

**Approved June 7<sup>th</sup>, 2018**

The Special Meeting - Budget of the Douglas County Board of County Commissioners was held on April 3, 2018 in the meeting room of the County Administration Building, 1616 8th Street, Minden, NV, beginning at 9:00 AM. ***The minutes below were transcribed.***

**Commissioners Present:**

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

**Commissioners Absent:** none

**Staff Present:**

Larry Werner, County Manager  
Doug Ritchie, Chief Deputy District Attorney  
Zac Wadle, Deputy District Attorney  
Kathy Lewis, Clerk-Treasurer  
Kathleen Schmidt, Deputy Clerk

**Call to Order**

Chairman Thaler speaks:  
Okay, let's bring this to order; Douglas County Board of County Commissioners. Today is April 3, 2018. This is day four of the budget hearings, so we'll start out with the Pledge of Allegiance.

**PLEDGE OF ALLEGIANCE**

Chairman Thaler speaks:  
Commissioner Walsh, if you would lead us in the pledge, please. Thank you, Commissioner Walsh.

**PUBLIC COMMENT:** none

Chairman Thaler speaks:  
At this time, I'm gonna open this up for Public Comment. Public Comment is limited to three minutes; Public Comment is now open. Seeing none, Public Comment is closed.

**APPROVAL OF AGENDA**

Chairman Thaler speaks:  
I'll be looking for a motion for Approval of the Agenda. I have a motion by Commissioner Penzel, second by Commissioner McDermid. All those in favor signify by saying, "aye". Motion passes unanimously.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

MOTION to approve the Agenda; carried.

<b>RESULT:</b>	<b>APPROVED [UNANIMOUS]</b>
<b>MOVER:</b>	Barry Penzel, Vice Chairman
<b>SECONDER:</b>	Nancy McDermid, Board Member
<b>AYES:</b>	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 Douglas County Redevelopment Agency Funds. Tentative Schedule of funds to be discussed: General Fund, Extraordinary Maintenance Fund, Ad Valorem Capital Projects Fund, County Construction Fund, County Debt/Other Resources Fund, and Redevelopment Agency. (Julie Andress)**

Chairman Thaler speaks:

Let me do a little housekeeping for everybody. We have Dr. Lewis in the house today so we'll be doing Cooperative Extension first and then we'll go and follow today's agenda which will be the County Commissioners, Finance/Comptroller, County Manager, General Services, Extraordinary Maintenance, Ad Valorem Capital Projects County Construction County Debt, Redevelopment Agency Two, Redevelopment Agency One, and then last today will be a pickup from last week and that is, Senior Services and Room Tax. And then we'll break for lunch at noon; since we're starting at nine, we'll break for lunch at noon, come back at one and most likely we'll deal with whatever is left over from there. So that's the plan. Dr. Lewis, you're up first, sir.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

**Steve Lewis, Extension Educator**, presented the following regarding the Cooperative Extension Fund:

- Budget

*To view Dr. Lewis' complete presentation, please see the Board Packet and the Supplemental Materials.*

Steve Lewis speaks:

I apologize for my tardiness yesterday. I say tardiness because I showed up here at 5:45pm and you all had left the building. I'm sorry about being late, but we're here today and so you've got the budget that I can barely see on this screen. Are there any questions that you have?

Chairman Thaler speaks:

So yes, I do. If you don't mind, I'll start; obviously, you're retiring in another month or two. Have they worked out all the details on who's going to replace you, and how that's gonna, how that transitions gonna take, cuz obviously you're here. I guess our concern would be one who's gonna take your place and too, how that transition goes, or do you care?

Dr. Lewis speaks:

I wish I could say that it's going smoothly. But in January, I forwarded a list of potential selection committee members to be on the selection committee and also some verbiage that kind of describes my position description and I haven't heard another word since. So I'm officially...

Chairman Thaler speaks:

So, what's that tell us?

Dr. Lewis speaks:

So that tells us that nothing is in the works yet, as far as I know.

Chairman Thaler speaks:

So what you need from us to ensure us that Cooperative Extensions gonna carry forward? I mean, you have staff, I get that...

Dr. Lewis speaks:

Absolutely, and I've been informed by our new Executive Extension Director, whose name is Ivory Lyles, that this position is a priority to fill. So I guess that means that it's going to happen. I don't know if that has to happen after June 30, which is my official last day or whether or not it can, you know, carry forth before that.

