna have a bunch of zeros there and that would be what we approve. This is similar to, I know Larry Walsh sees this because this is how the State does it. So you have what your department requests and then you have what we adopt, which could be different, but this is exactly what we talked about yesterday, is what we need for every budget and I've always said if you had that, it gives us all the information we need. We've got the history up there, the historical data, and exactly what we're doing here is we're looking, okay and appreciate the comments, because these things stand out. We see it, Service and Supplies is one giant number, we can't see a trend, now we can kind of go, "Okay, why did that number go up?" And more for the public's edification, this is the first time we're doing this. Before, it was just one number, so when people accused us of going, "You approved this", well, we didn't, because is the first time we're asking and we're getting it. So for the future though, maybe for the next meeting, we can flop that around.

Mr. Werner speaks:

This was all prepared by Finance last night. So your comments will taken, and I think as for as your comment regarding the approved, we can certainly add that as part of the final Budget Presentation.

Mr. Erb speaks:

I think I left off on Admin and Overhead; Gas and Oil, that's gas and oil that we use for all our equipment, Small tools, Uniforms, Clothing (non-uniform), Signs, Other Maintenance Supplies. And what's under Other Maintenance

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Supplies would be all materials, whether crack-sealing material, plant mix, anything we use on the road would be Other Maintenance Supply.

Vice Chairman Penzel speaks:

Why is that? That's the major function of what you do. How can that be Other?

Mr. Erb speaks:

That's how it's coded in Finance.

Vice Chairman Penzel speaks:

This is how you justify having people, because you go out and do that with the supplies that you have and it should not be Other; it should be Road Maintenance Supplies, if you wanted to it, but that should be the bulk of what you're spending money on. That's the way we can tell, as managers, that you are, in fact, going out and repairing the roads. I mean, the signs are cool because everybody sees those; they're up there for hundreds of years. But the supplies, the actual road sealing, those kinds of things are real important. If you don't have the money to do the job, if you don't have the supplies do the job, that's a real problem; we gotta look at that. And you're spending a lot of money on a whole bunch of other things other than the supplies to do the job. It would seem to me that should be the bulk of your Service and Supplies; that should be the number one thing and it should also be the highest budgeted item. I mean, how can you be a Road Department if you don't have, I campaigned on this very issue five and half years ago, you know, and at that time, there was only \$700,000 in the budget. Now we got millions of dollars in the budget and the supplies to do that seem to be dwindling. That is my observation from this and it shows that it has been a pretty consistent amount, except that it was actually higher in the first year and I don't get that part.

Mr. Werner speaks:

Mr. Chairman, if I could attempt to answer Commissioner Penzel? What will happen there is that because we keep the budgets, Operating Supplies budget flat, we generally will project out what the previous year, it's sort of been. And then as we go through the budget and monies become available that, a lot of times we'll put into, I'll get this number mixed up, the 405 or the 410 from what whatever it is that the Capital goes to. If we've identified those for Maintenance, that's where that, at the end of the budget cycle, the excess dollars go to, and we move it from there back into Road Operating. We don't bring to you the assumption that we're going to spend those monies without you having looked to determine how much money is gonna be available for Maintenance. That's why you see the one jump up to \$373,000 that's because with the idea, the things you put into the funding at the end of the previous year's budgeting. We then move that money from there into Road Operating, and that's done through an augment, so you'll see that come to you as part of the augment. It's part of the way we have to deal with this so that you, as the Board, have the opportunity to see what goes where.

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Vice Chairman Penzel speaks:

I can understand that and I appreciate that, but as any resident, I think you, when you hear that working to put \$1.8 million, and I'm just picking that figure, into Road Operating for local road maintenance, the natural assumption is that most of that's going to go into actual maintenance. But as we look at that, we see that, you know, I don't know what that percentage is but it's gotta be less than 50% of it is actually on maintenance. And we got signs, we got clothes and we got equipment we get... but I just imagine dump trucks going out empty, going out to maintain a road. I don't see the materials to do that.

Mr. Werner speaks:

Could I respond to that again? I think there what you're saying is that we have the materials to use, we just don't have the people to place it down. That's one of the things we want to try to get sorted out on Road Maintenance. It's actually more the people, probably more so than the supplies themselves, on-going out. We don't use a lot of supplies. For example, we send out a motor grader to do roadside stuff or you use a little bit supplies to do crack sealing but the majority that will be the labor involved. But to answer your first question, I think if we come through the end of this budget process and of the \$1.8 million that you end up allocating for Road Maintenance, that's ongoing money. And at that point, we can build that into the budget. And we won't go through it because most the stuff we've done before is not ongoing, it's been one off, one time monies, so it gets really difficult to budget that and still maintain the Boards... so I think, and I absolutely hear you and what you're saying, and if you do identify \$1 million that's going to go into Road Maintenance then we would actually budget that into the ongoing County budget and you would see that number increased significantly.

Chairman Thaler speaks:

So, let me help you out here, this is more for the Accounting division, what would help, because all we see is the actual and I know why you put that in there, but if you had Approved and then if you had an Amended, that would make sense because 90% of these don't get amended, those would come through augments. So we would see what was approved and then we know that what eventually becomes the fact, and that's after the augments, and those big numbers will probably go up. And I know augments, you have to look at, because if you're augmenting, it tells me that you needed it and you're putting it in there. So if you added that extra column for each, and I know it's gonna extend the numbers on the page but it provides us with information that we need to show what we approved and then what we augmented, or you could say, what we approved vs. final. With those two numbers, we can see what happens just with a snapshot during the year and that would make, I mean it doesn't make sense that in 2015, you're at 593 and I'm referring to Other Maintenance Supply, and then the next year it goes down to 220 and usually...

Mr. Erb speaks:

That would be the cost of floods.

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Chairman Thaler speaks:

Okay so how do we know that? We're just looking at numbers so unless you see that here's what we approved and then if there was an argument or there was somewhere during the year that went up, we would be going, because you're not going to see it on all these accounts, we're going to go to you and go, "What happened?" We probably approved it because it was an augment, we would know that but without seeing that, all you're seeing is the big numbers, so I think, you add that extra column in there, it will allow us to get the information that we need without going through hours and hours of this.

Ms. Chieffo speaks:

So, you'd like that for each of the historical years?

Chairman Thaler speaks:

Eventually you're gonna run out of page, I get it, so you gonna drop off a year. So right now, you have 15, 16, 17, 18 and now 19; you have five years, you know, the last year being the projection. You're going to run out of page, I get it. Eventually, you're only to go back three or four years, which is fine.

Ms. Chieffo speaks:

I just want to make sure I know what you want.

Mr. Erb speaks:

Okay, to answer your question, why does this go down to \$205,000? When I get down farther there is a line item for Small Projects; I actually requested \$40,000 to be moved down, so because we have a small crew, there some paving projects I want to try to accomplish this year. It doesn't make sense to have a paving machine sitting, waiting for two trucks make round-trips, so I put money down in another line item budget so I can hire truckers to help speed up some projects. That's why that went down. Safety Supplies, Major Repair and Maintenance, Office Supplies, Small Equipment, Software, and then, Small Projects is where I put the \$40,000; that was a \$25,000 increase, correct. \$15,000 of the \$40,000 is to clean the storm drains up at Lake Tahoe and then the other would be for independent truck drivers for local projects.

Chairman Thaler speaks:

So, John, real quick, your two biggest accounts, obviously, your Vehicle Maintenance, the County Shop, \$280,000, and then we just got through talking about Other Maintenance. Can you expand on, is that Vehicle Maintenance County Shop, is that what it costs to repair vehicles, buy vehicles, what is that?

Mr. Erb speaks:

There is a formula for Vehicle Maintenance in the Shop. It's based on our highest three years of maintenance costs and then it's prorated out, each...

Chairman Thaler speaks:

Is that a cost allocation thing or what is that?

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Ms. Chieffo speaks:

So this is what, when we did the 313 budget yesterday for Motor Pool and Vehicle Maintenance, where there was the \$1.4 million in revenue for that fund and this is one of the lines that you'll see where it gets expensed out to the user departments. So that was calculated from the 313 fund and it's a pretty complicated calculation; it uses three year averages from each of the departments, based on their hours and the work that they have done.

Chairman Thaler speaks:

So then, why do you have Motor Pool right below it?

Ms. Chieffo speaks:

So, Motor Paul is one department and then the Vehicle Maintenance is another. The Motor Pool would be the Motor Pool vehicles, which for this department, is mostly for Public Works. It's like pieces of the different people in all of Public Works that gets allocated, so like the Public Works Director's vehicle, etc.

Vice Chairman Penzel speaks:

You know, I was thinking about this a great deal yesterday and then last night as I was going over the agenda for today, and I got to thinking that one of the reasons that, in my view and I'm no sleuth, but it seems to me, one of the reasons that the "Tiregate" was allowed to occur is we used the cost allocation; there was no one single area that said, "Okay, you're using a lot of money." To me, this \$282,000 that you have for Vehicle Maintenance is extremely high. So if you use a complicated accounting formula, the chances are a \$200,000 tire procurement could be absorbed by a couple different agencies and then they are no better off, they don't know that that happened.

Ms. Chieffo speaks:

Actually, part of the formula for the Vehicle Maintenance calculation is that they, the end user departments only get charged for the parts that are used on their vehicles, so in that respect, it wasn't farmed out to other departments; it was the Ending Fund Balance is what took the hit for Fund 313.

Vice Chairman Penzel speaks:

Okay, so in this particular organization or this fund, where are the Motor Pool parts, repair parts on this? She just said they were handed out to, the parts were charged.

Ms. Chieffo speaks:

So, the Motor Pool piece is a set amount that's calculated at the beginning of each, at the beginning of each year when we do the budget, we say...

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Vice Chairman Penzel speaks:

Wait a second; you said the Motor Pool piece, okay? And we're talking about Vehicle Maintenance in the Motor Pool as a separate item. So which one are you talking about, which account?

Ms. Chieffo speaks:

I thought you asked about Motor Pool.

Vice Chairman Penzel speaks:

Well, I'm talking about the Maintenance. And let me also ask a question and that is, how long have you been doing accounting for them? My impression is that you're recent, is that correct?

Ms. Chieffo speaks:

I've been with Douglas County for three years and I started with Public Works when I started and when I was promoted to Senior Accountant, I was working on other stuff and then I've been back with Public Works, I don't know, maybe a year. We've had a lot of job openings, so this is the second or third year that I've prepared the budget for them.

Vice Chairman Penzel speaks:

So in terms of experience, it's short time.

Chairman Thaler speaks:

So I think County Manager might be able to help.

Mr. Werner speaks:

To clarify, Commissioner Penzel, you're absolutely correct in your assumptions that without careful monitoring that account, there could be problems and that's one of the problems we ran into, which we're working to solve through our internal controls that we've changed. But, for example, on the allocation, it goes to those accounts, the tires are direct charged and if somebody isn't monitoring that, if a vehicle is getting charged for tires being replaced, the cost of those tires go into Vehicle Maintenance line item. And if the Budget Managers of this particular organization aren't monitoring that, then yes, there could be a situation where that cost gets distributed out. So that's one of the things we're looking at is trying to get more control of inventory and do a better job of charging out and who does the review.

Chairman Thaler speaks:

Yeah, so my add-on to that and this is why it's very critical and you look for those abnormalities, so when you see an approved budget and then later on through the year you augment, of course or, because we don't see transfers right? We didn't until a month ago when we approved that; now we do. Prior to that time, people could transfer from one item up to the next. They were just balancing their budget and we wouldn't see that, we would see it in the next year. As you look at approved vs. amended budget, those, when you add that extra column in there, that should send off some red flags.

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Mr. Werner speaks:

In this case, if you're being direct charged from one part of the organization to the other, that flows through without really anybody watching it. I shouldn't say that; it should be each department director, each unit supervisor is monitoring that, signing off and now we require for gas, parts, that those departments responsible for certain vehicles have to review those and sign off that they have, in fact, verified the gas usage, the maintenance, those kinds of things to try and get better control of this. The other thing, for a while, too, is, the Road Operating did it's, due to its previous organization, did its own tire replacement repair, not running it through the shop. So in that case, there could've been situations that occurred there, too, that the same individual was monitoring all of that himself. So those are all the kinds of things we've looked at with Internal Controls to say, "We need to fix these."

Chairman Thaler speaks:

Correct and I guess that makes your job so important, so thank you for doing it. That's really, I think the emphasis, its this not only just us looking at it, it's everybody looking at it, down to the bottom line, to those department heads and those County fiscal people, not only in the department, but also at the County level, to look for those things that just don't look right. And I always say, I think I said yesterday, there's no such thing as a dumb question.

Vice Chairman Penzel speaks:

And my reason for asking the experience is we're putting you on the spot to answer a lot of questions that go back and I hope it is not a personal issue; we're just trying to get the information out and that was my purpose. And I'm not trying to find fault with the way you're doing your job; I am trying to just get the information out to understand it better. Okay?

Ms. Chieffo speaks:

Thank you, I appreciate that. I'm probably the person understands accounting this most with our current staffing. I assure you, I do understand where these numbers are coming from.

Vice Chairman Penzel speaks:

And I want to assure you, I'm not asking these questions to embarrass you.

Ms. Chieffo speaks:

And that's what I was saying, it is a complicated process because even, you know, there's two pieces to that Vehicle Maintenance line. There's a fixed cost, which is all the Payroll and General Supplies and things and then there's the piece of it that gets billed out as its used, which would be the parts and tires, any overtime that they needed for specific vehicles and stuff like that. And when we do the budget, we base it on a three-year average of what each department has used and then on, so they get their piece of the fixed cost based on that. And then the parts and things, they get billed as they use them.

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Vice Chairman Penzel speaks:

I would think to assist the manager, in this case Mr. Erb, that would, that particular account, because it's so large, should be broken down into Payroll, Parts and that kind of thing, so that he can monitor that better in a glance, as opposed to coming back and forth for the information.

Ms. Chieffo speaks:

Well, that department is run by Glenn Radke and he's...

Vice Chairman Penzel speaks:

But that report is received by Mr. Erb.

Ms. Chieffo speaks:

I understand that but what I'm saying is that's an internal service and so it gets spelled out. And the individual Salaries and Wages in that department are under, I mean, the amount that's billed for that is fixed for the year.

Mr. Werner speaks:

Maybe I can help clarify. So what happens is, and Caroline is right, it's just that...she was talking about salaries and all of that stuff; that's Fleets, Salaries and Costs are all looked at and then that's what is allocated as one charge over into the Vehicle Maintenance to Road Operating. So you don't see the individual salaries, you see a monthly charge of the cost of Fleet and then the annual cost of that gets buttoned in here. So it's a cost allocation from Fleet to Road Operating for their vehicles; there's not salaries and stuff individually built in there. It comes over as a lump sum as the cost allocation of Fleet Maintenance into Vehicle; does that help clarify?

Vice Chairman Penzel speaks:

Well, that goes back to my original point; get one lump sum charge, how can you, how can we expect Mr. Erb to manage that correctly? We're depending on Mr. Radke, who is in a different department, and how can we expect him to be the sole checker of that when the person that's utilizing it, Mr. Erb, doesn't have the information to actually manage that? He has no way of knowing if they're using more tires or more slurry or anything else, when he gets a one lump sum charge.

Mr. Werner speaks:

Again, Mr. Penzel, I think there's still some confusion; when you approve Fleets budget like you did yesterday, that cost is distributed out based on vehicles and a dollar amount is determined for each department. Excuse me, when you reviewed it yesterday. And there was a question, where does the revenue come from? That revenue comes from here. So what happens is, you look at the expense side of Fleet, that then is distributed throughout all the user departments. So that piece of that line item comes over based on the budget that you approve. It's fixed; it doesn't vary during the year. The part that can vary are the direct charges for parts and tires and that's the piece that really needs to be monitored. The other part is fixed and it won't fluctuate; it is fixed

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for the year. So when Fleet says it's going to charge Road Operating a certain amount, that dollar amount is pretty well done. I mean, you don't see that change all. The part that moves is the individual parts and the individual tires, and that's the part that we're cleaning up, the monitoring part. I don't know if that helps explain.

Mr. Erb speaks:

What you guys don't see is the day-to-day operations that we do over in Public Works. I do receive a monthly report from the Vehicle Maintenance shop. It gives me a detailed explanation of what piece of equipment, the vehicle number, what was wrong with that, how many hours were worked on it and what parts are worked on it. I get that every month and I have to sign off on it. I do review that, as due to other departments, so there is a check and balances that's underway. Furthermore, our interim Public Works Director, Ron Roman, has initiated a budget review process each month where we sit down with Financing, we go over each line item and if we see any big changes, we can figure out what's caused that. So we have been doing a fairly good checks and balances on these items. Thank you.

Commissioner McDermid speaks:

Thank you. It seems what might be missing, which might make a little more clarity, is that 313 Fund; who is paying, we need to know who, which departments are paying into it. We know the Sheriff pays in. We now know the Road Operating pays in and as you pointed out, there are fixed costs to that. But then there are those that are not fixed costs. So I think it would be helpful to see the 313 Fund; who is paying into it, what the fixed costs are that are being paid in and then what is the part that changes based upon the needs of the vehicles. Does that make sense to anybody? All I'm suggesting is, that's the kind, instead of trying to look at it from the standpoint of the Road Operating Fund, if we saw the 313 Fund, we could then trace that back to the Road Operating and know which part of that is fixed and which is the part that is changing, based upon what is needed by the vehicle, etc. Does that make sense?

Ms. Chieffo speaks:

I can get you that later today.

Commissioner McDermid speaks:

Thank you so much.

Chairman Thaler speaks:

I think I'll do too is, what makes this difficult and obviously difficult for me, is we bounce around and I'm gonna try not to do that; I'm gonna try as the Chairman to not ask staff to do that because we, you know, yesterday, we had the Sheriff's office and we then we went to different funds and this is what disjoins us. And I know and I had heard, "Why don't we have it in order?" And I know a lot of it has to do with departments can make it this day that can't make it this day; I get that but you know what, I gotta tell you, years ago I

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remember having the report to the State and I flew back, I was on a college tour with my son and I was down at the Northern Arizona University and I got on the plane because I had to go testify in front of the legislature because they weren't willing to budge. So I got on that plane, flew all the way up here, spent an hour testifying and I flew back to catch up with my family. And you know what, budget is our big time. This is our big year. This is what we do and I think what I'm trying to do is get everybody to get in some chronological order so that it makes sense and I think we do have that ability and by gosh, if departments don't like it, I'll take the heat for that, but it's gotta make sense. And yesterday, and we're working through this, so this is part of the process we're trying to work through so that it makes a little more sense. We'll work through that as we get into that; May, we have to really approve it. I'm hoping that we have it in chronological, not chronological order, but more department order, cuz a lot of these questions we saw yesterday with 313 or whatever the department was, should have been looked today, it would've made more sense. It's kind of like yesterday, we talked about the Library's part of Room Tax, we're going to hear more about Room Tax today; that should've been today, so I get it. This is my comments.

Vice Chairman Penzel speaks:

Mr. Chair, you also mentioned one point about if that particular unit has a problem showing up, what was your solution?

Chairman Thaler speaks:

The solution is that they get what they got last year. So that makes it really important; if you want it, you need, we can't justify increases in your budget unless you're here to justify. We can't justify it for you and I think you guys know that. I'm looking at Finance, you guys know that; you are probably are frustrated as we are, so we'll cross that bridge when we get there. So, any further questions for Mr. Erb?

Mr. Erb speaks:

Let's see, I was on Road Operating Service and Supplies and we just went through all the line items. Capital Outlay Projects, a lot of that is reserves for Equipment Replacement and reserves for Emergency Roadwork and then also money set aside for upcoming projects. Other Finance Sources...

Vice Chairman Penzel speaks:

John, with the whole Outlay Projects, these are expectations of things that are, should be done and then you also have reserves. The money is not allocated to you to save; the money is allocated to you to build and get roads repaired.

Mr. Erb speaks:

But that is in the Capital Outlay and Projects is where our reserves are also put.

Vice Chairman Penzel speaks:

I know that and I'm not saying that you're not putting in the correct account;

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what I am saying is, well, I guess I am saying, overall, you need to make sure the money gets out to repair the roads. It's good that you have reserves. I know we've got all kinds of rules about reserves and what's in a reserve account. What bothers me is the reserves grow and the roads don't; the roads are what, that's the function and they have growing reserve, doesn't get the road repaired.

Mr. Erb speaks:

Okay. A lot of that reserve came from the transfer from RTC for Equipment Replacement and that's why it grew so much. I just bought a new loader and I'm assessing what equipment needs we need. Because I just took over the Road Operating Division in September, I don't agree with the list that the past Superintendent had, so, I'm reassessing what equipment needs to be purchased. If there's left over from that at the end of getting equipment, then, yes, we can roll that back into the actual roads.

Vice Chairman Penzel speaks:

So what are you forecasting for the Capital Outlay? Is it going to grow or shrink, based on what you've seen?

Mr. Erb speaks:

Capital Outlay is going to grow. As far as the need for roadwork, it's definitely growing; the backlog is out there. Is that what your question is? I'm not sure...