Chairman Thaler speaks:

So can you find out for us? Because if it means a letter from us or, it's I guess, me not understanding the State system; it's just we, you know, I know you're

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

probably retired. You probably have vacation and sick time and all that stuff and I get how that all works but I just, not knowing what's gonna happen next is a little bit of a concern to me.

Dr. Lewis speaks:  
Okay, I appreciate, absolutely.

Chairman Thaler speaks:  
Okay, any other further questions from the Board? Commissioner Penzel?

Vice Chairman Penzel speaks:  
Morning, sir; always good to see you. Two questions; I know that President Johnson is the selling off some of the land up there and I'm sure it's all connected to the Department of Ag and your position, is that correct?

Dr. Lewis speaks:  
No, that's part of Nevada Ag Experiment Station. Commissioner Penzel is referring to the Main Station Farm and the property that's adjacent to McCarran Boulevard. And this was unbeknownst to our Dean of Agriculture, as a matter of fact, that this was carrying forward, so it's kind of a surprise to all of us. At one point in time, we were told that Mark Johnson, President Mark Johnson, was interested in rezoning that property to Commercial, so that in the event that the Conservation Easement could be obtained, the value of that would be higher. But I guess that plan has gone by the wayside and he's just interested in fee simple, getting rid of it.

Vice Chairman Penzel speaks:  
It actually was rezoned Commercial.

Dr. Lewis speaks:  
Yes it was, but no Conservation Easement. Yes, so it's a big surprise but that has really nothing to do with my position.

Vice Chairman Penzel speaks:  
Well, at one point he did come down and talk to us about continuing the position; in fact, I remember very vividly, it was up at the Lake. I thought that it was great that he came down talk to us. Is there still a penchant to remove the Extension?

Dr. Lewis speaks:  
No, as a matter of fact, if you recall, that conversation was about the consolidation of Cooperative Extension with the College of Agriculture. We have, we were, at that time, a separate entity, a separate academic unit. Now we're merged back as we were in the early 90's with the College of Agriculture, so that's what that whole hoopla was about.

Vice Chairman Penzel speaks:  
Is that working well? I don't see the difference, but...

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Dr. Lewis speaks:

It's working really well. I'm retiring in about two months. You know, we have been reduced to, really substantially, we lost 30 faculty members. We had a 72% cut in State funding, which means that we were more dependent upon county funding and federal funding, as well. So we have been diminished in size substantially, and we've yet to re-reclaim all of that great loss and those positions. There is an enhancement request to the Board of Regents and the legislature for 2019. It's going forward next year, 2019, and whether or not that's going to come forward is yet to be seen.

Vice Chairman Penzel speaks:

But our contribution still remains and continues to increase because of Ad Valorem.

Dr. Lewis speaks:

That's correct.

Vice Chairman Penzel speaks:

But it doesn't cover the total operation.

Dr. Lewis speaks:

Oh, no.

Vice Chairman Penzel speaks:

And our Ad Valorem goes to pay the folks that you have, other than you.

Dr. Lewis speaks:

Yes, absolutely. As a matter fact, we've got one and half County employees. And then we've got 1.2 FTEs (Full Time Equivalent) that's supported by a self-supporting budget that is from Douglas County. So that one FTE is for a 4-H coordinator and the .2 FTE is for horticulture specialist.

Vice Chairman Penzel speaks:

And is the 4-H program growing, shrinking, maintaining about same?

Dr. Lewis speaks:

It's maintaining about the same, as a matter fact, if you notice that we've got a fairly good sized reserve, a large portion of that reserve is Board Designated and the reason for that is because during the economic downturn, we had a vacancy for a halftime 4-H position and so we decided at that time that it was best not to fill that position and at a later date reestablish that position. That time has probably come by now but I will let my successor really kind of figure that out from here on.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

That does bring up the issue of Board Designated accounts; are we moving those into Capital and would this be one of those?

Chairman Thaler speaks:

I'm not sure you could, because this is money is generated through tax for Cooperative Extension. I don't know that you could then turn that and put that in another fund. There are state laws...

Kathy Keizer, Senior Budget Analyst, speaks:

Kathy Kaiser, for the record, Board Designated has been moved to Unanticipated Expenses, so there is a new line item under Miscellaneous for the classification. That would be Unanticipated and that's...

Vice Chairman Penzel speaks:

That's what it's moved to but it shows an Unanticipated \$179,000 vs. the Board Designated of \$147,000.

Ms. Kaiser speaks:

Yes, it did increase a little bit. I believe, for your department for next year.

Vice Chairman Penzel speaks:

So that's why the Board Designated is zeroed out?

Ms. Kaiser speaks:

That's why it's zeroed out, because we can no longer use it, because the State does consider Board Designated as a reserve and you can't use a reserve until the following year. So we captured it under Miscellaneous, which is Unanticipated Projects.

Vice Chairman Penzel speaks:

Thank you very much. I'm sure Dr. Lewis got all that. The other thing is that you show \$71,000 in Professional Services?

Dr. Lewis speaks:

Yeah, actually it's higher than that. Is it \$71,000? I thought it was \$100,000. Let's see what it says.

Vice Chairman Penzel speaks:

I gotta get back to the account; why, yes sir, it's \$100,000 for next year.

Dr. Lewis speaks:

Yeah, okay, so that is where our self-supporting budget comes from. That is that 1.2 FTE for our 4-H specialist and for our horticulture person, 1.2 FTE. That comes out of Professional Services.

Commissioner McDermid speaks:

Well, carrying that out, where does that funding come from?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:  
That comes from Ad Valorem.

Dr. Lewis speaks:  
That's my only source of income is Ad Valorem.

Chairman Thaler speaks:  
Anything further? So on behalf of all five of us, and the entire Douglas County, Dr. Lewis, it has been a pleasure. I know this is your last time to present your budget. How many years has it been now?

Dr. Lewis speaks:  
28 in Douglas County.

Chairman Thaler speaks:  
So we've come a long way.

Dr. Lewis speaks:  
Yeah, I can feel it. I really appreciate...

Chairman Thaler speaks:  
We do wish you well in your retirement. I think this may be your swansong but don't be a stranger. Truly, we have come a long ways and I cannot thank you enough.

Dr. Lewis speaks:  
Well, thank you very much. I can't thank you all enough as well; appreciate it. Larry, too; thank you very much.

Chairman Thaler speaks:  
Larry and Doug and everybody, well, we'll see you around for the next two months and wish you well in your retirement and let us know if we can do anything about your replacement.

Dr. Lewis speaks:  
Very good and I'll find out whether not a letter is required, but I doubt if it's going to be; they reassured me that this position is priority.

Chairman Thaler speaks:  
They've got big shoes to fill. Thanks a lot. All right, we're going to move onto today's agenda, so we'll start out with some people called County Commissioners, so fund 101-112. And who's going to present, Julie or Kathy?

**Julie Andress, Budget Manager**, presented the following regarding the County Commissioners Budget:

- Budget Worksheet
- Supplemental Requests

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

*To view Ms. Andress' complete presentation, please see the Board Packet and the Supplemental Materials.*

Julie Andress speaks:

Good morning, Chairman, Commissioners; Julie Andress, Budget Manager, for the record. So here in front of you is the County Commissioners budget for Fiscal Year 18-19 Tentative. You will notice a change in the Salary and Wages have decreased, and that is due to an error that the Assistant County Manager position was accidentally posted to this fund instead of 122, so that has moved to the County Manager. You can also see that in the Benefits section that Worker's Comp has been reduced down, based on our going self-funded. In the Services and Supplies section under account 540.006 for the Community Grants, you can see there that the amount of \$125,000 has been budgeted for Community Grants again this next year. You can also see the trend from the prior year's been slightly reduced down. Those are sponsorships that have been moved to the County Manager's budget for oversight.

Commissioner Walsh speaks:

Julie, could you just repeat what you just said; what has been moved the County?

Ms. Andress speaks:

The contributions or sponsorships to the, have been moved to the County Manager's budget. That account number was 540.006.

Vice Chairman Penzel speaks:

Thank you, Mr. Chair; I have had considerable angst about this account even being in the Commissioners account. Each one of these accounts, I believe, should be assigned to the organization that handles them. For instance, the Museum should be under, in my view, under Parks & Rec. So any monies that go for Community Grants should go there. I don't understand why this Community Grants; first, I want to thank you for moving the other ones out, the Bomb Squad, we had nothing to do with, could never understand how that got there. But the Community Grants, although we are the final approving authority, we've got a system set up now where there's a committee that does it, and then they make the recommendation to us. I don't understand why those funds are not distributed out to those people that would have the interest in it, like the Museum and Visitors Bureau would be under Parks & Rec, because they get TOT (Transient Occupancy Tax) funding for this. Is there justification why it's under us? I think the only thing it should be, in my view, should be under here is Salary & Wages and Benefits.