Vice Chairman Penzel speaks:

We're buying a lot of equipment, replacing equipment, I get that part. But at some point in time, you actually have to have the equipment out there doing things. I know but we got \$2.5 million in reserve, as well as \$422,000 in reserve. So if you add that up, we've got over \$3 million in reserve. It seems to me like grossly disproportionate to the 200,000, what was it \$205,000 that you've got for Supplies. At some point in time, it would seem to me that it should be out there on the ground in the roads. So if it's going to continue to grow in reserve, I don't, I'm concerned. If we can allocate, and we've been talking about this for years, we're gonna allocate \$1.8 million continuously to the Road Fund and we're gonna continue to grow the reserves?

Mr. Erb speaks:

No, the reserves, the \$2 million in reserves is the RTC transfer. It was \$1.2 million last year and then this year is the \$1.1 million; that was for Equipment. So what you see there, the \$2 million is an Equipment reserves from the RTC and like I said, I'm assessing the equipment needs. We need new 10-wheeler trucks; there's a lot of equipment that we need. I'm reassessing the wish list as the past person had to determine exactly what we need. Once I get that settled, any additional money that's in that can, yes, the Board can designate to go towards project. The amount of reserves is not going to grow much after this.

Chairman Thaler speaks:

Let me help you out, John. I'm gonna put in the form of the question that it

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may sound somewhat of an ignorant question but are you just saving money? Or you saving money to spend it? You have a plan?

Mr. Erb speaks:

Yes.

Chairman Thaler speaks:

And the plan, we will see it when?

Mr. Erb speaks:

I'll be bringing you a list of equipment in the next few months. I have done inventory, I've gotten pictures of all of our equipment and I want to give you guys a full explanation of what equipment we have, how old it is, what is the repair cost.

Chairman Thaler speaks:

And I guess it was somewhat rhetorical, but I'm trying to help out the Vice Chair; we see these numbers and he's right, they move and they come and they go. I don't think your job is just to save money. I don't think we collect tax dollars just to save them; we collect them to spend them and what is confusing is sometimes we see this and but we don't see the other side for a while, is how you're spending it. And we could certainly wait for six months and see that on quarterly, we see how you're spending it and that's the frustrating part and I think that's what you're getting from the Vice Chair. The frustrating part is we don't see because we're in budget time, we're only talking about what are our projections and your expenses are how you're gonna spend that but we really don't see the details and how you're gonna spend them.

Commissioner McDermid speaks:

John, in the Road Operating Fund, in the Capital Outlay Projects line, you actually have \$2.5 million adopted for the 2018-19, how much of that came from the RTC into that fund for the purpose of equipment purchase?

Mr. Erb speaks:

\$2.4 million.

Commissioner McDermid speaks:

Exactly. So what I'm saying is, there was a decision by the RTC Board, as well as the Board recommended to the Board of Commissioners, to put that money in to the Road Operating fund for the purpose of upgrading the necessary equipment, correct?

Mr. Erb speaks:

That is correct.

Commissioner McDermid speaks:

But you, having taken over the Road Operating Fund, which you did not have in the last budget, correct?

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Mr. Erb speaks:
That is correct.

Commissioner McDermid speaks:
You have put it in there and kept it in there and you are evaluating the equipment needs of the Road Crew and when that gets evaluated, you're going to present it to us and then you will explain how you're going to purchase, which are recommended, which equipment be purchased, etc. and so on, correct?

Mr. Erb speaks:
Correct.

Commissioner McDermid speaks:
Get it?

Vice Chairman Penzel speaks:
Yes ma'am. It could have been completed if he just said, "I have a plan and I'll show to you in a couple days."

Mr. Erb speaks:
The Other Financing Sources, the 103 is the back truck payment and then your Ending Fund Balances with reserves is \$422,934. So this goes down to the next one, which is the Tahoe Douglas Transportation District. A portion of my salary, as well as administrative and the Public Works Director, that brings that at \$27,476 and then the benefits \$11,143 is this is the insurance that went up because the insurance and what benefits we picked. Service and Supplies...

Chairman Thaler speaks:
While you're going there John, can you tell me what transport service is? Is that the bus?

Mr. Erb speaks:
Yeah, there's a Tahoe Ski Bus and the BlueGo bus.

Chairman Thaler speaks:
Is it the BlueGo? Which one is it? It's BlueGo?

Mr. Erb speaks:
Yeah, there's two buses,

Chairman Thaler speaks:
And that number doesn't change, so I imagine it's probably a contractor.

Mr. Erb speaks:
Yeah, it's a match.

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Commissioner McDermid speaks:

And the Tahoe Ski Bus used to be in the Community Grant and the reason then you see it starting in 2016 is we took it out of Community Grant and included as a line item in this particular budget.

Mr. Erb speaks:

So, the Services and Supplies; there's snow removal up at the Lake. The \$25,000, that goes the snow removal of the parking garage and the area around the Judicial Center. Printing & Binding; Rents and Leases of buildings where you have your County Commissioners buildings up there, this pays for that. Rents and Leases of Equipment, Risk Management Insurance, Transport Service, that's the fee that we pay to Tahoe Transportation District to help fund them, \$50,000 a year. Professional Services is around \$3,000 a year; Admin and Overhead, that's gone up based on allocations. Maintenance and Repair; I do some Maintenance and Repair up there, and then you have the Tahoe Ski Bus and then Grants/Community. So that's the Services and Supplies that come out of the Tahoe Douglas Transportation District and that's a 1% Room Tax up at the Lake that pays all of that.

Commissioner McDermid speaks:

I have a question. So when you say Maintenance and Repairs, is that of roads? Because we have, what, about 3 miles, less than 3 miles of roads in Tahoe? Because most of the roads are NDOT (Nevada Department of Transportation) or the GIDs (General Improvement District), not Douglas County.

Mr. Erb speaks:

So there is, yes it comes out of this. There is some small projects that I do up there. The major projects comes out of the Board Designated that's in this area or in this fund, but just the general maintenance of sidewalks that we have, that comes out of this line item, Maintenance and Repair.

Vice Chairman Penzel speaks:

John, in the snow removal, before we leave the Maintenance and Repair, a good question and you say major projects come out of Board Designated?

Mr. Erb speaks:

Yes, so for the Tahoe Douglas Transportation District was created through NRS (Nevada Revised Statute) and there is restrictions to what type of Maintenance Projects we can do up there on this, so most of the money, it's a growing fund...

Vice Chairman Penzel speaks:

What is a growing fund? TDTD (Tahoe Douglas Transportation District)?

Mr. Erb speaks:

The TDTD, yes. Eventually, there will be enough money to do an actual road project up there, if it meets the criteria the NRS has put towards the Tahoe Douglas Transportation District, then we'll do it. A lot of it is transit oriented type projects.

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Vice Chairman Penzel speaks:

Recently we talked that we were receiving a briefing from TDTD and we talked about that, of course, they didn't know they had a fund called TDTD within Douglas County and so then you had to enlighten them, I think you were there. And the question I get is where do you have a transfer in from the General Fund, or I know that the Board Designated is zero doubt or at least it has been transferred to Projects, Capital Projects Fund. So, where is it?

Mr. Erb speaks:

So the presentation here from Carl Hasty he's with the MPO (Metropolitan Planning Organization), he's with Tahoe Transportation District, not Tahoe Douglas Transportation District. It's a different entity. We pay to them the \$50,000 per year, \$12,500 in each quarter. He does not have this fund; this is the County's fund. He's in MPO, so that's the difference in the two. This isn't his money; this is the County's money to do County road projects.

Vice Chairman Penzel speaks:

I understand; what I'm asking is, where is the money that's transferred from the General Fund into here?

Mr. Erb speaks:

There is no money. This is the one...

Vice Chairman Penzel speaks:

You said you transfer money from board designated...

Mr. Werner speaks:

There's a Board Designated line item within this fund, it's not General Fund. If you look down on expenses, you see, the Board Designated, its 563.900 under Capital Outlay.

Vice Chairman Penzel speaks:

The other question is that last year there was a complaint or at least there is an opportunity that snow removal at the Lake was being contracted out.

Mr. Erb speaks:

Yes, it is except we do the parking garage in house because there's load limits and we don't want to take the risk of others doing it, so we do the parking garage in house and at the end of the year, all the Road Operating Fund, we'll charge, we'll invoice this fund for that snow removal of the parking garage. Yes, to answer your question, we have a contractor up there, Kingsbury Snow Removal Services and he does our roads up there.

Commissioner McDermid speaks:

I believe that prior to 2016, Parks and Rec was receiving the \$25,000 from this fund to do the snow removal off of the parking garage, correct?

Mr. Erb speaks:

That's correct.

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Commissioner McDermid speaks:

And then we changed it in 2016 and began to stay within this fund and we would clear it off of the parking garage and contract for snow removal for around the courthouse building there, etc., correct?

Mr. Erb speaks:

That is correct.

Chairman Thaler speaks:

So here's where I go; so, I look at the revenues of this, I'm just talking about Tahoe Douglas Transportation District. It brings in in taxes, \$651,000 and change. You have a Beginning Fund Balance or reserve, which brings that total revenue up \$1.298 million. And then you go down to expenses and the majority of the expenses are in, not in salaries, not in benefits, because that's only about \$40,000. Service and Supplies, another \$140,000, so you're at \$180,000, \$200,000. So the remainder of that amount that's coming in is Capital Outlay or Other Financing Sources and I think where we get hung up is we're, because that's an expense item (768, 258, 328, 098), is trying to identify to us, or at least to me, what is that expense really?

Mr. Erb speaks:

So, I can answer the Other Financing Sources, the \$328,000, that is the payment for the parking garage for the bonds that are on the parking garage.

Chairman Thaler speaks:

That would be nice to know, so that would be a bond payment.

Mr. Erb speaks:

I hadn't gotten there yet.

Chairman Thaler speaks:

Okay; thank you. So then the other \$768,000? We did; we got there.

Mr. Erb speaks:

That's the value, that's how much is in the funds...

Chairman Thaler speaks:

No, you're expensing it. You're telling us you gonna expend that; it shows as Capital Outlay or Projects, \$768,000. That's the way I read that. If you're gonna expense it, it tells me you're gonna spend it.

Mr. Erb speaks:

That's what's in the Board Designated.

Chairman Thaler speaks:

So we get to spend that? Wherever we want? We put that right in the roads? At the Lake, though?

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Mr. Erb speaks:

Yes, as long as it meets the requirement.

Commissioner McDermid speaks:

It has to meet NRS that created this fund.

Chairman Thaler speaks:

I get that. But that's why you have your reserve so high. So what you're telling me is that if we don't spend it in the next year, it remains and that's why your reserve would go up. And I think you said earlier that there may be a project that meets all the criteria of the NRS that you're going to try and save up enough money, because let's face it, at \$1 million to \$1.5 million a mile, we could only pave one mile, right? So is that what your intention is?

Mr. Erb speaks:

Yes.

Commissioner McDermid speaks:

I have a question for him. Does the realignment of Highway 50 meet the requirements of the NRS for the TDTD?

Mr. Erb speaks:

I believe so.

Commissioner McDermid speaks:

Because if I understand, the bond on the parking garage is to be paid off in 2020.

Mr. Erb speaks:

That is correct.

Commissioner McDermid speaks:

So that's about how much a year, \$200,000 something?

Mr. Erb speaks:

\$328,000.

Commissioner McDermid speaks:

Okay, so I believe in your five year plan for the RTC, that instead, then that money that's on the bond is going to go towards the Highway 50 realignment, is that correct?

Mr. Erb speaks:

That is correct. Currently there's money from the Gas Tax that is going into the Highway 50. Once this bond is paid off, that money from the Gas Tax will go back to roads and this will go, the bond payment for the parking garage to go to the Highway 50 project. So Other Financing Sources that's the parking

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garage bond payment and it includes \$30,000 to the Senior Center. I guess I have to correct myself; the \$328,000, that isn't the total amount going to the bond because \$30,000 of it goes to the Senior Center.

Commissioner McDermid speaks:

The Senior Center is not in Kale Community Center. It is off Warrior Way and Highway 50.

Mr. Erb speaks:

So, going down to Regional Transportation Salary and Wages, it goes up and that's due to the reorganization and I added one Civil Engineering position that I'm trying to fill for the RTC. Employee Benefits going up again, that's for the elected benefits and insurance. Service and Supplies, here we go again.

Chairman Thaler speaks:

John, real quick, so your employee benefits when up by 52%; that's like one of the higher numbers we've seen.

Mr. Erb speaks:

Yes, it includes an FTE (Full Time Equivalent) that wasn't there last year. Okay so for the Service and Supplies for the 430 RTC Fund, you have the Travel, you have Advertising, Maintenance of Road, Maintenance Equipment, Motor Pool Expenses, Rents and Leases of Equipment and that's the Computer leases, Risk Management Insurance, EMRV Memberships, Cell Phones, Training and Education, Professional Services, Admin and Overhead, Books and Periodicals, Major Repair and Maintenance, Office Supplies, Film and Software.

Chairman Thaler speaks:

Just for clerical, there's a little, your Service and Supplies on one slide shows 1308 and on the budget workshop report shows 1388. \$114,211? Okay, so something happened here; you might just check those numbers.

Commissioner Walsh speaks:

What's Training, \$5,000? What's that?

Mr. Erb speaks:

Training, that would be for me to keep my license. I go to different training classes on updated engineering stuff and then the MicroPaver cost is in there too.

Commissioner Walsh speaks:

Okay, and the Major Repair and Maintenance of \$940,000? What is that for?

Mr. Erb speaks:

So that is my Pavement Preservation Project, like cracks or slurry seals and chip seals projects. And actually in the year 16 and 15, it got put up in Maintenance of Roadways; all that cost is the slurries and chip seals, signal improvements, upgrades, Geotech Engineering for planning purposes and

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signal system upgrades. And then, we have a Culvert Replacement Program in there as well.

Commissioner Walsh speaks:

So it went up \$900,000 in three or four years.

Mr. Erb speaks:

Well it didn't because the line item up above, the \$747,008, it got moved over the years to down to Major Repair and Maintenance. What you don't see in here is the RTC projects and that's because that comes out of Board Designated and also out of the bonds, so that doesn't show up in the actual 421 in the expenses; it's in the Capital Outlay.

Commissioner McDermid speaks:

So I was just going to say, when you say Capital Outlay under expenses in the 430 Fund, you have \$2.5 million and you've taken that out, that is going to be utilized this season for...

Mr. Erb speaks:

So that's the money set aside to do the Tillman Lane reconstruction; so that's where we come into this thing where I have to have the money this Fiscal Year in order to advertise a project to build the next Fiscal Year. And then the Dump Road is in there too. The other financing sources, that's Board Designated for projects. On my five-year plan, it's close to \$10 million I'm going to be putting on the streets this year. In my five-year plan update, there is gonna be approximately \$10 million in construction work this year.

Chairman Thaler speaks:

This year? Ending December 31, 2018?

Mr. Erb speaks:

Yes, I have four projects planning to go out this summer. Dump Road bid and we got a good bid on it. So the RTC tonight is an RTC meeting, if anybody wants to attend. We will be awarding that the bid tonight.

Chairman Thaler speaks:

Okay, I won't steal your thunder.

Commissioner Walsh speaks:

And part of the \$10 million is stuff we bonded for?

Mr. Erb speaks:

That is correct and I believe there is an action item for me to give you an update on all the projects at the next Board meeting.

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Mr. Erb speaks:

And one clarification on this because I was wrong; on the Other Financing Sources, that is, part of that is the bond payment and the transfer to Roads. Thank you.

Vice Chairman Penzel speaks:

I would commend you because this is the balance I would like to see; lower income or lower expenses in terms of salaries and greater expenses in terms of actually getting roadwork done. I know there's a difference between the RTC and the Road Operating Fund, but that's the kind of thing and you have in here Major Repair and Maintenance Fund. Why couldn't you have the same thing with the Road Operating Fund to get those supplies that you need outlined or better identified?

Ms. Chieffo speaks:

For our Policies and Procedures in the Finance department, during the CIP (Capital Improvement Process) process, we use the Capital Outlay line for any projects that we're anticipating being Fixed Assets when they're done. And then the Major Supplies and the Major Repairs and Maintenance line, we put in place to keep track of CIP projects that will be expensed and will be capitalized at the end of the project. So that is a Finance policy is why we use those two different accounts, so that every day day-to-day work that the Road department does and the supplies that they use on that isn't part of the Capital Improvement Process and so they don't use those two accounts.

Vice Chairman Penzel speaks:

Well, I would ask you to look at your policy to see if you can't give better visibility to the actual outlay of supplies that they have in the Road Operating Fund; can you do that?

Ms. Chieffo speaks:

Yes.

Mr. Erb speaks:

Moving on to FTEs; we currently have 9.725 in Road Operating. That's eight full time Road Operators and then the other 1.725 is myself and Ron and Admin Staff. It is going to go down a little bit, and that's due to the reorganization for the Tahoe Douglas Transportation District. It goes up slightly and that's again, a function of the reorganization and my time. And the RTC goes up to 2.03 and that's the result of adding another Engineer to the division. The type of Programs Road Operating has; we have the Pavement Maintenance, which is crack sealing, paving, oil rejuvenation, crack sealing. We have Pavement Repair; that's fixing damaged pavement, doing patches, replacing culverts. Then we do Non-Paved Roads, Gravel Roads; regrading them, adding grinding to some if needed. Different types of projects out there for Non-Paved Roads; Non-Paved Roads Repair, again, that's just the grading of those roads and then fixing them if they needed fixing. We got Snow Removal, in-house Snow Removal; plowing and sanding, we do street sweeping of sorts, a lot this week because there's a lot of mud on the road from the last storm, so

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that's just cleaning the streets. We have Traffic Signals and Street Maintenance, that is contracted out to Carson City and that is a cost of \$50,000 a year plus parts. Then we got Drainage and Culvert Maintenance; we do clean out all the flowlines and the culverts under the County roads, which includes keeping in compliance with EMS (Emergency Medical Services) for permits. Street Signs; we install, repair, replace and monitor all the traffic signs and then we do Restriping every year on the roads that need restriping.

Chairman Thaler speaks:

John, real quick, I noticed you have 11.89; you get those point numbers because you're cost allocating those employees out some way. So can you tell me the structure as far as those 11.8? You have one Engineer, two Engineers, three Engineers; how many Road Maintenance? How many people are out there in grubbies doing the work? And who are the white collars and who are the blue collars?

Mr. Erb speaks:

We have eight Operators, one of them does the coordination of all the crews and we got two seniors in that eight people there. So there's eight people that are actually doing the Road Maintenance. Then you have, part of that 11.8 is you'll have two engineers, eventually, and once we fill the Civil Engineer. You have myself and there's a portion of the Director of Public Works, Ron Roman, and then Admin Services that is built into this.

Chairman Thaler speaks:

Is the Admin full-time?

Mr. Erb speaks:

No, it's shared between divisions. It's full-time but it cost allocated out.

Commissioner Walsh speaks:

John, a question; I don't know if I heard a rumor or if I was talking to you about it, but someone said that they were going to, "they" meaning you, were going to extend Mustang Lane up the Fairgrounds by the use of grindings. Can you tell me about that?

Mr. Erb speaks:

That request came in through the East Fork Fire District. It was never discussed on what type of material we would use there. We had that base and grinding material at the Fairgrounds but I had that already designated for out on Pine Nut Road because we had an issue there with mud and not being able to grade anymore because we were down to cobbles. So there's some work that needs to be done; that's all BLM (Bureau of Land Management) property across there, so there's some work that needs to be done in regards to getting permits and set to regrade that. If I have material available, County material available at the time, yeah, we'll probably use it there if we can.

Commissioner Walsh speaks:

And you've applied to the BLM for the permits?

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Mr. Erb speaks:
We have not yet.

Commissioner Walsh speaks:
Do you plan on soon or what's the time frame?

Mr. Erb speaks:
It needs to be done; I haven't started that process yet.

Chairman Thaler speaks:
So that's a great question because, I thought I heard you right, there's not enough material but we have a ton of material out at the Airport? In fact, I was told we have more than enough to do a whole lot of projects. So are you saying that we don't have access to that material out at the Airport?

Mr. Erb speaks:
There's a short timeframe left to get rid of that material because of the Airport Expansion.

Chairman Thaler speaks:
So is it already being moved off the airport?

Mr. Erb speaks:
It's being considered; I would just like to sell it.

Chairman Thaler speaks:
Why can't we just move it someplace and use it later?

Mr. Erb speaks:
It takes a lot of manpower and time. If that's the direction you want to go, I'll take my crews off of doing what they're doing. It's going to take several weeks.

Chairman Thaler speaks:
John, what's hard, and I'm not faulting you, Commissioner Walsh asked the question and in one breath you said, "I don't have material enough" and I'm thinking, "Yeah, we do. It's out at the Airport, but we're going to sell that material."

Mr. Erb speaks:
If we have the material at the time, is what I said. We may not have that material by the time we get the permit to do that road.

Chairman Thaler speaks:
Because we're going to sell it?