Chairman Thaler speaks:

So I will, before you answer Julie, real quick, I would make a different argument. So first of all, I believe the Community Grants, it's totally appropriate to be in our budget; one, because in years past, we have used funds from previous year to bring forward into this account specifically for that reason, and that way, we're not using, we're always going back and using what

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

was ending fund balance from last year, so we're not try to figure out, I'm trying to figure out how to say it where it would make sense, is that we're always using money that didn't get spent last year to bring forward to put into this account and that's why think it should stay in this account. If you spread it amongst the departments and I think you may see later that what ends up happening, we lose control of it because it's spread all over the place. So I would like to see it in this account. I'm not sure if that helped you or convinced you. I guess my concern, and then I'll go down the line, is I, personally, nobody ever asked me. I know that, but that's why we have today that arbitrary number of \$125,054, not sure where the 054 comes in, but I would personally like to see that backup to \$160,000 but then again that's what we're here for and get to decide on our budget. And I do agree with Commissioner Penzel, some of these other accounts, I totally appreciate you moving out. All the other stuff up above, I do believe, because to be a Commissioner you have to travel sometimes and you have to train sometimes and you have to do all that other stuff so I'll leave it at that for now. So, I'll go right down the line, Commissioner McDermid and Commissioner Walsh, if you want, and Commissioner Nelson.

Commissioner McDermid speaks:

Well, I do appreciate moving out the itemized ones that we took out of, at one time they were in Community Grants. We took them out and put them in our on-going budget where they should be because they're assets and we need to maintain those. I totally agree keeping the Community Grant money under the County Commissioners; we're the final decision-makers and that money is only there if we have it at the end of the Fiscal Year, money left over that we can put there. So I do believe it should be increased because I believe the services that the different, this is one-time money. You may not have \$160,000 one year, as you see, it changes. A lot of it is based upon what is left after everything has been accounted for in the budget for that Fiscal Year, so it's not taking away from the new Fiscal Year. In other words, we didn't cut something out of the new fiscal budget from anybody to put into Community Grants. So I think it's appropriate that it be in our particular line item and when it can be increased, I think it's appropriate because many of the organizations that apply for these grants do valuable service through volunteer, which if they did not exist, might fall to the County to have to provide. So any time that we can put more money towards that, I would be in favor. I think it just needs to be recognized that there could come a day when there is no greater than anticipated, which would mean you couldn't do that. But as long as we do have, I would concur that going back to when we had \$160,000 or whatever. I think it's important.

Commissioner Walsh speaks:

Yes, thank you. I tend to agree with the Chair and Commission McDermid; I think that this is a better place for Community Grants to be monitored. I agree with Ms. McDermid, especially with the types of organizations that we have throughout the County, they perform the very, very valuable service for us and probably save the County a lot of money. So I think where it's at right now is fine; increasing to 160 grand, probably okay with me as well.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner Nelson speaks:

Yeah, I'm gonna take a completely different approach because I think what we're having trouble finding is money for infrastructure and we need to start showing some leadership that we can cut our budget in different places to make that happen. So I would actually suggest that we not fund the grant program because of that. And it's a tough decision but we have to make tough decisions in order to meet our obligations as far as infrastructure goes.

Vice Chairman Penzel speaks:

Appreciate all the arguments against it, and obviously, I'm not in the winning side on this, but I would go back and say that first of all, this really shouldn't be called left over money. This should be budgeted. If we agree that this is important to do then it should be budgeted. In that regard then, \$125 represents a budgeted amount that we have to take out of the General Fund budget. I agree that it would be great to move things, all the roads but part of this is that we have an obligation to help the people in the community that come across with whatever their particular issue is. What we have, though, is we have people that have become dependent on this money year after year after year. They are therefore, if we cut that out, they have a program or policy or group that they can't support in whatever that is. One of the areas that I have always found fascinating is that we put some money in the Douglas County Pops or the, I forget the name but anyways, Carson Valley Pops; I think that's a worthwhile project. I think we should have some cultural things that we do fund and because of that, it's an on-going thing and because it's an on-going thing, I think it should be located in the supervisory portion of the County that would be responsible for that. Now, we also have priority-based budgeting; it would seem to me that if the person that is in charge of that puts that as a priority for budget or a quartile for budget item, that means that if they were going to look or if they had to cut their budget, that the monies would come from there. So it, otherwise, they will budget for it and if they're going to budget for it, then we are going to improve the cultural advantages of Douglas County and I think it's on-going. The other part of this is that we say it's one-time money but if we budgeted every year for that suicide prevention or whatever it is, it's not one-time money; it is a continued budgeted item. We should allow the people that are closest to it, that supervise it, the opportunity to see what it is they're budgeting. And we used to have the situation where as Ms. McDermid pointed out, where they would come to us as a group and they would provide their information. It was a long, laborious process and in the end we were just taking numbers and matching it up so that we could all agree on a particular number. I don't think that's the right way; I think it should be a thoughtful process and the people closest to it, in my view, can do that. Now, certainly when they have a budget for grants that should be in part of their Supplies and Services and we should be able to follow that through that process and the Supplies and Services for say, the Parks and Recreation, and so then we have the capability of monitoring it and we can say, Hey, we're going to have to cut out the those kinds of external grants that we make." End of story.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner McDermid speaks:

I had a hard time following that. Number one, we have modified, improved, changed the process. The committee that has been set up does understand the needs and the different things. The application is quite different now. The reason I refer to it as one-time money is because we asked the organizations not to, in the Community Grant application, for things that are on-going costs but rather one-time capital type cost because again, if it's not budgeted for, we don't know if it will be in, able to be done the next year and at what level would we have in terms of money. So I don't personally think it should be budgeted; I think if we have left over or greater than anticipated, whatever you want to call it, I think that's appropriate because I do not want these organizations to depend on this as part of their regular budget. So I see it that way. The other thing is not doing this is a great disservice to Douglas County to the residents, to the quality of life and to what we stand for, I have taken, have been part of the leadership for roads; we did the Roads Task Force. We put a penny a year for each, a penny each year for five years towards roads. We have taken leadership position and we have not fulfilled what the Roads Task Force recommended completely and until that time we are playing, we are trying to catch up but I think there, it's not either/or. You have to do both/and; we have found ways to do that and if we would take the recommendations of the Roads Task Force, Mr. Walsh was on it before he was a Commissioner so he's fully aware of what was recommended. And some of it has been accomplished and some hasn't, but I concur with Commissioner Penzel; we can't just ignore other things. That'd be like having only one strategic goal; we have more than one and so I think we do have to solve and create a way to solve the maintenance for roads, but we have begun that process.

Chairman Thaler speaks:

Thank you, Commission McDermid. Any other comments? Yeah, one quick, I get to go first cuz I'm the Chair; nice try. So more of a housekeeping, we just we need to make a decision so that Finance can put in the right numbers and I'm gonna just put my plug in why Commissioner McDermid is right, and Commissioner Penzel is right. So the reason I lean towards using ending fund balance is because it gives us the most flexibility in, should we hit those tough years where we don't have the finances. Being that it's last year's money, that's the first thing we do when we augment money halfway through the year, if you guys remember, we just did it. That's your chance. That's our chance as a Board of five Commissioners to bring in money from last year and move it forward into the current budget. So we have the opportunity at that time to, I'm not even for a moment considering that, but if the five board or three of the five board members decided to defund the grants, they could do it at that time. That's the easiest and cleanest way and that's usually when you're going to see your economic downturn ahead of schedule, in other words, we're going to see it how we finished off last year and we're gonna know moving forward how, whether we're going to put money into this. So I would encourage us that it gives us the most flexibility to always use last year's money to fund this forward so I would totally support that. And on a separate note, which I don't think the County Manager was going to try to convince us otherwise, I think it's totally inappropriate to defund Community Grants and so my

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

argument is, and it's frustrating but I'm going to guess that Douglas County probably gets multimillions of dollars from the federal government through grants. If those grants, because the federal government just decided to defund us, they could put us into a serious hurt. Whether it's, you name it, from all the federal grants that we get; we would not be able to do what we do without those federal grants. Do we rely on them? Yes, every year we rely on federal grants. We rely on the property taxes that the federal government doesn't pay to us because they own a lot of federal land in our state, but fortunately they do bring in probably close to \$1 million and if they were to just, we know because we deal with this with the federal government, every year they talk about "let's just defund that" and we would be \$1 million out of balance and so the argument is that even Douglas County is somewhat dependent on grants. We are, I could say, that we are prepared and we are in a position that those grants went away, things would get really tough, but we'd still be okay because we figure out how to balance our budget. I personally would like to see these grants stay in our budget, stay in our category, which gives us the most control. I think we just need to move forward on how we want to do it. So with that in mind, Mr. County Manager, you had a comment.

Larry Werner, County Manager, speaks:

Yes, thank you, Mr. Chairman. To kind of take this to a higher level of confusion, what we've done now, just kind of verifying with Julie, is that usually by showing it in the budget today as we have, that is on-going money because we calculate that if it's sitting there like it is today and we put into the budget that way, it goes against when we add up our expenses and our revenues. The other thing is to treat it as a Supplemental Request, I'm trying to figure the best way to word this; if we don't want to be on-going money, we should take it out of here, leave that blank and then when we get our financial report coming in that shows us the unanticipated opening fund budget, then we bring back to you in augmentation that augments this budget for that amount. Because otherwise it's on-going, so the question would be, so that's one side of the equation we need to come to sort out internally. The second thing is I believe the 125 is just General Fund money. We also have Indigent funds. So the question is when you talk about the 160, are you talking about 160 of combined General Fund money and Indigent Care money? If that's the case, we need to kind of sort that out too. So I guess what I need is direction; do you want to treat this truly does one-time expenses, in which case we really should take that out of the line item but we come back to every year, when we know we've got an adjusted opening fund balance. We set the target at that point, be it 160, 200 whatever you wish to do and that then applies for the coming year. We do that annually. And if that's the case, we can deal with that, that's not a problem. The other thing is if we leave it as is and move this up to like 160 or so in this budget, it is an ongoing expense.

Chairman Thaler speaks:

So keeping that in mind, could you not leave it in here but we show as an offset the revenue would be the ending fund balance though, so the revenue would be

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

coming in later, it would come in in January whenever we do augments, so this budget doesn't get expended without us moving money, bring it forward. I get it, it's almost like a place card or placeholder, thank you.

Mr. Werner speaks:

But because we have to file that with the State, we've got to show balancing, so either the ending, either you reduce the reserves each year to show that, which is fine and we could do that but it really is then treated as an on-going expense.

Chairman Thaler speaks:

And I get on-going expense and Commissioner McDermid corrected me and rightfully so is as a placeholder, yes it's budgeted so Commissioner Penzel is correct, it's in the budget. I just, what I want to do is make sure that even though it's in the budget, so at the augment time, we will see money come in and arguably, you could make the argument that now that that revenues coming from last year's money, that's gonna free up 100, whatever we decide to figure in there, that could go into somewhere's else at augment. In other words, we could augment this month out but then you're bringing money in, does that make sense?

Mr. Werner speaks:

What you end up doing is augmenting the reserve; that's fine. I mean, really is fine, just that you'll see it here as an expense item and that's fine. We just need to reflect it accordingly and then at the end of the year if we don't have any adjusted opening fund balance, then our reserves will have dropped by that amount, which may or may not be an issue but I just want to make it clear that right now, the way we're treating it would be an on-going expense. And the second question is, you want the 160 to be General Fund monies or combination of General Fund and Indigent Care?

Chairman Thaler speaks:

So, if I hear you correct, we have two options here. So we could zero this account out but then each one of us have to make kind of mental note that next year when we do augments in order to keep our Community Grant program going, this is option number one, we zero this account out and then with the idea of augment time, bringing money back in and we could make that number up, not make it up out of the blue, but make that number up at augment time or option number two is leave it in the budget and it becomes a budgeted item. So I'm going to use that as our starting point with the Board. Commissioner McDermid?

Commissioner McDermid speaks:

If memory serves me correct, in the past when we have had greater than anticipated, there have been certain items, knowing that it was one-time money, one of those is always been Community Grants. This is the first time, to my knowledge, that it's being presented as an on-going budgeted item, because I don't believe, I haven't ever seen it done that way. It's always been in, so let's say we had, I'm trying to remember last year what we, no, because I remember

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

we had several things, of which Community Grants was one. Okay, well, you're saying that now, after the fact, that I think it it's always been, and the reason the difference in the amounts was based upon what our ending fund balance was and what we were going to fund out of that one-time money. For instance, part of the reason some the reduction when it was higher at 160 something was because we took several things out, like the Historical Museum and Dangberg Ranch, Ski Bus and those kinds of things; they went out of Community Grants because they were on-going programs or assets that the County needed to maintain. So I don't know which is the cleaner way to do it but you know, I'm just saying I don't ever recall that it was a line item budget, that it came after the fact.