Mr. Erb speaks:
We have to move it, yes.

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Chairman Thaler speaks:

Who is saying that? Because we run the airport, you know that. We run the airport; I mean, Bobbie actually runs it.

Mr. Erb speaks:

Bobbie's requested that it be moved. It's in the way of expansion.

Chairman Thaler speaks:

Okay, we'll figure that out.

Vice Chairman Penzel speaks:

In the entire time I've been flying out of that airport, they've been talking about the expansion. That's 20 years; we're finally moving toward that but it doesn't mean that its going to happen tomorrow. What would be your plan to use it in, say, the next five years? And I know you can't answer that right now but I think there's gotta be a middle ground because we need to improve some of these roads and the grindings were given to us. We should be able to improve some of these roads with those grindings and I that's where the Chair is going with this. So, if you have a plan, maybe we can get all the great minds together and execute the plan, but just to say "We gotta move it to another spot" doesn't help anybody. So, think about it.

Mr. Erb speaks:

There is a value to it and one of the options I'm looking at is selling it. It's worth close to \$250,000 to sell that could go back into the Road Operating Fund. So, there's different things to look at and I'll look at all of the options.

Vice Chairman Thaler speaks:

I'm sure people would like to see it on the roads as opposed to the...

Mr. Erb speaks:

The TDTD programs, we've got the BlueGo bus service and the Tahoe Ski Bus and then Contracts and Project Management, you have engineering, transit and road projects. Programs for Regional Transportation; Paving Management Program through MicroPaver and the chip seal and slurry seal program for pavement preservation. We got the Five Year Transportation Plan Update and then the Engineering and Facility Planning and Design and Engineering Services, that's putting projects out on the road. Supplemental Requests, I think Ron Roman discussed this yesterday; part of the Asset Management Program would play into all three of these funds. And then we have the Capital Improvement Projects, just an overview of those; Equipment Replacement, Public Right-of-Way Access Improvements, Centerville Lane Reconstruction, Culvert Replacement County Wide, Dresslerville Road Reconstruction, Pinenut/Dump Road Reconstruction, Geotech and Civil Engineering for planning, Road Seals and Overlay, that's the pavement preservation program, Signal Systems Parts Upgrade, I try to keep a reserve there because technology changes all the time...

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Chairman Thaler speaks:

John, are any of these new projects or are they carry overs?

Mr. Erb speaks:

These are all, they've been in the five year plan.

Chairman Thaler speaks:

So do you plan on getting these done in the next year?

Mr. Erb speaks:

Not all of them. So this is just our Capital Improvement Projects that have been put in, but they're in the five year plan.

Chairman Thaler speaks:

They're in the CIP; so can you identify out of these just that's there, did you plan on doing this year?

Mr. Erb speaks:

This year would be Dresslerville Road Reconstruction, Pinenut/Dump Road Reconstruction, Tillman Lane Reconstruction and Waterloo Lane Reconstruction. And that'll be part of my update at the next Board meeting.

Commissioner Walsh speaks:

Centerville?

Mr. Erb speaks:

This is reconstruction on Centerville Lane; it is one of the bonding projects. We're looking into getting some money to replace the box culvert; it's the one that flooded last Friday. Something needs to be done with it. It floods every time we get a high volume of water and even during run-off season. I'm working with Eric Nilsson and the County Manager on that.

Vice Chairman Penzel speaks:

What about, I don't see Johnson Lane on there but you've had that one on the program, so it didn't just drop off?

Mr. Erb speaks:

Because it's not in the Fiscal Year, it's beyond, so it's not showing on there. It's in 2020, I believe.

Vice Chairman Penzel speaks:

It would be very helpful if on these Capital Improvement Projects you had the year that you expected to get them done.

Mr. Erb speaks:

Okay, I can do that. I am bringing an update of the projects to the Board at the next meeting.

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Commissioner McDermid speaks:

He doesn't have Mottsville Lane on here either, and that was one of the projects under the bonding, correct? But that's not on here either.

Mr. Erb speaks:

No, that's in the next Fiscal Year. This just shows the allocation for the Supplemental Request for the Asset Management and what's going to Road Operating and RTC. And with that, I'm done. That was quick, huh? I'm here to take questions.

Chairman Thaler speaks:

So, real quick, we've probably asked you enough questions but housekeeping, do we want to go to noon or do we want to take a break? Okay, so thank you, John, thank you very much. We're going to take a 10 minute break.

Chairman Thaler speaks:

Okay, we will bring this meeting back to order; real quick, housekeeping just for staff or the audience, that we are going to take our next break, lunch break at 12:45pm, so we'll time all the stuff from now until 12:45, we'll take a lunch break from 12:45 to 1:45pm. So, Mr. Roman, you have the floor.

Ron Roman, Interim Public Works Director, presented on the following Water Utility topics:

- Budget
- Programs
- Supplemental Requests
- Capital Improvement Projects

To view Mr. Roman's complete presentation, please see the Board Packet and the Supplemental Materials.

Mr. Roman speaks:

Okay. Thank you, Mr. Chairman, members of the Board; Ron Roman, Interim Public Works Director. Heather MacDonnell with Finance is with me today, so she'll be walking through all the Utility Funds with us and then Tim DeTurk, Utility Superintendent, is also here today to help with any questions might come up. So the Regional Water Fund, this is a fund that purchases water from the Town of Minden and sells water to Carson City, Indian Hills and the Douglas County. On the revenue side, the Charges for Services is basically the revenue that we collect from the sale of water to Carson City, Indian Hills and Douglas County. Carson City accounts for about \$824,000 of that, Indian Hills about \$189,000 and Douglas County about \$356,000.

Chairman Thaler speaks:

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Ron, real quick, you say, sometimes I think that's one of the more or biggest misconceptions when you say, "We sell water", can you talk about that a little bit? What do you mean, "We sell water"; whose water is it?

Mr. Roman speaks:

Well, we have an interlocal agreement with the Town of Minden to purchase water from the Town of Minden and we basically use that water in our system, in East Valley, in Douglas County and then we also have Interlocal agreements with both Indian Hills and Carson City to provide water to those two agencies.

Chairman Thaler speaks:

And how much water do you sell and whose water is it? If you said it's Minden's water but it's, someone holds the rights to that water, correct?

Mr. Roman speaks:

That's correct. We, Douglas County, as part of the Interlocal agreement, we moved all of our water rights in East Valley into the Town of Minden and their well. As part of that agreement, they also provided a credit to Douglas County of, I believe, 1295 acre-feet of water. Carson City, both Carson City and Indian Hills, likewise transferred their water rights down into the Town of Minden also. And then the Town of Minden is delivering that water to the three agencies.

Chairman Thaler speaks:

Okay and that's what we're seeing here. Commissioner McDermid?

Commissioner McDermid speaks:

I believe that Minden then wholesales the water to Douglas County and Douglas County then delivers that to Carson and to Indian Hills. Is that correct?

Mr. Roman speaks:

That's correct.

Vice Chairman Penzel speaks:

Mr. Roman, I understand the sequence there, but the Regional Water Fund, really in terms of Douglas County, overlays the Carson Valley Water Utility, does it not?

Mr. Roman speaks:

It's primarily the transmission main that conveys the water from the Town to the north and then we have a pump, Centerage Booster Pump Station up at the north end that conveys water to Carson City and North County. So those are the primary components.

Vice Chairman Penzel speaks:

Are those assets then? Those pump stations, are they then the assets of the Regional Water System?

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Mr. Roman speaks:

I believe they are; I'll have to double check and confirm that.

Vice Chairman Penzel speaks:

Because it seems to me like this is a layer that we don't need; if the water is conveyed out of the Carson Valley through those pipes, it doesn't know that it's going from the Regional Water System or the Carson Valley water system. It's not really; it's all the same thing. So what we've done is we've used the Regional Water System to sell the water to Carson City and that's its main function really. is it not? What's its main function?

Commissioner McDermid speaks:

Okay, number one, the County purchases wholesale from Minden. The County then, this is the Regional Water Fund, it then sells the water to the Carson Valley Water Utility, to the Indian Hills Water Utility and to Carson City Water Utility. So it could not be the Carson Valley Water Utility; it has to be the Regional Water Fund to buy wholesale from the Town of Minden. That's how it's been set up.

Vice Chairman Penzel speaks:

I realize how it's been set up; my point is that it seems like a layer of government that we don't need because the function; Mr. Roman is, in fact, the Director of Public Works for the County. He is in charge, also, of supervising the Carson Valley Water Utility, who also distributes the water to Indian Hills as well as Carson Valley. Try and make sense of this for me.

Ms. MacDonnell speaks:

This is an accounting find that brings money in and then sells it out; there's a line item in Carson Valley fund that you're speaking of where it actually purchases water from this fund. And the reason for that, calm down, the reason for that is because we have to, for transparency reasons is the big one, one that we're trying to do throughout the County, correct? So we have transparency to where we're buying the water and then we're selling it to the three different funds and accounting for it correctly. If you mix in it with another fund, that will not be as easily done and there will be less transparency.

Vice Chairman Penzel speaks:

I beg to differ with you, because first of all, it's the cost of the water. You are increasing the cost of water and really not touching it. The cost to the individual consumer goes up and it's already the highest in the entire watershed. So all we're doing is driving the price up, in my view. End of story.

Ms. MacDonnell speaks:

The cost of the water is done through the Interlocal agreement, it's not to the individual users.

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Chairman Thaler speaks:

Stop. Stop. One at a time, because we got a Clerk here that's trying to record four different conversations so, please, the power of the mike. Who has Mike on and then we can ask staff. This is very frustrating for Miguel who's trying to keep track of the minutes so one at a time please. Thank you. Commissioner McDermid?

Commissioner McDermid speaks:

The way that this came about is through an Interlocal agreement. Now there's more involved than just the cost of the water, because there is the operation and maintenance of the pipe and all that. That does not belong to any of those parties that are in the Interlocal agreement. Instead, they all share in what the operation and maintenance is when Minden presents that. So this is not an extra layer. This is a pertinent component of the Interlocal agreement. Otherwise you would have the Carson Valley Water Utility being contracted to Indian Hills to Minden and to Carson City but they may not agree that. What they agreed to was the way this was set and it was for transparency. It was also to ensure that the Regional Water Fund would be the wholesaler of the water to any others. There may be another entity that may buy water from Minden and go through that pipeline; they would become another party to the Interlocal agreement but still the Regional Water would be the one that would be the wholesaler from Minden and then charge the retail price to that new entity. So it is a critical important fund, just to keep the clarification of everything that's in that Interlocal agreement.

Chairman Thaler speaks:

Any other questions? I think we flushed that out. Go ahead.

Mr. Roman speaks:

Okay, so the Miscellaneous Revenue category is a subsidy from the Carson Water Subconservancy District; when we constructed the Regional System, they purchased capacity for future delivery. So that's what that \$125,000 revenue is. If you look, jump down to the expense category, you'll see Other Financing Sources as an expense so that gets moved out of this fund and into the 326 fund. So if you look at the 326 fund, you'll see that in the 326 fund.

Chairman Thaler speaks:

And what's important to note, you don't see it there, that \$125,000 is for how many years?

Mr. Roman speaks:

Just for this year.

Chairman Thaler speaks:

I know, but it's extended out for 10 years.

Mr. Roman speaks:

Yeah, I don't remember the terms of the contract.

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Chairman Thaler speaks:
\$1.2 million?

Mr. Roman speaks:
Yeah, that's correct. Any other questions on the revenue side?

Chairman Thaler speaks:
Any other questions? So your depreciation is, what are you depreciating?

Mr. Roman speaks:
Those would be the assets in the pipeline and the pump station basically. Okay, for the expense category, then we have the Base Fees component of the Public Works Director and, I think, a small component of the Utility Superintendent for salary and wages, Service and Supplies, again, this is the water purchases that the fund is purchasing from the Town of Minden, so we're spending or budgeting about \$1.056 million for Services and Supplies for purchase of water. And the Board should have a handout; we can take a look at the Services and Supplies category.

Chairman Thaler speaks:
So that's how much you paid Minden in order to move that water north, to where?

Mr. Roman speaks:
North to Carson City, Indian Hills, and Douglas County, East Valley/North County.

Chairman Thaler speaks:
And they pay you back and that's where you get...

Mr. Roman speaks:
That's where we get back the \$1.369 million. So you can see, if you look at the categories in the Services and Supplies, Power for the Pump Station is a \$40,000 a year, then we have the Water Purchases from the Town of Minden and then we have a small component for Maintenance and Repairs, cost allocation component from the County. So those are the biggest cost categories in Services and Supplies in the Regional Water fund.

Chairman Thaler speaks:
So, Ron, real quick, if you didn't buy that water from Minden, where would you get the water?

Mr. Roman speaks:
Well, we'd be treating for arsenic in East Valley if we kept all of our wells in service.

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Chairman Thaler speaks:
Would it cost you more than...

Mr. Roman speaks:
That's what we found when we did this project years ago. This is a list of all of the programs within the Water Utility Districts. Really, for the Regional Fund, the primary program is toward the bottom of the slide, Water Supply and Treatment, basically wholesaling and conveying water to the other parties in the regional system, but we'd be happy to answer any questions you might have on any of the programs; Tim's very familiar with them and we have a plate full of different programs that we provide in the utility side.

Chairman Thaler speaks:
Questions from the Board? Ms. McDermid?

Commissioner McDermid speaks:
On the Service and Supplies, the Maintenance and Repair, is that for the waterline? Is that for the pipeline?

Mr. Roman speaks:
Well, that would be primarily for the Booster Pump Station; at this point in time, we really don't have much in terms of maintenance or repair of the pipeline.

Commissioner McDermid speaks:
But that would be shared, wouldn't it, through the Interlocal agreement with the other entities?

Mr. Roman speaks:
For the pump station? No.

Commissioner McDermid speaks:
No, the pipeline.

Mr. Roman speaks:
Well, the County is responsible for maintenance and repair of those facilities. So that's why we basically increase the rate from what we purchase from the Town of Minden.

Commissioner McDermid speaks:
Because, what I'm saying is, it's the Regional Water Fund that would oversee the maintenance of the pipeline, correct? But all parties, other than Minden, that receive water through that pipeline will contribute to the maintenance.

Mr. Roman speaks:
Well, they're paying for that maintenance through the rate.

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Commissioner Walsh speaks:

Ron, who does the maintenance and repair? Is that contracted out?

Mr. Roman speaks:

Well, it all depends on what's necessary and Tim could probably address that in more detail but typically our guys will be doing it or we may need to contract with local firms or specialty firms, depending on what the issues are.

Chairman Thaler speaks:

And when you refer to the Booster Station, are you talking about the one on Heybourne or the one at the north end of the County?

Mr. Roman speaks:

I'm talking about the one at the north end of the County, it's toward the end of Long Drive by the Sunridge Golf Course, if you're familiar with that area.

Chairman Thaler speaks:

And then the one at Heybourne?

Mr. Roman speaks:

The one at Heybourne is owned by the Town of Minden. Supplemental Requests, we talked about the Asset Management Program yesterday; I'd be happy to answer any further questions on that.

Chairman Thaler speaks:

So when we've seen this like numerous times, should we be adding each one of these up or are these all the different accounts that it's going to come out of or do these each stand alone?

Mr. Roman speaks:

These are all the different accounts that the program would come out of and be funded by.

Chairman Thaler speaks:

So somewhere along the line, because yesterday, today and all that stuff, we've got to pull all this together because we're seeing this piecemeal, does that make sense, Ron? We're seeing this piecemeal. So we see, this is the third time we've seen that request and the numbers are always different and I'm assuming that's because it's cost allocated to all these different departments. But somewhere along the line, we got to see the grand total.

Mr. Roman speaks:

It's there, if I could just maybe call up another slide. So this is for the Carson Valley Water Utility, but yeah, this is the slide shows the breakdown. So, the Regional Water would be the top line, for the first two positions would be \$29,000. I'm sorry, I jumped ahead because I didn't get this slide in your handout.

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Chairman Thaler speaks:

I know you're looking at something I have no clue what you're looking at. Oh, another handout that we just got this morning.

Mr. Roman speaks:

So, here it is; this is the breakdown for the Asset Management Program with the Regional Water Fund highlighted.

Chairman Thaler speaks:

So, I'm looking at that there and you have the Regional Water, you got all the costs, go over the far right column and it says total cost of \$29,081? But I'm looking at your Supplemental Request of \$97,639? Well, maybe I'm just on the wrong page.

Mr. Roman speaks:

We updated the slide, so in your handout, broke it out this way, basically. So for the two FTEs, the allocation to the Regional Fund would be \$29,000.

Vice Chairman Penzel speaks:

What does that represent, in terms of hours or time?

Mr. Roman speaks:

Those would be a full-time position for the Program Manager and a full-time position for the Engineering, GIS technician.

Vice Chairman Penzel speaks:

When you allocate it out, what percentage are you allocating?

Mr. Roman speaks:

It's basically 1/7, so, I'm not sure how the math works out...

Vice Chairman Penzel speaks:

So you're saying that 1/7 of an individual's time would be going towards this particular program. And then 1/7 would be going toward the other programs?

Mr. Roman speaks:

Correct, toward the other funds.

Chairman Thaler speaks:

Again, Ron, I said it earlier but that was like three hours ago, our slides vs. new handout material, just to remind you, I'm a little slow on the uptake sometimes, so if we're going to the new stuff, because I was looking at what I studied all last night.

Mr. Roman speaks:

I apologize.

Chairman Thaler speaks:

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Acknowledged; we appreciate Finance and everybody for putting that stuff forward.

Commissioner McDermid speaks:

Before we leave this Regional Water Fund, I think it's important to get, to understand how this all came into being. The County was required, for the East Valley Water System, to put in an Arsenic Treatment Plant, which was going to cost \$6 million and probably an annual cost would have been 400,000 to operate and maintain it. So the County and Minden got together, I was on the subcommittee with Rob Chichester from the Town of Minden, all open meetings, recorded, you can go back and get all the information, with our Public Works Director and our lawyers and so forth. And we came to an agreement to build a pipeline from Minden's water supply to connect to our East Valley Water System and blend the water from Minden, which did not have an arsenic problem. So then, Carson City owned water rights in Douglas County so they came and said they would like get the water out of Douglas County and into Carson. So in the course of building this pipeline, Indian Hills was told by the State of Nevada that they would have to build an Arsenic Treatment Plant and that was going to cost \$4 million. So again, we stubbed to Indian Hills to blend their water with Minden's water, as we had done our East Valley Water System and that is how the Interlocal agreement for the pipeline, selling of the water to the County at wholesale prices who then sold it to the three water utilities that were using the water and the rate or the operation cost and maintenance of the pipeline. So that Interlocal agreement is how that all came about; thus far, it has benefited everyone in not having to build those expensive Arsenic Treatment Plants and bear the cost of maintenance and operation. So Minden needed, part of the reason Minden was excited to do this, was because if you do not make beneficial use your water rights, they can be taken and there was some concern by Minden, given that we were not growing, nobody was building, there was no new connections, they needed to figure out how to utilize the water rights that they had so that they would not be in jeopardy. So that's just a little history about it, and why this is such a critical component for all the entities that are involved in this particular Interlocal agreement.

Chairman Thaler speaks:

And that all happened on around 2011?

Mr. Roman speaks:

That is correct; around 2010, I think, Indian Hills came online and Carson City came on around 2013-2014.

Chairman Thaler speaks:

And to the tune of about \$12 million? \$12.5 million, somewhere in that ballpark.

Mr. Roman speaks:

And that's all I have for the Regional Fund.

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Chairman Thaler speaks:

It's always good to run, I know you're gonna jump in the Sewer Utility. I think that's one of those million dollar questions that we get asked a lot. We have a lot of Sewer Utilities in this County, this one being just Douglas County Sewer Utility, but you have MGSD (Minden Gardnerville Sanitation District), Brownville, how many different sewer utilities?

Mr. Roman speaks:

We can kind of run through them; we have Minden Gardnerville Sanitation District here in the Valley, then we have the North Valley Plant, which is Douglas County and then we have Indian Hills in the Valley. And then if you go up to the Lake, then we have the Douglas County Sewer Improvement District that provides the treatment plant and then the Tahoe Douglas Sewer District provides collection up in the Basin. And so does Round Hill GID and KGID (Kingsbury General Improvement District) as well.

Chairman Thaler speaks:

And you're only going to talk about...

Mr. Roman speaks:

I am only talking about the Douglas County Sewer Utility Fund, which is basically the East Valley and West Valley areas.

Ron Roman, Interim Public Works Director, presented on the following Sewer Utility topics:

- Budget
- Programs
- Supplemental Requests
- Capital Improvement Projects

To view Mr. Roman's complete presentation, please see the Board Packet and the Supplemental Materials.

Mr. Roman speaks:

So, I'm going to enlist Heather's help in order to walk through, basically the budget for the Sewer Utility.

Heather MacDonnell speaks:

Heather MacDonnell, so we'll start off with the revenue. Charges for Service, those Charges for Service have been running concurrent with our Rate Study that we completed several years ago. So we pull on from that rate model to project our revenue. Contributed Capital, you'll see \$100,000 there, it says projecting our connection fees for the sewer system.