Chairman Thaler speaks:

Thank you, Commissioner McDermid. Commissioner Penzel?

Vice Chairman Penzel speaks:

Maybe it would help, when you and I sat down with the folks in the Finance committee and we talked about this, we talked about making them line items at that point, and that's how, for instance, the Nevada Tahoe Conservation District, the Historical Society, that's how they became line items in the budget and so they made this a line item for the budget. I believe that the community needs to know that we're going to spend money on community things. I think it should be in the budget. I just think it ought to be more decentralized than you do. I favor that because I'd like the manager that's closest to it to the budget the funds accordingly and hear from the people that are going to receive those funds and also supervise them in the expenditures of those funds.

Commissioner McDermid speaks:

Well, I see what you're saying but I think the concept of the committee to review the applications and they can interview them, they can ask questions. It's a consensus of the committee as to, and I think that is a process that has worked and I would like to see that process continued. My question I would have, so if we leave it in at a 125, after we closed out, 17-18, and if we have greater than anticipated or higher ending or whatever you want to call it, we could then bring it up to a different number, could we not?

Mr. Werner speaks:

Larry Werner, County Manager, yes, you could.

Commissioner McDermid speaks:

And at what point in the year do we do that? At first, because we close the books as of June 30, so when is the first time that we see what our ending fund balance is?

Kathy Kaiser, Senior Budget Analyst, speaks:

Kathy Kaiser, for the record. Usually we see what the ending fund balance is after the financial audit, so typically that normally comes between January and February, when we bring those augments to the Board.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner Walsh speaks:

Thank you, Mr. Chair. This is only my second go around with the budget so I'm not familiar with what happened previously. It was budgeted last year and I would tend to keep it as a budget line item. I do think the committee has worked fine. So that would be my leaning right now.

Chairman Thaler speaks:

Commissioner Nelson? Nothing further? So, I can take from the Board we're gonna leave it in the budget as it stands, and I think and I will tell Commissioner Nelson, you do have the opportunity on Thursday to say no again, feel free. That's why there's five of us up here, so it's not that your voice is not being heard. We try to do the count up here, and I think the count is not in your favor, but you certainly have another shot at that on Thursday because we all know on Thursday we're going to be approving the grants, so you could use that same argument then. So I think what we'll do, we'll leave this number in here and we'll take everybody's suggestion and we'll move forward with the idea of as we finish off last year or the current year that we're in now and if we, as Commissioners want to move and provide more funding for those Community Grants, we'll do it at the time.

Mr. Werner speaks:

I still have one question, Mr. Chair. So that's Indigent Care funds, if we want to include, is that included in your consideration of the 120 that we've got in here or do you believe that should be added to that?

Chairman Thaler speaks:

Well, I think right now, let's leave it in the budget as it is and then we'll figure out at the augment time whether it's, because I don't remember seeing it in Indigent fund, a separate item for Community Grants, but maybe I am wrong. We just did that like two days ago or last week, do you remember, Ms. Kaiser?

Ms. Kaiser speaks:

Kathy Kaiser, for the record, the resolution does have both funding from General Fund and Social Services; they're both included for what you're going to see on Thursday.

Chairman Thaler speaks:

So I think what you're looking for is this number included for Indigent Services and us, the regular?

Mr. Werner speaks:

Yes, the reason I was saying that is if in fact, you want to get it closer to the \$160,000, you could use the \$120,000 something from the General Fund and use the difference of that, the \$40,000 or so from the Indigent Care; move that all into this item, with the Indigent Care moving over the General Fund and reflecting the total amount.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

So let's do that as clean up, if you guys don't mind, bring those two together. We'll see the total amount at the next budget hearing and we'll be able to, again, this is just preliminary and tentative. So, okay; any further questions? Are you guys gonna move on to the Supplemental Request in this line item, because I have a Supplemental Request. So one thing, and I'm hoping I gain a little bit of traction here is we, there's a lot, we talk about infrastructure and I'm trying to figure out where, there's a lot of work that needs to be done on the river and through the Conservation District down here and trying to find money without budgeting it but that would be like a Capital expense and I don't know looking forward whether there is or not and whether or not it would be appropriate to, as a Supplemental Request, build in some funding for River Cleanup and River projects and stuff like that, separate of what we're gonna do on infrastructure, later on in Capital Improvement projects. So I'm just kind of throwing that out there because this is our chance to throw in for County Commissioners, whether we have any Supplemental Requests, just as every other department in this County has asked for Supplemental Requests. So I'm just throwing that out for discussion.