Commissioner McDermid speaks:

Question- What is our sewer connection fee?

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Ms. MacDonnell speaks:
\$6020.

Commissioner McDermid speaks:
And when was the last time that was evaluated or changed?

Ms. MacDonnell speaks:
Probably during our rate study.

Chairman Thaler speaks:
So real quick math, you're only talking about 18 homes?

Ms. MacDonnell speaks:
Correct, so we usually don't budget for connection fees because is not a guarantee but because of the way our treatment plant went this year with the bids getting rejected and going out, its spread our funds between two fiscal years so I tried to pull in as much as I could to cover that.

Chairman Thaler speaks:
So do you talk to Community Development about permits?

Ms. MacDonnell speak:
Yes, they send me copies of their permits and I track them.

Commissioner McDermid speaks:
There are currently, where I live, 17+ homes under construction and they are in the Sewer Utility.

Commissioner Walsh speaks:
We recently approved the Valley Knolls project up in North Sunridge; is that sewer going to go to North Valley Plant?

Mr. Roman speaks:
Yes, that sewer will be conveyed to the North Valley.

Commissioner Walsh speaks:
So they will be paying \$6000 bucks for each hookup?

Mr. Roman speaks:
We actually have a different connection fee currently in the north end of the County; I think the north end is \$7050 or \$7150, I'd have to look it up.

Commissioner McDermid speaks:
Why is it more?

Mr. Roman speaks:
I'm not sure I have an answer to that; it goes way, it goes back many, many years, but I guess I don't have the background and the history on why there's a different charge up there. As we roll it into a Rate Study this next time around,

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I think that's something we can certainly look at in terms of just having one connection throughout the County.

Ms. MacDonnell speaks:

Good? Okay, so you see the Other Financing Sources line item; in this line item, you have your SRF (State Revolving Funds) loan for our Waste Management Plant upgrade, which is going to ultimately be \$5.2 million, I believe, \$5.4 it looks like.

Chairman Thaler speaks:

And that number is coming because you're just projecting how the bids will go?

Ms. MacDonnell speaks:

That's the total loan amount.

Chairman Thaler speaks:

Okay, but we really don't know how much the total loan is until...

Ms. MacDonnell speaks:

That's as much as we're able to get.

Chairman Thaler speaks:

So that's the cap on the Revolving Loan?

Ms. MacDonnell speaks:

Yes. So then we'll move on to expenses, if that's okay.

Commissioner McDermid speaks:

One quick question; so the money that was transferred from the RDA (Rural Development Area) Area One fund into the Sewer Treatment Plant upgrade, where is that reflected?

Ms. MacDonnell speaks:

It's dropped into the reserves because it was last Fiscal Year, so it's sitting in the reserve.

Commissioner McDermid speaks:

And how much is that for sure?

Ms. MacDonnell speaks:

The total was \$4.2; I'm drawing a blank...

Commissioner McDermid speaks:

But your reserves are only \$3.7.

Ms. MacDonnell speaks:

Well, they have spent some last Fiscal Year doing the bid process and all the, there was some of that spent, cuz they were spending RDA funds first before they went to the loan.

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Chairman Thaler speaks:

So can you highlight, your salaries and wages are going up 20%?

Ms. MacDonnell speaks:

Salaries and wages increased to 20.7% due to both the merit and COLA (Cost of Living Allowance) increase and then also a new Engineer position that was approved and hired for the upgrade of the Wastewater Treatment Plant. Along with that follows the employee benefits; the new engineer was allocated 100% to the Sewer Department.

Mr. Roman speaks:

So, just to clarify, the position was as an Engineering Technician position that will be assisting with the North Valley Plant during construction.

Ms. MacDonnell speaks:

Service and Supplies, net decrease of 6.3%.

Mr. Roman speaks:

In Services and Supplies, maybe I'll just highlight some of the larger categories and then answer any questions you may have. So, this is a separate handout for the Board this morning. Okay, so just to maybe highlight some of the larger categories in Services and Supplies. We have the Motor Pool Expansion which Caroline talked about this morning, Water Sample Testing for the Wastewater Plant, we have Compliance testing we have to do that's \$37,500. We have a line item for Professional Services budgeted at \$125,000; the County's cost allocation to the Sewer Fund is just under \$96,000 and then we have the Maintenance and Repair category at \$159,000 and on the bottom of the first page, the biggest category is Major Repair and Maintenance. So that \$1.1 million includes effluent storage, repairs, Foothill Sewer force main, repairs that we're looking at doing, some manhole rehabilitation and rehabilitation of the Meridian Lift Station. So, those are the four main components in the Major Repair and Maintenance category.

Chairman Thaler speaks:

So your professional services, you didn't have anything budgeted for the past couple years and then it went up \$125,000.

Mr. Roman speaks:

We didn't so we know we have a rate analysis coming up. We've not scoped that out yet.

Chairman Thaler speaks:

Is that coming next year or the year after?

Mr. Roman speaks:

That's coming up in the next Fiscal Year beginning July 1, so we'll have to conduct a rate analysis during the upcoming Fiscal Year to have new rates in place July 1, 2019. Any other questions on Services and Supplies?

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Commissioner McDermid speaks:

I have one question. Right above Professional Services, it says Sewer Service Indian Hills GID/Carson City. Is that the Carson Plaza, sending the sewage to Carson City?

Mr. Roman speaks:

That's correct. We currently contract with Carson City to take that that sewer from the North County area.

Commissioner McDermid speaks:

So originally though, it was with Indian Hills.

Mr. Roman speaks:

That's right; when it first came into service, it went Indian Hills for a period of time and then we contracted with Carson City. Their rates have gone up recently so when the North Valley plant is, expansion is done, then we'll be looking to move those sewer flows back into our North Valley Plan.

Commissioner McDermid speaks:

So that particular line item will go away?

Mr. Roman speaks:

That's the plan.

Commissioner McDermid speaks:

Because as I understand, that money then comes back and was part of the reason for doing the upgrade, besides being required to do it. That was another thing to help repay the loan, correct?

Mr. Roman speaks:

That is correct.

Ms. MacDonnell speaks:

Okay, so if we move on; the Capital Outlay listed here is kind of tricky, so I'm going to go over it with you. Last fiscal year we had budgeted \$3.2 million for Capital Outlay, which was the projected cost that we were gonna spend for the Wastewater Treatment Plant grade. Since that didn't happen, it's sitting in 16-17, so it won't roll over until we do the budget augments in February. So currently this Fiscal Year, we have budgeted \$2.5 million, which those two combined equal to SRF loan \$5.4, which is why you see the negative decrease. Your Debt Service Fund is gonna be your loans for that upgrade and also your Ending Reserve Balance is actually \$12 million, 12.3 million total, which we will probably spend close to all of it when we do our upgrade, it's based at \$10 million.

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Commissioner Walsh speaks:

I have a question; 3.2 into 2.5 in Capital Outlays, you said equals the 5.4 above?

Ms. MacDonnell speaks:

Well, it doesn't equal it exactly but it's the main base of it. So that's all I have with sewer.

Commissioner McDermid speaks:

I have one question. So when, with regard to the bid for this Sewer Plant upgrade, when is that, when are you going to rebid it?

Mr. Roman speaks:

So Nick is actually, we're gonna be out to bid, it's either going to be, I think, tomorrow in the paper or this next Sunday, so the project will be hitting the roads here within the next week. I think we have a relatively short bid period, so we're still trying to get the recommendation for construction award to the Board the first meeting in June.

Commissioner McDermid speaks:

So is what you're putting out for the bid, is it exact what you put out previously or has that been modified?

Mr. Roman speaks:

It's essentially the same project; there has been some modifications just to address, incorporate any issues or questions that came up during the first bidding period. So the engineers kind of repackaged the construction contract documents, and we are re-advertising.

Commissioner McDermid speaks:

So if we're able to get the bid and move forward, construction would begin when?

Mr. Roman speaks:

Well, if we get the construction contract to the Board in June, I would expect, you know, a few weeks for signatures, getting bonds in place, you know, maybe start construction in July. But it's gonna take a while for a contractor to get mobilized, get our submittals and shop drawings done, so really, this late summer or fall we'll probably see the activity really ramp up.

Commissioner McDermid speaks:

So would it be expected to be completed.

Mr. Roman speaks:

I think we had about an 18 to 24 month construction window.

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Commissioner McDermid speaks:

Now will that have any, not been able to, say it takes two years, is that going to have any negative effect on the “will serve” letters that have already been given?

Mr. Roman speaks:

Well, we’ll have to keep an eye on that, you know, assess what's going on at the plant. We have some, I think, little sliver of capacity left so, that’s something we have to keep an eye on.

Commissioner McDermid speaks:

Well, as Commissioner Walsh mentioned, the Valley Knolls, I see everything going on where I am; Genoa Ridge is planning, they’re just planning to sell lots but the Gardener project looks like it's going to go. I'm just asking as we see in the North Valley construction going on, if that is going to have any negative impact on our plant? Are we going to be able to continue to provide those connections?

Mr. Roman speaks:

Well, that’s something we’re going to have to assess after they come in for connection permits; the “will serve’s” that were issued for all those projects that you mentioned were really conditional “will serve’s” to the extent that we have capacity to serve them at the time that they make application for a building permit. Okay, Programs for the Wastewater Fund; basically, Wastewater Collections and Pumping Facilities. Tim would be happy to explain these more detail. We have 17, I think, lift stations throughout our system today. We have, obviously, the Wastewater Treatment Plant and then we have the Effluent Storage and Reuse Pond and we also have a program for Pretreatment Inspections and permitting for commercial connections. Supplemental Requests; Asset Management Program Manager, again, the allocation of the sewer fund would be \$29,081. We also have a request for a Utility Systems Technician Senior, based on the new plant coming online and also on the completion of Clear Creek project. Clear Creek is kind of in their final stages. They're getting ready to go through some demonstration period on their water systems and sewer system here in the near future. So on the sewer side, we’ll be responsible for two wastewater lift stations in the Clear Creek project in the phases that are currently under construction. So that was the basis for the request for the Utility Systems Technician.

Chairman Thaler speaks:

So, you mentioned too, with the sewer plant being improved as well?

Mr. Roman speaks:

That's correct.

Chairman Thaler speaks:

Even though it’s two years away?

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Mr. Roman speaks:

Yes, it's two years away, but, you know, we have Clear Creek coming online this year and we'd like to get this person involved for the tail end of construction of the sewer plants so they are familiar with the facility as it's being constructed.

Chairman Thaler speaks:

So now all these additions will go into the rates then, too? The changes?

Mr. Roman speaks:

Ultimately, these would be incorporated into the Rate Analysis, yes. Okay, Capital Improvement Projects, talked about these little bit under Maintenance and Repair; Foothill Forced Sewer Main Repair, Manhole Rehabilitation, we're currently working through the Meridian Lift Station Rehabilitation. At our North Valley Effluent Storage Pond, we've received notice from NDEP (Nevada Department of Environmental Protection) that we need to address some erosion on the outside slope of that pond so we've included a Capital Improvement Project for that. The North Valley Plant expansion that we've been talking about, Saratoga Street Sewer Main is a, came out of a development agreement with RML Development where the County is participating in construction of the sewer main down Saratoga Street. And then the last item was basically a vehicle for the new Utility System Technician.

Commissioner McDermid speaks:

So the Services and Supplies, I'm looking at page 2 of the Sewer Utility and I'm seeing bank fees, credit card processing, the very last item. What's that about?

Ms. MacDonnell speaks:

Credit card processing fees that are charged when people pay their bills, they call and pay the utility bills, part of it is for this sewer bill.

Commissioner McDermid speaks:

I understand, but I was told that you could not use a credit card to do that.

Kathy Lewis speaks:

Kathy Lewis, Clerk Treasurer; credit cards can be used. There are some special rules with VISA and utilities, that if they call, we can't pass that fee along. So like when we pay property tax, if people want to use their credit card to pay property taxes, the person paying has to pay that credit card fee. But there are certain instances where we cannot do that in utilities. So these are the County's share of those fees, just like it's a 3% fee or a 2.5% fee when you use your credit card at different entities, different places.

Commissioner McDermid speaks:

But I'm not certain why the County should have to pay if I'm using my credit card to pay my bill? When I do that property tax, I pay the cost of using my credit card. Wouldn't that be the same for the Sewer Utility?

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Ms. Lewis speaks:

VISA gets to set those rules and so those rules for utilities are that if it's paid by phone, we cannot have the customer pay those fees; if they go online and pay, then they pay the fees, but if they pay in person or they pay over the phone, VISA's rules is what we have to follow when we accept credit cards that we cannot pass those fees on. So, it's only certain transactions.

Commissioner McDermid speaks:

I know, but I paid my property tax right here in person and I paid the fee.

Ms. Lewis speaks:

Exactly, it is just utilities, just in person or on the phone. There is a very specific subset; so this isn't all of the credit card fees for the payments, most of them do get passed on to the customers, like you do in property tax.

Ms. MacDonnell speaks:

And just so you know, the Public Works Department is looking at presenting a new policy where they don't take payments over the phone anymore so that those fees will go down; they will have them pay online. So that will happen.

Commissioner McDermid speaks:

Yes, because I talked to Nikki and I indicated, you know, they should look at that, but I just wanted to make sure because \$4000. This is, the Sewer Utility Fund shouldn't have to pay these, is what I'm trying to say.

Chairman Thaler speaks:

So, Ron, how often do you do rate studies?

Mr. Roman speaks:

Well, the current structure in place for the Sewer Utility was, I believe, a five-year rate.

Chairman Thaler speaks:

So you do them every five years?

Mr. Roman speaks:

Every five years so that provides some rate stability.

Chairman Thaler speaks:

And why do you do rate studies?

Mr. Roman speaks:

So that we can basically recover the cost of operating the utility and provide the service to the customers.

Chairman Thaler speaks:

To keep up with the times, helps keep up with the costs; so, you're only doing this, spending how much every five years, \$125,000?

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Mr. Roman speaks:

Right; like I said, we have not scoped out the work yet. It may be less than that.

Commissioner McDermid speaks:

Well, as I understand it, in order to do the right analysis, you have to hire someone, a company to do that. It's not something you can do in house, is that correct?

Mr. Roman speaks:

We've historically contracted with a firm to do that. Right now, we don't have the staffing and the resources to perform those functions in house.

Commissioner McDermid speaks:

And I would say that prior to five, when it was first put in for five years, it was every year that we analyze the rates, correct?

Mr. Roman speaks:

That's correct and you get done with one rate analysis and you're just about starting the next one, so it's a much more effective use of everybody's time and resources for multiple year rate study.

Commissioner McDermid speaks:

And also for the users, because you know what your rate is going to be from year to year and as long, and you look at it annually because you want to make sure that you're recovering the cost of operating the system, correct? So that's the critical component.

Ron Roman, Interim Public Works Director, presented on the following Carson Valley Water Utility Fund topics:

- Budget
- Programs
- Supplemental Requests
- Capital Improvement Projects

To view Mr. Roman's complete presentation, please see the Board Packet and the Supplemental Materials.

Mr. Roman speaks:

Correct. Okay, Carson Valley Water Utility Fund and, again, I'm going to enlist Heather's help on this one through the budget items.

Heather MacDonnell speaks:

Heather MacDonnell, for the record; we start off with Carson Valley Water; we'll start with the revenue. It falls along the same lines as the other funds; Charges for Services, which were based on our rate analysis initially. Carson Valley Water, though, was a little different. We actually switched and went and started budgeting for actuals because we were receiving more revenue than

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what was projected so we wanted to account for that. Other Financing Sources is, again, your SRF (State Revolving Funds) loan. Last Fiscal Year, we had a rather large project for Sierra Country Estates, which we had SRF funding for, so we don't have that this year, which is why you see that 67% decrease. Any questions?

Chairman Thaler speaks:

So if I'm looking at your revenues up there, and I'm not gonna talk about Other Financing Sources, although I will ask that question, and I'm not gonna talk about Depreciation or Amortization or the Ending Fund Balance, but if you look at Charges for Services, that's what you're charging the customer's, correct? You bring in \$ 2.8 million and then if I go to that other budget workshop report, I'm just trying to make sense of that \$2.8. It seems as though you got quite a bit in reserves; is that because we're saving up for a project or what's...

Ms. MacDonnell speaks:

The reserves are a component of System Reinvestment, Capital Reserves and Operating Reserves.

Chairman Thaler speaks:

So, the answer would be yes. And then, can you go back to Other Financing Sources, where were those?

Ms. MacDonnell speaks;

That's where I was going to go; the Other Financing Sources you see is the \$125,000 that's from the Regional Water Fund Transfer; the \$125,000 goes into the 324 Regional Water Account and then comes back out into the 326 Carson Valley Fund.

Chairman Thaler speaks:

So, it was \$382, now it's down to \$125?

Ms. MacDonnell speaks:

No, it's \$125,000. The \$382,000 is that part of the SRF loan from before; it's combined.

Commissioner McDermid speaks:

Part of the reason for the System Reinvestment is because there was very little in the System Reinvestment that hadn't been being collected and so we did the five years, we make sure that we were building up the System Reinvestment, which is to replace anything that needs to be replaced over the course of time, correct? So that's why you see it's building up because you may have to replace the water line and that could be very, almost as expensive as building a roadway, a mile of road, or something. So in, this is also an Enterprise Fund, so it has to be self-sustaining and that's part of the reason for doing the rate analysis and getting it for the five years and to ensure that you are building for the reinvestment in the system.

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Ms. MacDonnell speaks:

Correct; System Reinvestment is a part of the rate we collect. So it increased 3.5%, which is tracking to where it should be. Moving on to Expenses; salary and wages, we're seeing a .4%, which is the part of our COLA (Cost of Living Allowance) and merit increase, Employee Benefits 10.4. There is a spike in the health insurance change when we renewed in January, it went from \$61,000 up to \$78,000 for health insurance for this fund. Service and Supplies; there is a large increase, 20.3, a large portion of it is the administration overhead cost allocation plan, which increased \$55,000.

Chairman Thaler speaks:

Your Professional Services also went up pretty good?

Ms. MacDonnell speaks:

Also with that there was a software increase and a professional service increase for the rate analysis. Questions?

Chairman Thaler speaks:

Your software, did you have to exchange software? Or what's driving that up?

Ms. MacDonnell speaks:

They added a new program.

Mr. Roman speaks:

So for about the last, probably 4 or 5 years, we've been trying to migrate our sewer and water mapping to GIS (Geographic Information System) system so we're looking at basically moving our water modeling software into a GIS platform so that's what the additional software cost is.

Chairman Thaler speaks:

So that cost, you're gonna transfer that over to IT, or how does that go?

Mr. Roman speaks:

No, that's a program that we use over at Public Works.

Chairman Thaler speaks:

So, \$11,000 program?

Mr. Roman speaks:

Well we have a couple; this year, we're gonna have two different programs that are funded and then we're gonna eventually phase out the current program.

Ms. MacDonnell speaks:

Okay, moving forward, your Capital Outlay Projects. This year we have them \$1.2 million worth of project scheduled for this fund. It's a decrease in 45%, due to the Sierra Country Estates project that was completed last Fiscal Year. Any questions?

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Mr. Roman speaks:

Basically, it's the same programs we saw under the Regional Water Fund, so we'd be happy to answer any questions you may have for any of those. Supplemental Requests; again, the Asset Management Program...

Commissioner McDermid speaks:

I noticed you had a decrease in the full-time equivalent; was that part of the reorganization?

Mr. Roman speaks:

I don't know if that was part of the reorganization or just for the cleanup of FTE's through Finance, so I guess I don't have an answer for you on that.

Commissioner McDermid speaks:

It looks like it was three-quarter employee, 76 it went down and I'm just, was wondering if that's part of reorganization.

Mr. Roman speaks:

Yeah, I can't answer that.

Commissioner Walsh speaks:

I just have a question too on the Debt Service of \$876,000; apparently that's paying off a bond or whatever, is that correct?

Ms. MacDonnell speaks:

It's a payment on the SRF loan, which we used for Sierra Country Estates.

Commissioner Walsh speaks:

And that loans going to be paid off or it is paid off?

Ms. MacDonnell speaks:

I don't have the schedule with me but I can definitely get back to you with that answer.

Mr. Roman speaks:

Okay, Supplemental Requests; the Asset Management Program again and on the water side, we talked about the Clear Creek project. On water side, we have two large water pump stations that Clear Creek is going to be dedicating to the County, so those will be coming to the County, along with the water tank and miles of pipelines, fire hydrants and valves to maintain, so that's the basis for the Supplemental Request for the Utility System Technician Trainee. Capital Improvements for the current year; Carson Valley Water System Master Plan, given that we're all connected now, it's important to take a look at long range where we need to be with water utility what's necessary to stay ahead of development in the community so we have facilities in place to continue to serve them. So I think it's important to plan for the future. Tim's established a program for Annual Meter Replacement program, \$44,000, and we had a Vehicle Request for new Utility System Trainee.

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Chairman Thaler speaks:

So how does that Master Plan, do you guys work with the Town of Minden or is this you working on your own with this?

Mr. Roman speaks:

Well, we're probably going to consult both with Town of Minden and Indian Hills and Carson City to see if they want to participate, but ultimately if they don't, then we still need to move ahead with our planning but since we're all interconnected now, I mean, there's an opportunity now to look at in our neighboring communities and partners in our local agreements.

Chairman Thaler speaks:

If you're gonna have a Master Plan, why wouldn't you? I guess that is kind of rhetorical but why wouldn't you include all of your people involved in that? Let's face it, if they turn the valve off in Minden, what is your plan? I know that's not going to happen but why wouldn't you work with them?

Mr. Roman speaks:

We'll certainly reach out to all the partners.

Ms. MacDonnell speaks:

Commissioner Walsh, I just wanted just to let you know that the service bond principal payment is \$645,121 and then the interest payment is \$231,066 and there's other bonding involved with that and I'll get you the full schedule.

Ron Roman, Interim Public Works Director, presented on the following Lake Tahoe Water Utility Fund topics:

- Budget
- Programs
- Supplemental Requests

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Heather MacDonnell speaks:

So, the Lake Tahoe Water Utility Fund is kind of a beast. It's one fund with three different departments that we're tracking; for the Board's direction, we track separate revenue and separate expenses for each department, but for budgeting purposes, it is in one fund. So, if you have a question on something, we can break it up per department, if you'd like. Charges for Services are tracking on track, for the most part, for the rate analysis, for the revenue coming in.

Commissioner Walsh speaks:

I have a question and maybe it's a dumb question, but who do you provide water to?

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Ms. MacDonnell speaks:

So, the Lake Utility Fund provides water to Zephyr, Cave Rock, Uppaway and Skyland.

Chairman Thaler speaks:

Everybody else has got their own water system.

Commissioner McDermid speaks:

Well, there's other water systems up there; there's the Edgewood Water System, the KGID (Kingsbury General Improvement District), Round Hill GID. I don't know how many, Ron, there are but there.

Mr. Roman speaks:

You named the big ones. There is another one north of Cave Rock, Logan Creek, I believe, Glenbrook.

Chairman Thaler speaks:

Sometimes, I guess, history is good to catch up. I mean, I gotta believe long time ago we didn't have all these water systems. So, if those water systems fail, we get to take them, right?

Mr. Roman speaks:

That's correct. This goes back probably to the late 1980's when the surface water treatment rule went into effect. Basically, these utilities do not have the capacity to bring them into compliance. So, I don't recall what the mechanism the County used to acquire all of them; I think one might have been... it might've been purchase, but the County ultimately ended up taking these systems and then bringing them into compliance with the surface water treatment rule.

Chairman Thaler speaks:

And I guess my point being is sometimes people wonder why do we have those systems? It's because, for one reason or another, they failed and we are required by law to take them and regardless of whether they are in debt, whether they need fixing or whatever, we have to take over and that's where we are today. We're running systems that probably years ago we didn't, correct? And we have that problem down here, I wouldn't say it's problem but we have that issue down in the Valley too, correct? Commissioner Penzel?

Vice Chairman Penzel speaks:

One thing people forget is that water is a public asset. You need it. These ones at the Lake have morphed into each other to a large extent. What we've never been able to come to grips with is how to combine them because of the varying debts that each one carries and equitability and paying off that debt. I assume that some point in time a rate study would negate how to do that and you have \$125,000 set aside for that, for the up at the Lake. I think the same things gonna have to happen down here, but we are so segmented here, as they are at

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the Lake. The difference is that they have more GIDs to contend with, I think is a big issue.

Commissioner McDermid speaks:

And I believe when you have charge for services, I believe they're on a flat rate, is that correct? The users and our utilities at the Lake are on a flat rate, is that correct? So it doesn't matter how much water they use, they pay the same amount per month and that's very high, is it not?

Ms. MacDonnell speaks:

It varies per system; Cave Rock, for example, pays more, a higher rate than Zephyr does.

Commissioner McDermid speaks:

What's the flat rate for Cave Rock?

Mr. Roman speaks:

I think for three-quarter inches, it's about 195, \$196, I believe, a month.

Commissioner McDermid speaks:

And the others?

Mr. Roman speaks:

I want to say ZWUDs (Zephyr Water Utility District) around mid \$90's and Skyland, think was in the \$80's somewhere.

Commissioner McDermid speaks:

And these systems are antiquated, are they not? They were put in, you know, eons ago.

Mr. Roman speaks:

Yeah, a lot of them were put in possibly in the 1960's or even before. Basically, the preliminary engineering report showed that construction, for example, in the Cave Rock area, was substandard by today's criteria. So it's basically a failing, you know, the pipeline distribution system is failing in Cave Rock.

Vice Chairman Penzel speaks:

When is the PER (Preliminary Engineering Report)? Has that been done?

Mr. Roman speaks:

The PER is been completed. We held workshops with the residents up at the Lake a year ago. I don't know if the DA (District Attorney) would like to comment further on the status of the Lake systems.

Vice Chairman Penzel speaks:

What was the total amount on the PER?

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Mr. Roman speaks:

In terms of the capital needs? Total between the systems, I think was about \$39 million; Cave Rock was the biggest share of that.

Vice Chairman Penzel speaks:

So it's hung up now, based on the fact we don't know how to pay that.

Mr. Roman speaks:

That's the dilemma we have.

Commissioner McDermid speaks:

In the Lake Tahoe Restoration Act, there is number two project that has been identified in the Tahoe Basin is the Cave Rock. Now how much is going to come from that remains to be seen.

Vice Chairman Penzel speaks:

But then also the fire line was going to be completed so that would help reduce the cost for drinking water, if I understand it, is that correct?

Mr. Roman speaks:

I'm not sure, the fire line, I'm not sure what you're referring to.

Vice Chairman Penzel speaks:

Forest Services is supposed to be running a fire line completely around the Lake and the fire line would be used for fire, the drinking water, which is now being used for fire, would not have that requirement and hence, it's supposed to affect the pumps and the rest of the stuff involved.

Mr. Roman speaks:

I guess I'm not familiar with the Forest Service project.

Vice Chairman Penzel speaks:

It's also in the Lake Tahoe Restoration.

Larry Werner, County Manager, speaks:

I think that's all part of the same; I think doing Cave Rock you complete a portion of the Lake Tahoe fire line. That gives us the opener to get into that Act to get the money, it's all part of the same program.

Ms. MacDonnell speaks:

So I think very soon coming to you guys will be some options on how we can work this out. But not today. So with the expense side of this, your salary and wages sees a 3.2 increase for your COLA and merits, employee benefits track with that along with the health insurance changes. Your Service and Supplies...

Vice Chairman Penzel speaks:

Is there any portion of the lawsuit that was filed by the Cave Rock residents, where does that stand?

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Doug Ritchie, Deputy District Attorney, speaks:

Doug Ritchie, District Attorney's Office, that litigation is still ongoing. Some federal court discovery has been stayed; the parties have been exchanging information. What Heather was referring to is staff is looking at different options to bring to the Board, which might be a resolution of that lawsuit. But to answer your question, the litigation is stopped and stayed for the parties trying to resolve the matter.

Vice Chairman Penzel speaks:

Is there a liability to the County?

Mr. Ritchie speaks:

I'd prefer to provide that information to the Board during the meeting that is exempt from the open meeting law requirements.

Vice Chairman Penzel speaks:

Is there an amount that should be programmed in the budget for?

Mr. Ritchie speaks:

No, at this point, again, discovery would, their allegation is, you know, seven figures, but that's just an allegation; discovery again has been stayed. They're gonna have to prove up their case.

Chairman Thaler speaks:

Okay, so some your biggest increases, obviously, Professional Services; Admin and Overhead have to be cost allocation but Professional Services, again, is that part of rate study?

Ms. MacDonnell speaks:

So there's a 28.3 increase in Services and Supplies; that's going to be same with your Rents and Leases. Admin, Overhead and Professional Services as before, yes, for the rate study.

Chairman Thaler speaks:

And that's cost allocating that rate study out or that's what you think the cost is going to be?

Ms. MacDonnell speaks:

We haven't scoped it, we haven't scoped the work out yet so it's just a flat...

Chairman Thaler speaks:

That's what you believe a rate study up there will cost? Same as in the Valley?

Ms. MacDonnell speaks:

Correct.

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Mr. Roman speaks:

It may depend on the number of rate scenarios and direction from the Board in terms of what we consider, yeah, that could affect the cost of a rate study.

Commissioner McDermid speaks:

So in terms of the System Reinvestment, is that the \$3.5 million?

Ms. MacDonnell speaks:

The Lake reserves do not have much of a System Reinvestment. They were given a waiver when we did the rates to reduce the cost. So, no, there is no System Reinvestment to speak of.

Commissioner McDermid speaks:

So for all three funds, I mean all three utilities, they have no System Reinvestment.

Ms. MacDonnell speaks:

Correct.

Vice Chairman Penzel speaks:

If you remember, when we were doing this, we also contributed money from the General Fund to help them.

Ms. MacDonnell speaks:

Right. So if you go back up to the revenue, there is the Miscellaneous Revenue \$36,720. That's for the lease income for the tower that's up there and then you also see the Other Financing Sources \$37,500; that was the General Fund subsidy that was going to Cave Rock that is no longer happening because it's timed out. It was a total of \$375,000 split over four years.

Commissioner Walsh speaks:

Mr. Chairman, I have a question. Have we got to the Ending Fund Balance Reserves yet? Or are you going to start that next?

Ms. MacDonnell speaks:

So the Ending Reserves for the Lake include emergency reserves, operating reserves and capital improvement reserves, for all three (departments).

Commissioner Nelson speaks:

Yeah, on your worksheet, you've got Professional Services on two different pages. That adds up to about \$80,000 and it looks like there hasn't been too much until all of a sudden now. Can you explain that?

Ms. MacDonnell speaks:

Right, so it's separated for each department and the reason for that is because we track them separately and there has been no previous Professional Services budgeted because we haven't done any rate analysis for five years.

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Commissioner Nelson speaks:
I'm not sure I quite catch that.

Ms. MacDonnell speaks:
Which part? I'll start again.

Chairman Thaler speaks:
So you have, just defined, when you first spoke, you spoke of one fund that you have three separate departments so they're each cost allocated out.

Ms. MacDonnell speaks:
They each have their own expenses.

Commissioner Nelson speaks:
So those are cost allocations, just like the other...

Ms. MacDonnell speaks:
They're not cost allocations, well, you mean the Professional Services cost allocated out between three, yeah, it's split.

Mr. Roman speaks:
Yep, I think we're pretty close; again, just the Programs. If I don't see any questions, I'll move on. Supplemental Requests; again, just the Asset Management Program for the Lake funds totals \$8,617. We did that based on connection count for the retail systems and then we have a small project for Zephyr Water Utility Treatment Plan to replace a programmable logic controller for the plant.

Chairman Thaler speaks:
Any further questions? So, Mr. DeTurk, you're going to come up and add a little bit to this?

Tim DeTurk speaks:
Tim DeTurk, for the record, Utilities Manager. I just wanted to answer a few questions. You had mentioned credit card fees for billing, Ms. McDermid, and that's a problem that we've identified and there is efforts to make online paying a possibility. We're having some issues with New World but it is moving forward and we will resolve that hopefully soon. I want to emphasize the FTE for the water side. That's important because when we do take over, when I take the walk through with the State on the Clear Creek development, we only have six operators to either assist or run 17 water systems. The State will demand that we put at least one more person online so that that's important. The reserves is very important. We had a crew of four out last week until midnight fixing a leak up the Cave Rock; we've get two waiting, we prioritize them by how bad they are. This keeps us very busy. Cave Rock, the pipe is very fragile. There's the potential to have a huge burst, kind of like we did on Jack's Valley Road and maybe it takes some houses going downhill towards the Lake. These are scenarios I don't want to see happen, but they are realities. The lab testing, nobody's made a comment about it but it's gone up substantially because of

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regulatory reasons. And then the shared cost on the FTE, somebody brought up how much on one of the items it's not just for the Valley; it's for all the Lake systems. Other than that, any questions?

Chairman Thaler speaks:

No and thank you. I know it's, what you guys do up there, I imagine you have duct tape in your truck all the time for emergency repairs. It's, thank you, because we need to stay on top of it as it ages, and we can't get to fixing like we would or should.

Mr. DeTurk speaks:

We appreciate that and I will relay it to the staff.

Chairman Thaler speaks:

Thank you. I've seen them up there many times when I'm walking around and try to say hi to them, they're usually knee-deep in water. Thank you. If there's no other further questions, I'm going to open up this for Public Comment. Any Public Comment on only those items that we've heard so far? So Public Comment is now open. Public Comment is now closed.

PUBLIC COMMENT-none.

Chairman Thaler speaks:

Final comments from staff, please.

Ms. MacDonnell speaks:

Thank you, thank you Board. I just wanted to kind of put a plug in for Finance a little bit, we've been, kind of, taking a lot of heat lately and I just want to make sure everyone knows that turnover rate we've had in Finance over the last four years is astronomical and it makes it very difficult to not only do your job but to do it correctly and learn the correct ways. We do the best that we can and no one is sitting around playing video games all day, I'm sure. Also, we gave you the slides in the appropriate amount in a time in the beginning. And if for any reason you ever feel like you need more information, if you come to us, any of us would be happy to help you. We can get that information to you ASAP (As Soon As Possible) and also to the rest the Board knowing that that's what we want. All of us are new, we don't know how much you know, we barely know how much we know. So if you could come in at any point, we would be happy to sit down and go over things in great detail. Thank you.

Chairman Thaler speaks:

Ron, any final comments? If not, seeing none...

Commissioner McDermid speaks:

I would like to complement Ron; I know this is not something you wanted to do, be Interim Public Works Director. I know they've gone out a couple of times to fill that position but I just would like to say thank you because I think you done an admirable job, doing a job that you didn't particularly want to have thrust on you, so thank you.

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Chairman Thaler speaks:

Okay, so we're going to see everybody back here at 1:45pm, so we'll adjourn til 1:45pm.

Chairman Thaler speaks:

Okay, let's bring this meeting back to order and we're going to start with Community Services. Mr. Morgan, Mr. Fitzgerald, who wants to go first?

Scott Morgan speaks:

I will kick this off; Scott Morgan, Community Services Director, Douglas County. Mr. Chairman, members of the Board, we're here to talk about the strange combination that is Community Services. We're going to be breaking down the various divisions underneath that particular department and we are starting off with a couple of General Fund departments. And this little history and I won't elaborate much cuz I know time is sensitive today, but the department has grown in divisions over the years, mainly through necessity as rightsizing took place initially and opportunities presented themselves, the Community Services Department was born. Mainly because everything we're gonna talk to about today is External Service to our residents and our visitors and so that is the primary focus of why some of these got located in your Community Services, because that is the one thing they have in common, is we serve external customers almost exclusively.

Scott Morgan, Community Services Director and Brian Fitzgerald, presented on the following Community Services topics:

- Animal Care and Services/Weed Control
- Social Services
- Revenue
- Expenses
- Supplies and Services
- Supplemental Requests
- Programs

To view Mr. Morgan's complete presentation, please see the Board Packet and the Supplemental Materials.

Mr. Morgan speaks:

So with that, let's start off with the Animal Care and Services and you'll see the revenues under Animal Care and Services, there isn't much change to note, particularly in Animal Care and Services other than it is pretty extensively the same. They sell licenses mainly for dog and they have fines for Animal Care and Services. Are there any questions on revenue? Let's talk a little bit about weed revenue because there is a significant change in weed revenue. Weed control does charge for support services and you can see they have private weed spraying, County weed spraying and chemical sales. You'll see an increase of \$100,000, which has a net increase of \$80,000. That is just being consistent with current operations, where we put in a supplement request

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which has been included in this year's budget document to include additional \$80,000 in chemical sales. For years, we've been playing a little bit of a game through the augmentation process because of Board policy which says you can't increase your Service and Supplies. We knew over the last four years that we had increasing the cost of delivering the services that were recovered through chemical sales and weed spraying and it was always handled through the augmentation process. We are trying to get ahead of that just below more transparent when we know an expense is coming, we know the revenue is there and just build it into our budget. So that expense is offset directly by the revenues, when you see it on the expense side. Let's go over to expenses; under Animal Care and Services, you'll see annual...

Vice Chairman Penzel speaks:

Scott, can I interrupt you? We're trying to balance all the paper. When you start right out, I've got the one submitted with the agenda, I've got what you got. Did you have a supplemental sheet of expenses?

Mr. Morgan speaks:

We did not alter our PowerPoint presentation from the packet. However, the line item budget was delivered this morning and we will go to that. I will let you know when we deviate from that package, if everybody has that. We'll skip to that, just so we can pay a little closer attention to the various line items in the expense side regarding Service and Supplies. And we will go to that next when it comes down to Animal Care and Services. You will see that we do have an increase in Animal Care and Services, mainly an FTE which was added in the current Fiscal Year as result of a Board approved donation that came in, which funded a position for five years. So when we hired that individual, it was with the auspice that when the funding goes away, so does the position but this position does give us the opportunity to add an Animal Care and Services officer, which was eliminated about seven years ago through attrition and the budget process. Let's go to the Service and Supplies, Brian, on Animal Care and Services. This was a handout that was given to you this morning. This is particular to the Animal Care and Services; because we have 17 pages of these, I'm gonna spare you by reading every single one of them and just point out those that I think may be of interest to you, and if you have specific questions about a line item, I will be happy to answer that. The two that kind of pop on this, and Brian, if you have the cursor on it, is one, Professional Services, where you see we budget \$6,000, but traditionally we spend anywhere between \$15,000-\$11,000 annually. This dollar amount is augmented through the augmentation process through donations. DAWG (Douglas Animal Welfare Group) is our nonprofit exclusive to the Animal Shelter Support, raises money to pay for medical needs for critters at the Animal Shelter. So as a dog goes in. We then get reimbursement from a nonprofit to care or provide extra services to the animals at the shelter that DAWG would like to provide that extra level of care. So those dollar amounts come in as needed and as spent through donations. The other one is Sterilization and you'll see, traditionally we spend between 23,000 and \$17,000 annually for sterilization and we only budget \$2,500. This is a cost that is passed on as somebody adopts a dog, they pay for the cost to sterilization. Every animal that comes in the shelter, whether it's a

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cat or dog, if it is not been spayed or neutered, gets spayed or neutered upon their receipt at the shelter and then when we adopt it out, we pass that cost on to the person adopting the animal. And so that then gets augmented as the revenue comes in we augment to the reflecting cost. And it's difficult to anticipate how many dogs or cats we'll be doing, so we use the augmentation process to cover actual numbers.

Vice Chairman Penzel speaks:

You know I'm go to this, so explain what the response is to the question about budgeting more for sterilization for feral cats.

Mr. Morgan speaks:

What Commissioner Penzel is referring to is he received inquiry today from DAWG about the County received or was presented with the issue of feral cats in Douglas County during the presentation point at one of the Board of County Commission meetings and they requested that the County consider budgeting and allocating resources to sterilize feral cats in Douglas County. What would happen is people would trap the feral cats and then bring them in and have them sterilized and then release them back to where they were trapped, so that they can start curbing the numbers of feral cats in Douglas County through a sterilization process. We did meet internally as a staff, and our conclusions were that although it is a great humane thing to do in Douglas County, to curb that, is not consistent with State law or with the purposes intended to serve Animal Care and Services under Title VI of the Douglas County Code. We asked that that organization put in for Community Grant to do those things, which I believe they are in the Community Grant process, although I don't know if it is exclusive to feral cat sterilization. That is something we would be open to, but it is not consistent with the scope of services provided. We do sterilization of animals coming into the shelter but we do not have a sterilization of feral cats in Douglas County. We also polled all the other organizations, our surrounding neighbors, the Humane Society in Carson City, Lyon County, Storey County. None of them are allocating resources to a feral cat program. As you get more rural, you have less of a feral cat program or problem. As you become more urbanized, then the feral cat problem tends to grow, mainly because of natural predators in a more rural community. Our feral cat problem is more contained within the urban portions of Douglas County. The rural portions of Douglas County, they are self-controlled through predators. It is the more urbanized areas of Douglas County where the feral cats get some relief from the coyotes.

Vice Chairman Penzel speaks:

Thank you.

Mr. Morgan speaks:

Are there any questions on the other specific line items? If not, then we'll go and bring back to the weed control; you'll see the expenses there and what will immediately pop out you is a 21% increase in salary and benefits. During the last year's budget process, the Supplemental Request was approved to create two full-time Weed Control Operators as maintenance assistants within the budget as a result of reducing four part-time people. So we can now have a

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total of two roving crews to do weed control, four people full-time in that department to do weed control. As a result, you'll see a corresponding increase in salaries and the benefit portion of the salary because it was cost neutral on salaries; that expense, as submitted last year, was recovered in fees and it continues to be recovered in spraying fees in the department. So that is truly a cost neutral increase. You'll see in the Service and Supplies a \$78,000 increase. That was the Supplemental Request that was offset by revenue, a total of \$80,000, or roughly \$1500 in other Services and Supplies reductions and that's what you see that \$78,000 number. Brian, if you would pull up line item.

Vice Chairman Penzel speaks:

Scott, while he's doing that, CWSD (Carson Water Subconservancy District), one of the other boards that I sit on, they have obtained grants for weed control, federal grants for weed control. Are you aware of that?

Mr. Morgan speaks:

There are a number of sources that I don't know if it's specific to us. It may go through the Conservation District, which is one of the items I want to talk about under the line item budget. It probably will not be funneled through us and if it is, then that would be a source, an additional source of revenue, which we currently have contract with BLM (Bureau of Land Management) and Forest Service, as well as the State of Nevada, to do spraying on their properties.

Vice Chairman Penzel speaks:

Of course, one of the big issues with the ag community is weed control, especially when they're trying to sell weed free hay, which is demanded, especially on federal land. The primary, well, we know primarily who looks after this, but the point I'm trying to get at is that the Conservation District was given some money from CWSD out of that grant, for weed control; do you coordinate with them? Do they hire you to do it?

Mr. Morgan speaks:

No, and I'll kill two birds with one stone. If you look at the line item that Brian has under the Weed Control budget, you'll see a line item called Contract Services of \$125,000; that is been placed in the budget over number of years to help the Conservation District provide free weed spraying to those difficult properties, mainly along rivers, irrigation districts. It's all hand crew and the Board provides that support; not just to augment our current weed control program but to provide additional support to the agricultural community to start making a dent in these weeds. It's been highly regarded and what it contains is \$75,000 for them to pay part-time labor through a labor pool to do their own spraying and the balance of the \$50,000 for equipment and chemicals to go to support their operation. We coordinate their efforts through the Weed Control Department and if they have additional sources, they will use those crews and those resources to capitalize on those and go in and get those areas where nobody wants to spray. It's not really efficient for us and it's primarily handwork in really sensitive areas, so we're taking it on, not just in the approach of, you know, these are the people that have the money to pay the

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can pay us for ag spraying or private property spraying, or we will sell chemicals to the public, as well as rent equipment, but now we can go out and specifically target areas that the Conservation District has highlighted as a real problem; we have these weeds growing right next to a ditch and this ditch spread seeds throughout the entire Valley. It is just another pronged approach. We had a really great Weed Control Department prior to this, but this really helps things and helps us get the areas where we have real problems that needed addressed, that a collaborative community comes together and say, "These are your priorities" and we assist with those efforts. In fact, they stage out of our area, chemical up in our area and it's something that we have a real coordinated approach in delivering of that service.

Vice Chairman Penzel speaks:
And do you include TRE (Topaz Ranch Estates) in this?

Mr. Morgan speaks:
We include all of Douglas County; Lake, Valley, North and South.

Vice Chairman Penzel speaks:
Are you aware of the relative budgets between Weed Control organizations and other counties?

Mr. Morgan speaks:
We are the only County that operates like this. There is, Lyon County does have a line item and, I believe, a part-time crew, but there is nothing in the State of Nevada that operates quite like us.

Chairman Thaler speaks:
Real quick, Scott; rents and leases, where do they rent? What building are they renting?

Mr. Morgan speaks:
They rent the Parks building at Lampe Park for their chemical storage and their equipment.

Chairman Thaler speaks:
You're charging rent for your building?

Mr. Morgan speaks:
We have to because it's separate funds; it is the General Fund Department paying the Room Tax Fund for use of their facilities.

Chairman Thaler speaks:
Like an Enterprise fund?

Mr. Morgan speaks:
It is not, it's just kind of a reverse cost allocation at a very reasonable rate. Okay, no other questions on that? Moving on, let's go on to the Services; go back one to Animal Care, I'd be happy to read all these, but because there are

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70 some slides I need to get through, if it's all right to just ask if there any questions regarding the delivery of service of the programs provided by Animal Care and Services. Seeing no red lights or nodding heads, go on to Weed Control, Brian. Any questions regarding the various programs?

Chairman Thaler speaks:

Yeah, I'm still stuck in that seventh; my apologies. I'm just trying to figure out, okay, if they're paying rent to you, right?

Mr. Morgan speaks:

Yes, to the Room Tax Fund. I'm paying rent to me, technically.

Chairman Thaler speaks:

So that money comes back to you through Room Tax Fund?

Mr. Morgan speaks:

It gets billed and then comes into the Room Tax Fund as a revenue. Seeing no questions regarding the Weed Control programs, if you would go to the Supplemental Request. This is all one that I'd like to spend just a little time elaborating on because the information contained in your packet is a little light. One, the first Supplemental Request is included in the budget document; that's \$80,000 we talked about both on the revenue side as well as the expenditure side of the Weed Control budget. The second is a Supplemental Request that's been generated from the County Manager's office in cooperation with the Road Department, is a problem that keeps coming up over the years, which is weed control in public right of ways. And it's an area that that hasn't been adequately addressed and where it truly becomes a problem is, in just one example, is Code Enforcement response to a complaint of somebody not abating their weeds. And the first words out of their mouth is, "Well, I'll abate my weeds when the County abates theirs right out in front of my yard in the public right away." And then the Parks Division gets a phone call that says the Roads Department has obligations or other commitments and we go out and mow down the weeds and or send Weed Control out there if it's early enough to kill weeds, but typically they have to be mechanically removed. And so what this contemplates, for your debate, is it in the County's best interest to put out a separate Weed Control crew just to handle County property that is non-Park related vacant land under County control and the hundreds of miles of public right-of-way, which are the County's responsibility? And what that \$281,000 amount makes up is \$94,000 for two people, Park Maintenance Assistants, essentially, \$13 an hour with salary and benefits \$94,000. The remaining \$188,000 includes \$50,000 for one time a vehicle spray rig \$80,000 in chemical and \$42,000 for mower since a lot of it has to be mechanically removed. And that would allow Douglas County, through the Weed Control Department to have a team with the vehicle and equipment to go out and do public right-of-way's year-round. Even in the winter, we would do pre-emergent work; it would be something that they would just continually around-the-clock take care of noxious weeds, as well as other weeds in the County right-of-way.

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Commissioner McDerimid speaks:

The County does own property in certain areas, for instance, in the HOA (Homeowners Association) in which I live, there are County lots. If they do not take care of the weeds, it's not a park, it's just property that the County owns that they're responsible to maintain. If they don't take care of that, then it impacts every house, and the wetlands and everything else, so I understand what the rationale behind having this type of program and people to do it because the County has to be, is responsible, as we want our citizens to be about their property. If I have to take care of my own weeds in my own property, if the County's lot is just down from me, they need to take care that as well.

Chairman Thaler speaks:

Good point. So just a comment that as we try to move towards that \$2.5 million, we're actually moving in the opposite direction.

Larry Werner, County Manager, speaks:

That's correct.

Chairman Thaler speaks:

We look at roads and trying to find out how much money we can put roads, reduce that by \$281,000 but we'll get there at the end.

Mr. Morgan speaks:

And I think you could almost attribute this to Road Maintenance because it is primarily right-of-way work. It's the responsibility the Road Department but it is truly better coordinated through the Weed Control Division.

Chairman Thaler speaks:

I'm just throwing out there our goal was \$2.5 million and when we do the Supplemental, we reduce that ability, so we'll get it.

Mr. Werner speaks:

Right and the \$2.5 million would've included something like this too.

Chairman Thaler speaks:

You're right.

Mr. Morgan speaks:

I would also like to amend my comments of not around-the-clock but year-round.

Vice Chairman Penzel speaks:

Thanks; you know, as were discussing this, it would seem to me, Mr. County Manager, that you might look at if we're going to do this for roads, putting them under the Roads Department, and in case they ever had additional free time...

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Mr. Werner speaks:

And that was the debate I, we've kind of had to cancel a couple meetings between Roads and Scott and myself, to try to determine what was the best place for this to light. I think bringing this to a head like this, even though, if it goes into, stays within roads, there needs to be the understanding that at some point, because we offloaded complaints and somewhere along the line, it's gonna be a priority for road maintenance.

Vice Chairman Penzel speaks:

And my thought is that it's hard to do Weed Control when there's snow on the ground but we have equipment that doesn't get run for snow removal then they could alternately work the equipment. That would be the way I would recommend it.

Mr. Werner speaks:

If we do that, one of things we need to look at is cost would probably go up because we're only looking at these folks being part-time.

Mr. Morgan speaks:

It would be full-time, but they would be Park Maintenance Assistants, making \$13 and change an hour, which is substantially less than, and they will also do snow removal when there is on the snow on the ground, but they'll be doing parking lots, the jail and your sidewalks and ice melt on this facility and when the snow is gone and they're doing pre-emergent work. So there, we have a plan so there's no idle time for the crew but by making them Maintenance Assistants, the pay is significantly less.

Mr. Werner speaks:

It's worth the conversation, absolutely.

Vice Chairman Penzel speaks:

And it's really reaching down, but I was just making a suggestion.

Chairman Thaler speaks:

So how much of your, the Weed Department employees are spent spraying other people's, I know they get reimbursed for that, how much of their time in a year, just a guess, is spraying other people's property?

Mr. Morgan speaks:

Oh, probably 95% of the time is spraying people's property. The other 5% is doing things like snow removal and then occasionally we pay them, if we are short staffed, to spray parks but most the time they are spent paying other people's property.

Chairman Thaler speaks:

And if they weren't doing that, we wouldn't get the revenue?

Mr. Morgan speaks:

Correct. If we weren't giving money to the Conservation District, which is an

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awesome plan, this program would be merely costs recovered. We're starting to enter into the Social Services and the first one, which doesn't bear a lot of explanation, is a simple collected pass-through, it's a property tax collected on behalf of the State of Nevada for the State Motor Vehicle Accident Fund. So we collect it and then we simply pass it through, as outlined in NRS (Nevada Revised Statutes).

Vice Chairman Penzel speaks:

Scott, I want to go back to what you said about Weed Control and the reason is you said we give the money, \$125,000 to the Conservation District. Given the fact that we have three of them, two down here and one up at the Lake, are you giving that all three, are you dividing it up, or are you just doing it to the Carson Valley Conservation District?

Mr. Morgan speaks:

Good question, excellent. We only give it to the Carson Valley Conservation District; it only goes to one.

Vice Chairman Penzel speaks:

The second part of that question is more information; in the last session of the legislature, the legislature authorized Carson Conservation Districts to collect up to \$25 per parcel as a tax, and the Carson Valley Conservation District, Walker River Conservation District and the NTCDC (Nevada Tahoe Conservation District), the one at the Lake, as far as I know have opted not to collect that. So by supplementing this out of the General Fund, we are saving the taxpayer money by eliminating an additional tax, is that correct?

Mr. Morgan speaks:

You are correct and you're also stimulating the economy by creating one of the finest places for weed free hay in all the State of Nevada.

Vice Chairman Penzel speaks:

Thank you, sir; continue.

Chairman Thaler speaks:

So can you briefly describe what the State Motor Vehicle Indigent fund is used for?

Mr. Morgan speaks:

If I start bailing, I'll have Karen come up and, Karen Beckerbauer, the Social Services Manager, come up. This is a tax that is collected throughout the State of Nevada that goes into a fund to pay for people, mainly pedestrians that get hit by vehicles in the State of Nevada who do not have insurance and cannot pay their hospital bills as a result of their medical care.

Mr. Werner speaks:

If I can add to that, I believe this is administered through NACO (National Association of Counties), is that the one? Yeah, the money goes to NACO, and they in turn, accept requests for reimbursement and review that and determine

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whether or not to pay. If for example, we have a hospital bill that's from out-of-state indigent, I guess, trying to think of how that works, it's...

Mr. Morgan speaks:

Theoretically, everyone in a vehicle should have some type of either car insurance or personal insurance. These are mainly pedestrians that get hurt and that mainly happens in Clark County. And any motor vehicle accident that happens on our roads or highways. Okay, there's a program, wow, okay. We did substantial changes last year during the budget process and it was a mouthful and we spent a lot of time. This year is the completion of this process, where we're really pleased to announce it for the first time, the Social Services budget will be understandable and transparent, which we could not say in the past. And what I'm gonna attempt to do, and hopefully I can do it, is try to explain the difference between the 216 fund and the 215 fund and how closely they are linked and how we are operating these funds now. And I'll give you a little history of how we have operated them when we get into kind of, the expenditures in the next slide. But basically, what these two funds outlined and what NRS outlines is "you shall"; you shall care for your indigents in Douglas County and it's even been more conservatively interpreted as the first dollar you make are going to go to caring for your indigent. So the management of these funds is really important and I think we've done with this fund by making it more transparent and easy to understand where the expenses are coming from, are gonna benefit Douglas County for a long time. The 216 fund is where we are now planting all of the expenses, whether it's medical, long-term care, general services, most of the staff or all the staff cost, all coming out of the 216 fund. And the 215 fund, which we call the Supplemental Fund, used to be called the Medical Supplemental Fund and State law was once written, where it said you had to spend all your money in the 216 fund for general services. When you run out, then you can go to your supplemental fund for all your cost. Well, the legislature recently modified that, in fact, they did it about four years ago where they opened up and they no longer call it the Medical Supplemental Fund; they just call it the Supplemental Fund and it can be used for Indigent Services. The other distinction between the two; you have a tax rate, which I'm going to talk a little bit about for the 216 fund, that says those expenditures must grow by, you'll see it in red up there, by 104.5% every year. And that's what kind of pigeonholed us into this process, which was really archaic in the past, where we used to have this budget in the 216 fund for general services that only grew by 4.5% because we wanted to stay consistent with State law and we didn't want to have those expenses grow beyond our ability in the future, to have it grow by 104.5%. So what would happen is within 4 to 5 months, we would completely expend the 216 fund and then everything got lumped into one line item in the 215 fund and you had no idea what we're spending. The public could not tell, were we spending on long-term care or rent assistance. It was really hard to understand. It was very, very difficult in the past to budget. So we started on this position last year to start pulling everything into the 216 fund, breaking it into the departments so you could see what adult Baker cost. You can see with the clinic cost because you could see what general services cost and you can actually track what long-term care cost without having the staff spend a couple of days finding out what a

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particular cost in the indigent fund was actually going to be. And so we've achieved that this year and so we're gonna kind of, it's gonna be a little bit difficult to follow. So what I did include in here and I apologize for that, is the only way I can make sense of this fund is to do a worksheet and what I put is a screenshot of the worksheet that I use. Brian, we'll kind of go to that. I'm sorry, let's talk a little about the tax rate before I do that. Last year, we spent a lot of time talking about the tax shift that came from mainly the Supplemental Fund, and go to the next one, which is a blowup of that. Back in 2012-2013, we were collecting \$0.10 of what we call the Supplemental Fund, where you have State law gives you the opportunity to collect between \$0.06-\$0.10; in 2012-2013, we were collecting \$0.10. We were also generating significant reserves at the time and the Board made conscious decision and I really want to make sure we point this out because it looks like a deficit spending because you are in this fund and we have for years with a planned approach to reduce reserves. And so we're on that track, we're still in the track and I'm gonna talk a little bit about that we get to the slides. But we reduced it down to 5.7 then than 5.25 and we shifted that tax increment over to roads to help fund roads. Last year's direction, because we had some additional cost in this fund, as a result of the Public Guardian needing some help for some previous cost and ongoing cost, we increased the transfer to the General Fund from Social Services to pay for additional guardian cost, and as a result, your current tax rate your collecting in the Supplement Fund is \$0.06. It's no longer the \$0.0525, we are at \$0.06. Yes.

Chairman Thaler speaks:

So my question is, and I know, I think it came up last year, but under NRS 428.285 it says the Board of County Commissioners of each County shall establish a tax rate of at least six cents but we're only going five; is that the least? Is 5.25 cents kind of like six?

Mr. Morgan speaks:

No, and we may have the Clerk-Treasurer comment on that who is familiar with that but we were allowed to go below the six cents because of our reserves.

Chairman Thaler speaks:

Is that like a letter that we get like exempted from NRS or someone told us you can not follow NRS or that does that work?

Mr. Morgan speaks:

I got told I could not follow NRS, I guess. But now we are following NRS as we are at six cents currently. So we are in that it says 5.25, but last year we increased it to six cents on the tax rolls and so if you were to get the print out for 2017-2018, it would show six cents.

Mr. Werner speaks:

Mr. Chairman, I have an issue with that too. We couldn't get anything official so we said let's make it six and then it happened to work out that we needed it

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anyways.

Mr. Morgan speaks:

I thought you're just helping me out there when I got that six cents, which I really appreciated.

Chairman Thaler speaks:

No, as you look at your next page which, when you talk about the tax shift, which is phenomenal spreadsheet, unfortunately, up there it's really small, but on ours, we can zoom in. But it kinda gives you how tax rates have changed throughout the years and if, what's interesting, not quite sure where you got these numbers whether they came from Kathy Lewis or whatever, you can see how all the tax rates have changed over the years. So when you look at this, you can see when things happened. For instance, in 2011, the tax rate for Minden went down and the tax rate for the County General Fund went up and most interestingly, and you got it almost highlighted, the beginning of the roads showing up on your tax bill, roads was in 2013-14. Before that there was no roads on your tax bill.

Mr. Morgan speaks:

Correct, yes.

Chairman Thaler speaks:

Which is interesting and it only changed a penny since then. So you went from \$0.0425 to \$0.055 or \$0.0563, so I guess that's where you're going with that the next...

Mr. Morgan speaks:

Mainly, we just want to explain why we are where we are going and because we also want to have a conversation at some point in time, we need to turn the ship around in Social Services because we are still in a planned reduction in reserves, which we, at current rate, we can sustain for probably two to three more years. And so we can jump right to the next slide, where, Brian go right onto the bottom, this year, if you look at the 215, you look at the 216 fund, we are consuming \$325,000 worth of reserves. Last year, we were about \$450,000 so we are in kind of a reduction mode and it is our plan to ease into this, but without restoring tax rate or reducing what the other option is, the transfer out from this fund, which we could get back to, I guess, a cash neutral spending program by one or the other; either restoring the tax rate or working on eliminating the transfer out or some of them, which is what we plan to do. I think your best approach is to ease the transfer out and I'll kind of go over where the transfer outs, they're there in your slide a couple of times that fully explained that, but this slide, it makes sense to me because I use it so much, just because it's only I can make sense of this budget, so I'm gonna walk you through what is important. I want to start with the, down at the bottom of the 216 and go to the revenues, Brian, were this is that \$0.06 generates \$1.6 million. That is the revenue that comes into this fund and the only other revenue we have is some interest that comes in, but this is where the majority of the money comes in for this fund. We used to spend out of this fund, which

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now, we're planning not to. So that is the revenue; then kind of go over to the expense, Brian, where start up at the top, down at the bottom top, 216; you see \$500,000 in an expense. This is truly a contingency now; last year it was in there, we spent out of it because we didn't fully embrace the expenses mainly for long-term care in last year's budget, but that \$.5 million, rather than tucking into a reserve it's difficult to get out, it is placed in there to act as a pure contingency because one of the things that maybe a little bit maddening about this fund is you don't have 100% control over the expenses, "you shall" and so when we have four more people going to a convalescent care home and we end up picking up the tab, "we shall". So we have to plan a more fluid contingency and we wanted to use this fund as that contingency so we can monitor expenses in the 216 and then use the 215 fund as a pure contingency. The only other expense that you see over there for \$34,000 right next to it, and the reason I'm referencing that it's good to show up on the expense side as \$534,000, I want you to see where that came from. That is cost allocation to this fund and that's something we're continuing to work through the process to ensure we're consistent in how we're delivering and paying for cost allocation, that's something we're working with the County to see is this an appropriate place for cost allocation. But for now we have \$34,000 in cost allocation to that fund that is being paid out of this item.

Chairman Thaler speaks:

Can you show me where you transfer money out of this so that we are...

Mr. Morgan speaks:

Okay, keep going down, Brian, the \$250,000 right below that, that is by NRS that goes to the State of Nevada to pay for other supplemental medical costs. So that's a direct, we collect it by NRS, we give them \$250,000 annually; goes in something delivered to NACO again for medical supplemental request for County's that need it and that's an NRS pass through. And then the next one is your transfer outs.

Chairman Thaler speaks:

Okay, so my, the of my sentence was going to be to fund the community grants.

Mr. Morgan speaks:

Yes, that'll be in the 216 up above.

Chairman Thaler speaks:

So it is, so we don't...

Mr. Morgan speaks:

You're not in the 215 fund, which I'm on right now. We do not fund Community Grants out of the 215 directly.

Chairman Thaler speaks:

I just wanted to see where, so you're only, you haven't jumped down yet, right?

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Mr. Morgan speaks:

Okay, so now we're gonna talk about the transfer out. This is the money that's going to fund the 216 fund, which we're gonna cover and you're gonna see that dollar amount of \$1,688,000, and then where Brian's arrow is pointing, when I have it on another slide under the expenditures, here's where those transfer outs from that fund go. And the biggest one is up on top and that's \$1,119,000 that goes to fund the 216 fund and the expenses needed to fully fund all of the services contained within Social Services, whether general, medical, the health nurse, adult daycare, that is the amount of money that is needed from the 215 fund to support those functions in the 216 fund. The rest of it is a transfer out to the General Fund for the Public Guardian of \$172,000, a transfer to Senior Services for DART (Douglas Area Regional Transit) transportation and indigent services provided by the Senior Center in the amount of \$347,000 and then a transfer out to the General Fund to support jail functions. Even though we still pay for a lot of the indigent care directly as a medical bill for indigent care, this is a support to the General Fund. Those are the really the three areas that we are going to be concentrating over the years to look at reducing the deficit spending and we were starting, obviously, with the Senior Center. It's the largest one there. If we can continue to see growth in the Room Tax funnel, which we'll talk about later, we're hoping to increase our support to the Senior Center for those functions to reduce that transfer and this one is just one option that we're going to be looking at to help reduce the deficit spent between these two funds.

Chairman Thaler speaks:

So, which number has the Community Grants in it?

Mr. Morgan speaks:

Okay, we're coming up to the Community Grants is under the, it'll be in the 216 fund. I'm not sure if you can find it, but it will be in Service and Supplies, Social Services, General Services and there's that \$477,000. That's where the Community Grants are coming from.

Chairman Thaler speaks:

Part of that \$477,000...

Mr. Morgan speaks:

Part of that, correct.

Chairman Thaler speaks:

Do you have latitude in that? I know a lot of the Community Grants are going to come up next month or this month or whatever, but a lot of those Community Grants are serving indigent people, parents programs and all that stuff and we only fund \$60,000 so I wondered if there was a way to increase the amount that could go to Community Grants to lessen the General Fund amount, does that make sense?

Mr. Morgan speaks:

Well, yes, it does and I'm sure there will be a lot of debate and discussion when

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those Community Grants come up but we have to be specific and good thing we have Karen Beckerbauer here, who is also the administrator of your Community Grants program, that there is a nexus between those agencies that directly serve indigents. If we were to increase that, we have to increase that transfer in, because it really doesn't come at the expense of other programs within the General Services Service and Supplies line item. So if that number were to go out, we would further increase the deficit spending and the depletion of reserves to fund those extra functions. Okay, so now with that, over even farther to the right hand column and I just tracked by fund where the monies coming from down here. So you see in the 216 fund, we actually have an operating surplus of \$25,000 and if you look down below that, you're gonna see we have a operating deficit of \$351,000 and that makes up the net operating deficit between the two, just to match, to see where dollars are coming from and how they're being attributed. Jump up to the revenue on the 216, now there's also a line item that was above the other one that is roughly \$0.0337 cents on the property tax bill. This is where that dollar amount comes from. So that's a property tax coming in specific for general Social Services in the amount of \$876,000. The one coming down below it is the grants that are counted on. Time to time, you probably see them, they are almost every other Lake or Valley meeting where we have a grant that is either been authorized by this body or awarded to this body to support Social Service functions. These are grants that we know about, grants that come in mid-year, mid-budget year. Those are approved by this body and then they get augmented in and if they come in mid-year, at that time, but right now we have \$220,000 worth of State and Federal grants that are coming in to support Social Service functions. \$400,000, this is the other area that we are identifying potentially to be an assistance in reducing our deficit spend. These are fees and charges that are coming in through the medical clinic operated by Douglas County and the adult daycare. And we do see future growth in this and we're hoping significant future growth, primarily in the medical clinic as well as some additional support in the adult daycare. Right now, we're anticipating \$400,000 coming in those two functions interest and then...

Vice Chairman Penzel speaks:

Excuse me, and maybe we can get the Clerk Treasurer to help on this. I've noticed a trend that whatever fund we're going through, they show, it looks like a nominal number of thousand dollars in interest. It's pretty consistent and they have variable amounts. Are you allocating interest on our reserves back to them and just doing it on basis of what?

Ms. Lewis speaks:

Kathy Lewis, Clerk Treasurer, for the record, we allocate the monthly interest based on the monthly, on the average daily balance in each fund and I actually had the same question you did. I have not looked at how other funds are budgeting interest and so I put a note to myself to pull a cross fund report and look at the interest for all the funds for your final budget. I can do that and work with Finance but it is allocated, I mean, it is every month allocated to funds based on their average daily balance of the fund.

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Vice Chairman Penzel speaks:

Well, I appreciate what you just said but you prompt another question. This is an annual figure, of the thousand dollars in interest.

Mr. Morgan speaks:

Correct, yes. So you're allocating a portion of that per month?

Ms. Lewis speaks:

On actual. So whatever our, whatever interest we've earned on our investments we allocate that out monthly. It's not based on the budget number, but we do, do it monthly.

Vice Chairman Penzel speaks:

And since our annual year is in June/July, that would then make a year for them. You would have to total up what they actually got at the end of the year, I would assume it starts sometime in July, you start sending that out, so this figure of a thousand can vary as interest rates vary. Why are they using a thousand?

Ms. Lewis speaks:

I don't know that. But I do know we purposely went to a different investment advisor in July so I'm not sure past performance would have helped departments determine their budget for next year but I would like to look at that and see if I can help. We don't, so we'll base, as actuals come in, we'll credit the amounts to each of the funds but we don't usually help with the budget but I did want to look at that for, before, not before July; I want to look at it before the final budget.

Mr. Morgan speaks:

Then, we're going to the transfer in, you'll see the transfer in coming in as a revenue source, which correlates to the total transfer outs from the 216 of \$1,119,000 used to balance that fund. Are there any questions before we, I want to kind of spend a little time...

Commissioner Walsh speaks:

I'm still looking for the transfer in on the 216, \$1.118 million, where am I seeing that as a transfer out?

Mr. Morgan speaks:

You're seeing that over on the spreadsheet off to the right hand side, you're seeing the total transfer out from the 216 of \$1,688,000, which, much of it goes the General Fund and Senior Center and then that \$1.1 million is coming to the 216 fund. Going over and we'll talk about this, but it gets a little less clear when we break them into those individual departments, so I want to mention up at the top right after medical, because in Social Services, you have just a medical budget, doesn't contain staff, but that's really where your long-term care is planted. And we have budgeted and you're going to see, of that \$405,000, the biggest one in there is long-term care cost and that's \$340,000

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budgeted and that's what we anticipate based on our current trends and clientele in nursing homes will cost Douglas County in the next fiscal year and that is licking your finger holding it up in the air guess, based on the trends that we are seeing. That is the one number that can change dramatically and that's why we have that \$500,000 contingency set aside in the 216 fund. Also in that is the additional \$20,000 for prison support, so we transfer some money to the General Fund, but that we also pay about \$20,000 contained in that line item for supporting inmates medical needs and prescriptions in the jail. The other one I want to talk about is and you'll see this highlighted when we talk about some of our cost push downs. We do normal budgeting within the 216 fund, we abide by the Board policies until those things are outside of our control. We had an increase that includes \$160,000 in cost allocation and we'll review that later down when we go through the expenses. So with that, if there any general questions about kind of how the nexus between the 215 and the 216 works, we'll kind of drive into some of the different departments and their expenditures.

Vice Chairman Penzel speaks:

I have kind of a general question, oftentimes it's explained that we're following Board policies and I don't have a readily handy dandy little Board policy file that I look at or can look at quickly. I would appreciate if you identify what the Board policy is that you're conforming to, so we know what it is and more, is it a hindrance to you or is it an advantage to you? Do we need to revise that particular board policy?

Mr. Morgan speaks:

The Board policy or direction I'm referring to is keep Service and Supplies the same as the prior year and a Supplemental Request needs to be generated in order to increase that. For example we did Weed Control, that was, we had an obvious increase in revenue, we have an obvious increase in expenses. That is a Supplemental Request; is not a hindrance. I think it is, it's an important Board policy that works on most levels, but when it doesn't exactly fit the cookie-cutter, then there's an explanation that is given either through a Supplemental Request or just an NRS change or we'll call and you'll see in some of our documents. We call them push down expenses. These are expenses that drive Service and Supplies or Personnel costs that are outside the control of the Department Manager. They are just "this is your cost". It's an increase and it came, for example, Vehicle Maintenance. We get the bill for, here's your estimate. You put in. It's obviously an increase but it increased your Service and Supplies; that is outside of the Board directive to keep Service and Supplies static or the same or reduced. And so that's what I mentioned and I will be clear when I mention that in the future.

Vice Chairman Penzel speaks:

Bless you for your explanation and that prompted the question, where is vehicle maintenance in there?

Mr. Morgan speaks:

We'll show you; it is, they are a motor pool vehicle but on other departments,

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you'll see where we have vehicle maintenance mentioned. We call those out in every instance throughout our presentation.

Vice Chairman Penzel speaks:

How many total vehicles do you have in your department?

Mr. Morgan speaks:

Social Services has two.

Chairman Thaler speaks:

So who generates the property tax numbers? Does that come from the State or Kathy, do you do that? The reason I asked that question, if the 215 is \$0.06 on everybody's property tax, and then the 216 is \$0.0337, okay so, I don't, the math isn't correct there because if \$0.06 generates \$1.6 million, but \$0.0337 only generates \$876,000 that math, unless this is that new math they're teaching, that doesn't make sense. Help me out.

Ms. Lewis speaks:

Kathy Lewis, Clerk Treasurer, for the record; not new math, but abatement. So there are two different abatements on your property tax; you have abatement due to the assessed value increasing and that affects every tax rate because the assessed value increases on a property, everybody gets abatement of the assessed value increased. Or you have abatement due to the tax rate increasing. So when we talk about, and that's only specific to those tax rates that have increased, which, interestingly enough, makes that penny of a tax rate very different in every different fund because of the abatement. The indigent rate that was, it was low, like at \$0.06 before the abatement went into effect before 2005 and then we raised it to \$0.10. That was a lot of abatement because the tax rate increased, so that's why the value is different in the 216 fund vs. the 215 fund. How we calculate the projection is we have to do it on every single parcel because of the abatement. I run the program through our property tax system, and they do a projection on every parcel on what that tax rate is and so it is, they do it on every parcel and then sum up all the entities taxes and that's how we get it. But it does make it very confusing because the value of a penny is very different depending on what tax rate you're talking about.

Commissioner McDermid speaks:

I was just gonna say some of us were schooled on that many times before because it doesn't make sense that the penny on a tax rate should be the same but it is not, and it makes it extremely difficult and confusing in trying to figure out how that works but that's Nevada.

Vice Chairman Penzel speaks:

Kathy, do you remember this list, you remember the two different values, 178 and 195, the difference in the two pennies?

Ms. Lewis speaks:

That was at the time that I did that presentation, but now because we've had

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the economy drop and has come back up, it's a totally different standard. And I do, I do, we have many taxing entities in Douglas County and I've had the question from other taxing entities about the value of their penny or wonder if they do this or wonder if they do that and I encourage any taxing entity out there, including the County, let me run a scenario through our system because I can't tell you, it's not proportionate either. So let's say you want to increase medical indigent to \$0.07 next year. You can't divide what you have by six and add that to there because now you have abatement on that penny that you increased and so you can't, it's not easily, even those pennies within the \$0.06 are not proportionate. You drop it by a penny, it's not as proportionate as if you drop it by three pennies. So I encourage anybody want to try it, let me run it through the system, it's is very easy to do, but there's no way to do it on your own without going through the system and in doing a projection.

Vice Chairman Penzel speaks:

How long does it take to do that, if you run it through the system?

Ms. Lewis speaks:

Probably the longest is just the system running the projection so maybe five minutes, 10 minutes.

Mr. Werner speaks:

In answer to Commissioner Penzel's question on the interest, I just happened to quickly look it up. Currently, the interest collected by the 216 fund is \$544 since the beginning of the year through February. So, the thousand is fairly close.

Mr. Morgan speaks:

If you go over to the 215 fund; alright, so here's where hopefully things tie back into the spreadsheet and start making little bit more sense because the numbers are big and they're dramatic and hopefully this is last time you're going to see things presented in this manner. What you see up there is the revenue that we talked about in the 215 fund, the taxes that are coming in at \$1.6 million. You see a change that's \$115,000 increase over the prior year and then you're gonna see that reduction in reserve coming in and that's big, helps explain why we're deficit spending and also sets up at \$500,000 contingency in a spendable fund. On the expense side, you'll see that \$534,000, \$34,000 in cost allocation, that's for the \$500,000 in contingency, spendable contingency resides and then the \$250,000 going to the State, then the \$1.6 million in the transfer out. And you'll see the spend down, the remaining balance coming in for reserves as a result of the plan deficit spend. Okay, Brian, can you go to the line item on that particular one, it would be page 3 on yours.

Vice Chairman Penzel speaks:

You put the 500 in there and I was just remarking to the chair that is commonly called "slush fund", "ratholing" money and we heard the sheriff talk about the same thing. He hopes to return money at the end of the year. I just have a problem, I wonder throughout all the funds, how much money is just sitting there, just in case? In various...

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Mr. Morgan speaks:

Well, I can tell you this; in my funds, this is the only one, because of NRS and because of the way this fund has to function. There's nothing like it, that I'm aware of, or nothing like it that I've seen in my profession, 35+ years of government work, and it's taken me the better part of 10 years to fully understand the operation of this fund and this is truly what we have come up for you, helping with finances part, the most transparent Social Services budget that I've seen since I've been here. And I'm aware of anyone in the State and it gets really important we start talking about the suit 216 fund them and if, Brian, if you pull up that line item, we'll show you what has happened in the past in the 215 fund. You're gonna look up at the top there and you're gonna see there back in 2015 where we are spending \$1.1 million, those are actual expenses. That's just in one line item and that include half the year spending in the 216 fund when we ran out of money and it just all got poured into here and could not tell you today, you want to talk about a slush fund, that became the slush fund. You ran out of your money six months, five months into your budget and then everything just got poured in the here and there was no transparency unless you went back and pulled out every claim because the way NRS was written. Due to the modifications, we now do our very best to guesstimate what those expenses would be in the 216 side so we can track those and hopefully only have to get into the contingency as defined by State law as a requirement.

Chairman Thaler speaks:

But if you didn't stick it in that account, let's say you just didn't stick it in there. You would just have a higher than anticipated Ending Fund Balance every year, right?

Mr. Morgan speaks:

I think it would also be an audit violation, as well, so I think they're trying to avoid...

Chairman Thaler speaks:

Why would it be an audit violation?

Mr. Morgan speaks:

Well, because you'd overspend your budget.

Chairman Thaler speaks:

No, if you're not, if you cannot it's in there and your hope is that you don't spend it; that's what a contingency is, correct? But if you don't put it in contingency, you've received it as revenue. The offset is the expenditure. But if it's stuck up there in the revenue side and you didn't expended it, you're gonna end the year with \$500,000 more, which then builds up your reserves.

Mr. Morgan speaks:

Correct, but we're not in a, we're happen to be in a, if we don't spend that, then that would, we would then, it would fall to the bottom. We would then through

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the augmentation process go to reserves, pull it out of reserves and put it back into an expendable category because it's difficult to spend out of an appropriate reserve so we put it into a more expendable category.

Vice Chairman Penzel speaks:
No facility? You just call it contingency?

Mr. Morgan speaks:
No, we actually, it's actually an expendable line item, you'll see Supplemental Medical Indigent. That's where the \$500,000 is residing, but we are using that where Brian is pointing, as a like a contingency. So it is an expendable category that is permissive for us to spend those funds out of in the off chance that we have an over expenditure.

Vice Chairman Penzel speaks:
I understand what you're getting at. If you put it in reserves, you can't spend it until the following year, but my point is, can it be a more readily identified account, like contingency as a name?

Commissioner McDermid speaks:
No, if you look on this page, it's page 4 of 18 under Community Services, if you look there, 520.148 Supplemental Medical Indigent \$500,000. So it's clearly identified in its own fund for what it is. I meant, it's got its own account number and it specifies the description of it is Supplemental Medical Indigent so that means if you expend all that you have set for medical indigents, this then becomes available for that, correct?

Mr. Morgan speaks:
That is correct. It was inappropriate of me to call it, to use it as a contingency but it is the Supplemental Medical Indigent line item.

Vice Chairman Penzel speaks:
Thank you. I was just trying to get to a clearly identifiable category and Ms. McDermid found it. Thank you very much. You know, this is this is all learning experience for everybody and you just had a teaching moment.

Mr. Morgan speaks:
Thank you for the teaching moment.

Vice Chairman Penzel speaks:
No, no, you gave it to me.

Mr. Morgan speaks:
No, I get a teaching moment too because I should've been using what we really call it; that was confusing. Okay, moving forward, we're getting into the 215 fund, or the 216 fund. Let's do the programs; they're also duplicate to what we'll see on the 216 fund because the funds can be used for both. They are all mandated funds as outlined by State law. The only other thing that you gonna see is further elaboration on the 216 fund is more of the clinic operations and

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the adult day care operations. Any questions regarding the programs offered by this fund?

Vice Chairman Penzel speaks:

Can you go back a slide? It says Planned Reduction in Reserves.

Mr. Morgan speaks:

Okay, within that particular fund, the 215, there are no Supplemental Requests, there are no Capital Improvements. All right, moving to the 216 and again, we went over the sources of revenue which are the property taxes, the \$0.337, the inter government, which is grants, the \$400,000 for fees and charges, the \$1,000 in interest and this is where the transfer in is represented from the 215 fund and then it shows a balance of reserves.

Commissioner Walsh speaks:

It would be helpful if you put at the top what fund it is. It doesn't say what fund it is.

Mr. Morgan speaks:

Yes, I had to write it in on mine after we received this so we'll make sure that that is on the fund. Okay, are we ready to move down to the expense side? And you see some dramatic increases and primarily these increases are result of us pouring what we believe to be represented expenses to the various line items contained within the 216 and no longer relying on the 215 fund as part of a planned operation plan. So that's why you'll see some of the Service and Supplies going up. You see, even though we have a net change in FTEs, you're gonna see increases in the salaries and wages. Part of that is due to the cost, not the cost allocation but the merits and COLAs that are coming down the line, but the 65% that you see in Service and Supplies, that is a direct result of what we call targeted budgeting for this fund within the various accounts. The spreadsheet of expenses? We are in the 216 fund expenses and they are unfortunately consolidated; they're on, go to the line item one. So this one, when you get your line item budget, what was on the previous slide of the PowerPoint presentation has all of the various funds consolidated into one. The line item one breaks it into, as did the worksheet that we looked at first, has the medical, then the general, then the health nurse and all the various programs in there. The line item budget has it broken into that. So if you look at what Brian has just put up on the screen, is the medical portion of the Social Services 216 budget and the one I want to point out to you that should stick out is the Convalescent Care. And what you're seeing is what we actually think next year based on our current trends of \$340,000 in long-term care. You're gonna tell me, Scott, in just a few slides that's a decrease. How can that be when in 2015 you only spent \$80,000? Well, in 2015 we only spent \$80,000 out of this fund, because as soon as we hit \$80,000, the \$500,000 remaining that we spent went to the supplemental fund as part of this archaic budget process that was not transparent and very difficult to understand. So for the first time, we're going to be able to track and hopefully we stay with them at \$340,000; that is our goal. That's what we think is going to happen and the public is going to be able to look and go, "what did you spend on long-term

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care?" \$340,000 or less. Hopefully it's less. So, that is part of the process and that's why some of the numbers aren't going to make sense when you look at the line and because of this transition that we've made over the last couple years to put all of the expenditures in the 216 fund.

Commissioner McDermid speaks:

Well, I'm just excited to see that your Admin & Overhead is going to zero.

Mr. Morgan speaks:

Well, it's been moved, it did not go to zero by any stretch of the imagination.

Commissioner McDermid speaks:

I'm just trying to say, you must have changed out of looking at, I'm saying it was, in 2018 it was \$72,000 but it's zero in 2019.

Mr. Morgan speaks:

That will go to the next page; that is in the 551 General Services and you'll see it went up \$216,000. Sexual Assault Medical?

Vice Chairman Penzel speaks:

Is this another line item for prison support? Is that what you were talking about earlier?

Mr. Morgan speaks:

Correct, yes, and it's contained within the medical.

Commissioner McDermid speaks:

Oh, so I go to the next page, I see Admin & Overhead jumped up \$46,000 to \$160,000?

Mr. Morgan speaks:

I just want to make sure nobody had anything before we go to the next page. If there any questions on the line items that you're looking at? As we started, we looked at the 551 and the 550 in the medical. If there are no other questions...

Chairman Thaler speaks:

So then you have your prisoner support was \$31,000, now it's \$20,000?

Mr. Morgan speaks:

That is correct and I want to give hats off to jail. They're just doing a better job of billing people's private insurances or finding other sources to pay. And it's a lot of hard work with staff to meet routinely with jail staff to say "what can we do to curb some of these expenses", because sometimes it's just easy to go somebody at Social Services will pay for it. But if we really work hard, which they have done under Karen Beckerbauer's encouragement and support is if there's other sources to pay, let's get them to pay. Let's not take the easy way to because it's counting money and so I think there's a conscious attempt by everyone concerned to track down other sources of revenue before we use Social Services, which should always be the fund of last resort.

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Commissioner Walsh speaks:

Scott, on that slide, a little bit down, where you have indigent care, \$50,000, account 520.161, can you give me an example what would be going in there?

Mr. Morgan speaks:

I'm going to have Karen come up because she would specifically do what I would give you my best guess.

Karen Beckerbauer speaks:

That is expenditures for what we consider general assistance so that any third-party payers payments that we make on behalf of the client would come out of there. Right now our primary expense that has been coming out of there is been a childcare subsidy that we started; Children's Cabinet at the State has not had funding for quite some time. They are just now starting to again, so we were relying heavily on indigent care line item for child care costs. Most every other direct service payment that we make for clients, we cover under grants.

Mr. Morgan speaks:

That was Karen Beckerbauer, Social Services Manager.

Chairman Thaler speaks:

And then your rents and leases, we're renting the building for \$20,000 a year?

Mr. Morgan speaks:

Yes, we're paying the General Fund.

Chairman Thaler speaks:

That's a cost allocation?

Mr. Morgan speaks:

That's a direct charge.

Chairman Thaler speaks:

What building?

Mr. Morgan speaks:

Social Services office.

Chairman Thaler speaks:

Where is it located?

Mr. Morgan speaks:

It is located now behind the Wells Fargo Bank.

Chairman Thaler speaks:

I thought we owned that building?

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Mr. Morgan speaks:
We do.

Commissioner McDermid speaks:
Social Services leases it from the County.

Vice Chairman Penzel speaks:
And the risk management company insurance, now that we're self-funded, part of that I understood was accepting risk management.

Mr. Morgan speaks:
It is but there is still charge for that. It had been significantly reduced, this is a direct push down. When we pull up the cost of that affected the Social Services fund, one of those will be self-insurance and I will tell you, as a result of going self-insured, we saw dramatic reductions in what was initially proposed as a cost to the various funds affected. Okay, sliding down, we're still on 551 and there was Commissioner McDermid's comment where you see the cost allocation, which just got moved into the General Services at \$160,000. We'll have a summary of what the total increase of those because it's kind of smattered throughout some of the various budgets. The 215, the 216 shows cost allocation and there is a better summary to come.

Brian Fitzgerald speaks:
If I could elaborate, this is Brian Fitzgerald, Assistant Director for Community Services; part of what we did with this Fiscal Year is to consolidate similar to what you had in a prior department that presented recently. There's multiple departments within this fund, so we're talking about department 550, we're talking about department 551, which is Social Services General, we'll be going into department 552, which is the Health Clinic and then we have department 553, which is the Adult Day Club. What we decided to do is to consolidate all of the cost allocation into the 551 department and so you're seeing a significant increase on this particular page, like on the prior pages you saw a reduction or a zero for Admin & Overhead, because we basically just moved the cost allocation to a different department within the same fund, all within the 216.

Commissioner McDermid speaks:
Looking in that same thing, there's a HUD (Housing and Urban Development) grant that we received 15-16 and a little bit in 17 but we didn't get any, not getting any; what was that for and why did it go away?

Ms. Beckerbauer speaks:
Karen Beckerbauer, Manager for Social Services; we did apply for that. What you are seeing is the end of the last full HUD grant that were funded for and then we were given a six-month extension to allow us to re-house the people that were still in what we had as a transitional housing program. HUD has gone to a model of housing first and permanent housing. That means that I do not get to vet anyone that I place somewhere in the community. I simply take them as being homeless and from our County and I house them and then I work on whatever issues they may ask for assistance on. It's not something

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that I could feel comfortable about doing. I have far too few resources in the County as it is for even emergency placements. I don't want to burn those bridges. We did apply to continue doing that transitional housing for the 16-17 grant year and we were not funded. So I have not pursued it beyond that, because that's where HUD's direction continues to go.

Commissioner McDermid speaks:

You couldn't vet the people before you placed them?

Ms. Beckerbauer speaks:

No, the Housing First supported housing model is that you accept someone into housing because they're homeless and we previously...

Commissioner McDermid speaks:

But they could be criminals or sex offenders or whatever.

Ms. Beckerbauer speaks:

Yes. There are a list of criminal offenses that would preclude them from that federal funding: sex offense, drug manufacturing, some weapons charges, some DV (domestic violence) charges would preclude them, but that would be about it.

Chairman Thaler speaks:

So I'm looking there and you see the \$30,000 for Community Grants, that's what's coming over to the General Fund so that we can pass out those Community Grants, correct?

Ms. Beckerbauer speaks:

As we been looking at some of these that spend downs, we did increase the last two years, you can see but I'm feeling this year, we really need to pull back to where we had been, which is right around \$30,000.

Chairman Thaler speaks:

And then down below that is your CSPG grant; is that our portion of the entire grant or what are we expending on?

Ms. Beckerbauer speaks:

The \$118,000 you're seeing is my best estimate; we don't get those numbers until around April or May. They are decided by the federal government of what comes to the State and the State allocates depending on population and poverty rates.

Chairman Thaler speaks:

But this is showing as an expense.

Ms. Beckerbauer speaks:

Correct, it showed as a revenue on the other side. Yeah, you'll see the same for the low-income housing trust funds, and there's a welfare set aside that ends up being called housing.

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Mr. Morgan speaks:

Okay, Brian, moving down the Health Nurse. This appeared last year, but it also had the Adult Daycare Program started in it, so truly was not a true Community Health Nurse program this year. These are the cost of affecting and what it takes to run a medical clinic and carry out the State mandates for Douglas County. Going down and then the 553 is the Adult Day Club which has its own line item so you be able to track the expenses of the Adult Day Club. All right, any questions on the particular line items before we, and we will, I do have a slide that talks about some of the increases that I'd like to highlight after you're ready to go to the next one.

Vice Chairman Penzel speaks:

About the immunizations? Do you want to go first? You know, one of the things that that we used to do was provide immunizations, especially flu shots free of charge and I don't know if this is part of that program or how does it work and are we looking at increasing, decreasing?

Ms. Beckerbauer speaks:

Karen Beckerbauer, Social Services Manger; I think what you're referring to is that for a number of years, there were regional partnerships for what were called points of distribution and what they were was they were mock crisis sorts of scenarios and the distribution of flu shots was used as kind of a benefit to everyone, both those that were giving the shots to be able to do that in such a volume as well as you mentioned community members being able to get free flu shots. That was part of some funding that was coming through emergency management that allowed, that gave us grant money through Carson City Health and Human Services that allowed us to purchase those vaccines. That funding is no longer in place so we have to purchase all of our vaccines. We do get discounts based on some clearinghouses for lack of a better term that we can participate in. But we do try to recoup an admin cost and the cost of every vaccine that we purchase.

Vice Chairman Penzel speaks:

So these immunizations, are they prescribed by doctors to patients at the health center?

Ms. Beckerbauer speaks:

In some cases they are, in a lot of cases there is a process that I've learned tons about this past year called Immunization Forecasting that follows CDC (Center for Disease Control) guidelines for your age, your health risk factors about what immunizations you should have at various stages of your life.

Commissioner McDermid speaks:

Are these immunizations for paying customers or for indigents?

Ms. Beckerbauer speaks:

All of the above. We, as a public health entity, we really try not to miss an opportunity to vaccinate someone against something that could potentially

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affect the rest of us, so we will work with someone on a donation and we do have some ability to ask for gifts from the folks that we receive our meds from. For example, there's a program whereby if the child is uninsured for whatever reason, the vaccine is free. But yes, we do charge Medicare, Medicaid and most private insurances, as well as a sliding scale cash pay.

Commissioner McDermid speaks:

And right under that is family planning; now what is that?

Ms. Beckerbauer speaks:

Correct, family planning under there, part of, let me backup. We received, we're now in line to receive two grants for family-planning services and one of them is Title X, which dictates a lot of how we have to clarify how our revenues and expenditures are accounted for, which is why this change to our budget is going to be great. We also are receiving, are awarded the AB 397 family-planning grant that out of the late last state legislature, so we'll be using those to purchase supplies and then I get reimbursement toward some of my APRN's time through the Title X. Family planning in and of itself is annual exams, wellness checks, women's and men's health, STI (Sexually Transmitted Infection) evaluations and treatments, and birth control.

Chairman Thaler speaks:

So are those billed back to Medicaid?

Ms. Beckerbauer speaks:

Medicaid, private insurance, or like I said, we do a sliding scale for somebody that's uninsured.

Mr. Ritzgerald speaks:

And just a follow-up on that, Brian Fitzgerald, Assistant Director Community Services, before on Scott's slide, where he had the spreadsheet that showed \$400,000 in revenue, \$250,000 of that is allocated to come in at the Health Clinic, so some of these expenses that we're talking about does get recouped in revenue.

Commissioner McDermid speaks:

One other question; I'm assuming at the top there, the Admin & Overhead is folded into that other 215 fund, is that correct? The \$13,000, and what is ops? Is that operation? What is that \$85,000 supplies?

Ms. Beckerbauer speaks:

Operational supplies.

Commissioner McDermid speaks:

What was that?

Ms. Beckerbauer speaks:

What we're accounting for is clinical supplies; you have to buy syringes, you have to buy table papers...

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Commissioner McDermid speaks:

So it's a one-time purchase or is that going to be on going?

Mr. Fitzgerald speaks:

I could elaborate on that, Brian Fitzgerald, Assistant Director; so you're seeing that there's zero dollars budgeted for the upcoming Fiscal Year is because we actually created the new expense accounts of immunizations and family-planning so the \$85,000 was part of what went to immunizations and family-planning in the past, but we decided to make the budget more transparent and actually create new accounts to represent those expenses better.

Mr. Morgan speaks:

Go back to the PowerPoint. I did want to beat the drum here just a little bit because the real budget killer for most County's in this capacity is long-term care and I kinda want to show you how we're doing. 2016-17, Douglas County spent \$613,000 in long-term care. By comparison, the actual numbers from Carson City were \$1.2 million. We have more senior citizens in Douglas County than Carson City. We've just done things a little bit differently, thanks to some of the innovative approaches taken by the County Board of Commissioners. A while back, we started paying for assisted living, we started paying for home care; a lot of organizations in the State, counties and the State don't do that. Go to the nursing home; that's the only way we we're paying. You want to stay in your home, then you should pay for that yourself. We just said, "We don't care; you've got a problem. Let's not make a bigger problem on Douglas County by putting you in a nursing home. If you can care for someone and you qualify, we'd love for you to take care of in your own home." So that approach alone has literally saved Douglas County millions of dollars over the years. Then the approach, the aggressive approach we've take in the Senior Center by adequately funding the nutrition program, a home companion program which was volunteer at the time, Meals on Wheels and transportation has kept people in their own home, living independently, paying their property taxes, volunteering at their church, contributing to society, living out their golden years in a humane manner and it has saved us millions.

Chairman Thaler speaks:

A point, and I agree with you 100% percent but when you try to make that argument in the rurals, remember they don't have as high assessed valuation as we. We're the number three on assessed valuation so that 3% goes a lot further in Douglas County. Now I can guarantee, you go down tonight, Esmeralda, Churchill, some of those other counties, they're not collecting the revenue like we are through property taxes. So, I hear you and I support you, it's just a hard argument because those rurals really have a difficult time because they don't have the high assessed valuation. So that's why we're able to provide this, right?

Mr. Morgan speaks:

In part and that is, should be a great footnote to the story but cost are costs and these are real. The other side that you're talking about

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is portion revenue, that we get more revenue collected because our assessed value to help us fund, that's where it's most important. It helps us fund the Senior Center, helps us fund Adult Daycare, helps us fund Rural Transit program where others can't do that. But those approaches pay off and they are continuing to pay off and you can see, even over there, we're anticipating spending approximate \$425,000 this year and we budgeted \$340,000. Now we know and call it lucky, knock on wood, whatever, those things could change dramatically and those are things we have very little control of, other than being proactive which, my whole point of this is, as proactive as a County can be in the State of Nevada, we are that. There is nobody in the State of Nevada doing what we're doing with the Rural Transit System, with Adult Day Care, with innovative approaches as far as keeping people out of the nursing home that Douglas County is doing. And that the purely is my point in this slide. These are the push downs we talked about, so if we summarize everything and you go through those and if you could make any sense of them because of the way we've changed things and broken things up, the actual increase in cost, the things that we've had outside of our control, are listed on the slides above and that's where you're going to see the increase in cost allocation both in the 215 and the 216 fund. There's our net increases because we moved things around. This just makes a little easier for folks to find, you're gonna see a drop in Motor Pool expenses because this is a Motor Pool so you won't have to go through and dig to find where the border pool expenses are, there's a net decrease. Our rents and leases has gone up and our Risk Management has actually gone down in this particular department. On the server, salaries and benefits, these are as result of the COLA and merits, and their impact on this particular budget. Moving onto the Programs and again, these are all mandated, State-mandated services provided through Douglas County; they include the medical clinic as well, and we'll just keep forging forward unless we hear question. Supplemental Requests; the first one is to provide some dollars for the on-call nurse practitioner. When our nurse practitioner is not in the clinic, we don't make revenue. So when our nurse practitioner has to go to training or goes on vacation, we can plan for it but it would really nice to set aside some money so that we can bring in a nurse practitioner to help our clinic continue to continue to build and provide the services that are necessary.

Chairman Thaler speaks:

So that's \$1,000, I'm just making sure I get this right, that's \$1,866.

Mr. Morgan speaks:

That's correct.

Chairman Thaler speaks:

In your multimillion dollar budget, you can't find \$1,866?

Mr. Morgan speaks:

Absolutely can, but it requires a Supplemental Request.

Chairman Thaler speaks:

Thank you, Scott, that's what I needed. Okay, I just, in that multimillion dollar,

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your Supplemental Request for \$1,866; how much priority do you think that's going to take in the whole grand scheme of core tiles? Just curious.

Mr. Morgan speaks:

I would say it would be a very high one but per the Board direction and policy, it's a personnel expense and must be contained within the Supplemental.

Chairman Thaler speaks:

You can't find it in your budget?

Mr. Morgan speaks:

We will find it, if you approve it. You could reduce another category, but it requires, just the request of a body or additional FTE requires me to ask through this process.

Chairman Thaler speaks:

So the better way to put it is to approve the position at no charge to the County.

Mr. Morgan speaks:

I would like to put it that way. Thank you. The next one is a bit more complicated and is gonna take a little further explanation.

Chairman Thaler speaks:

Are you gonna talk about Room Tax?

Mr. Morgan speaks:

No, I want to talk with this Supplemental Request. And we call it a Provisional Request; at the time we threw this in at the 11th hour because of some fundamental changes taking place with East Fork Fire regarding our billing. Right now, we have a partnership with the East Fork Fire District to do the clinic billing; we do the services, we turn over the insurance and Medicaid/Medicare billing to them. They do the billing. They collect the revenue, they charge us for the services via contract and then the County receives the revenue. Well, we just got warning about a week ago that that particular arrangement isn't working out for East Fork Fire financially as well as structurally within their organization and they recently, as far as last week, took some actions that are going to prevent them from continuing to do our billing. So we quickly ran a Supplemental Request to say we need to figure out a way to do our billing and we are looking at what it would take to do in-house services by mini-reorganization of the counter staff. Right now we have two people in the reception area that we're looking at elevating them to the point where they could do the billing as well as reception services, and possibly even another part-time personnel to do that or conduct business with a third-party private billing firm and we just haven't had the time to do the analysis. We are doing that now and when we come back with a recommendation, we would bring that to the Board when we have some of that data but we wanted to put this on the radar screen that something is going to have to change and something's going to have to be done to handle the clinic billing, whether its in-

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house or third-party, and we're hoping that it will be a no net cost, that the cost we are paying East Fork, that we can transfer those cost to paying a third-party billing or we can make those costs internally through a reorganization and additional software and equipment needed to do billing. But we wanted to make sure we get this on the record so that we bring back an actual proposal that you are aware that this is coming.

Chairman Thaler speaks:

Any questions, because I'm gonna stop you right here if there are no further questions. Some of us need to take a break and go get some paperwork done. So what we're gonna, I'm gonna adjourn for about 15 minutes, so let's see everybody back here at a quarter til.

Chairman Thaler speaks:

I'll bring this meeting back to order. We have a little housekeeping, so I know, Scott, you want to try and run through, you want to work through room tax. There's absolutely no way; three of us have meetings starting in less than an hour, and there is absolutely no, and most of us probably have to prep in about three minutes for those meetings, you would lose a quorum here in about 30 minutes. So what I'm gonna to do is take liberty and take what's left, which is, looks like Room Tax and then we have some Landscape Maintenance, we have Community Development and we're gonna move everything up and I'm gonna ask the County Manager to move everything to fit it into hopefully next week, Again making sure that we can follow our noticing requirements and all that stuff. I know you're not be around. I have full faith that Brian could handle the job. My apologies. We never expected it to go this long, but unfortunately, we have three of us with other meetings to go to, so with that in mind, I'm going to move those, continue those items and then I'm now going to open this up for final Public Comment. Final Public Comment is now open; seeing none, I'll close final Public Comment.

CLOSING PUBLIC COMMENT-none.

Chairman Thaler speaks:

Any final comments from the Board before, yes, Mr. Walsh?

Commissioner Walsh speaks:

I just want to say the exercise today was very helpful. I think we're headed in the right direction, I'm not sure we're there yet but we're getting there and I appreciate staff and all their help and the County Manager and I think someday soon we're gonna get to where we want to be.

Commissioner Nelson speaks:

Ditto, Commissioner Walsh.

Commissioner McDermid speaks:

Well, I would like to thank Finance and the County Manager and the Departments for providing the Service and Supplies line items. That was something we asked specific, I specifically asked if we could have that for today

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and they were able to do that. The other thing I would like to thank is the sheet you gave us today that had all the 313 on. Thank you for that. I appreciate that.

Commissioner Penzel speaks:

I too, would like to add my thanks to what you ladies are doing. I know you're going through a tough time and it wasn't going to be easy and it didn't get easier though and please, I've stressed this before, these are not personal questions, these are just important questions to move us forward, and I thank you for that. The Chair went through the history of us trying to get this information and I'm delighted now that we can get this; we've got some real data. We've asked a lot of tough questions and we try to pay attention to each of the details and you all have done a great job of responding to that and the staff has done a great job of putting up with it. I appreciate what Scott and Brian have done, and I think that Ms. Beckerbauer is just an absolute advantage over all the rest of the Social Services Directors in the state and so I want to make sure that we keep her happy and keep her here so, we didn't pepper you with a lot of questions, not that we want anybody else to leave. And I do think that the County Manager also needs to be thanked because he's had to endure some of that. And I wanted to correct one thing and that was, and I'd like to put it on the record, that the County Manager has taken some real heat because of the "Tiregate" and I believe this in my heart, that had we not had Larry Werner as the County Manager, the person that came forward and started the investigations would not have come forward. Because of Larry's relationship with the County employees from the past, he was able to obtain the confidence of the person that identified this as a problem. I think also the fact that we started looking at the budget a lot closer than the last go around, it probably made some of the perpetrators nervous, at least I hope so, and I wanted to thank Mr. Werner publicly for paying attention to what that gentleman had to say to him and the fact that, when he was told, he immediately, that day, instituted an investigation and then determined on the following Monday that it had to go further and had to be recommended to the Sheriff. I think those are key facts that sometimes are missed in the whole process. Now I think everybody knows it that Mr. Werner and I live close to each other, but not we're not fast and furious friends, but as a professional, I do recognize what he's done and not that I'm the professional, but he is a professional and so I thank you.

Larry Werner speaks:

Thank you so very much, Mr. Penzel, I really appreciate the comments.

Chairman Thaler speaks:

So, all good points. Great points and boy, how do you top that? I echo what you said Mr. Vice Chair. So as we move through this, this is only the beginning. We've got three days next week, just to kind of give everybody advance notice, we've got Monday, Tuesday and Wednesday, a lot of time. I know, Commissioner Walsh probably take a lot of vacation time and all that stuff, so we're all putting in those extra hours, so I really appreciate my colleagues time. We can't do it without us and I do too. We're finally digging down deep and I

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think that's producing a lot of, not new stuff but stuff we've never seen before and it's making a lot of sense and I think that makes us better at what we do in our job and certainly allows the public to get a little better knowledge of what we do, so it's not so convoluted as it has been in years past, so I look forward to it. Let's see, what else? I think that's just about it. I know, I'll get to you with... I too, would like to thank staff and Miguel, you know, there's a lot of words on pages today and there's gonna be a lot of words on pages over the next couple days, so appreciate you hanging in there with us and making sure our minutes are correct and all that stuff.

Commissioner Penzel speaks:

One last thought, and this is kind of on the light side, but we were roundly criticized for not saying anything after we were informed and told not to say anything. I would posit that that that wouldn't have happened in Washington.

Chairman Thaler speaks:

Okay, we'll leave that on a final note, so to everybody else that's watching or in the audience, thank you for enjoying our day with us. Some of you left early but that's. We'll see you next week, if not before. This meeting is adjourned.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned 4:03 p.m.

Respectfully submitted:

Steven J. Thaler, Chairman
Douglas County Board of Commissioners

ATTEST:

Kathy Lewis, Clerk-Treasurer