Vice Chairman Penzel speaks:

Mr. Chair, certainly, I think that given the threat that we're facing in terms of flooding, I think that we should have that considered, but I think it should be considered under the management scheme that we have. It would either go to, well, it could be in the CIP (Capital Improvement Projects) but I would think we want this money to be available either for Public Works or Community Development, depending on what they see the need is and so that the Conservation Districts can come to them and it could be a smooth meeting with the Conservation Districts and without having to have us come and monitor it. Because we know it's coming; we know that the river cleanup, the Snagging and Clearing fund is pretty much depleted at this point. We have some projects that the County Engineers worked on, as well as the Roads Department. We know that the Conservation Districts, especially the Carson Valley Conservation District has expended money on it, as well as CWSD (Carson Water Subconservancy District) and we know that those are going to be on-going needs through this, and especially at the flood. So I would suggest that the those be either in the CIP or in the budget area but I would, in terms of our particular supervisory ability in these Supplemental Requests, I would put remodel of this particular facility as a Supplemental Request, which we've looked at, and whether or not we want to even expend money on it, which we have not made as a commitment. There are some security issues for this building and more access and more chairs for the public in this building, and in this particular facility and we done some preliminary look at that but it's not been an item for the Commission to say up or down on and I think we need to look at whether we want to do that.

Mr. Werner speaks:

Mr. Chair, if I could respond, two things; number one, there is money currently available for the Carson Valley Subconservancy for river cleaning. We've got,

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

potentially, \$300,000-400,000 available right now. The issue has been that we can't just write them a check and they know that; they have to give us something that shows with what they want to use it for. So that money's there and it's available and it always has been there. I don't think you need to do anything in addition to that because I've let the Conservation District know that there's at least \$100,000 there that we can give them today, but there's some steps they have to go through. The second one is I believe in our Supplemental Request, we do have the dais for the Council court is one of our Supplemental Requests already listed, so that's in there as well.

Chairman Thaler speaks:

I actually saw that on tomorrow, at the end of the day tomorrow when we pull all the stuff together. There is a line item in there, so we just have to prioritize and figure out what we want to do. Yes, thank you. Ladies, anything further on this big account? Nothing? Let's move forward, unless there's any other questions, we'll move to, like your department, Finance/Comptrollers, Ms. Address.

**Julie Andress, Budget Manager**, presented the following regarding the Finance/Comptrollers Budget:

- Budget Worksheet
- Programs
- Supplemental Requests

Julie Andress speaks:

Thank you. So here is the Finance/Comptrollers budget in front of you. I did want to point out that the increase in the Salary and Wages you are seeing above is we had a reallocation of a Budget Analyst; that was .20 budgeted over in Senior Services and now we are 100% allocated in the Finance Department and you will see the associated Employee Benefits to that position as well. Another area to point out is account 520.136, Services and Supplies, that is for rents and leases of equipment; that is our Dell lease program and we had an increase here in Fiscal Year 17-18 for a mid-year lease replacement, so we'll actually see our actuals be slightly higher for our current year, as well as that cost being budgeted for 18-19.

Vice Chairman Penzel speaks:

What is the, excuse me, Mr. Chair, what is included in the memberships and it's going up.

Ms. Andress speaks:

That's correct; account 520.170, Memberships. There is an increase in that; that is for the Association of Government Accountants to be able to stay up-to-date on governmental accounting issues; that is what the increase in the memberships is for.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner Walsh speaks:

Who all belongs to that? What person in the Finance Department is the representative for that organization?

Ms. Andress speaks:

We have eight employees in that membership. Okay and moving on to Training and Education, account 520.200; in this account we have made a reduction of \$3,855 and this was to help keep our Services and Supplies flat 17-18 adopted budget. For Professional Services, account 521.100; you will see that there is an increase over the 17-18 adopted budget. In here we have our contracts for JNA Consulting for our continuing debt disclosure as well as our JNA Consulting for debt management policy, as well as Mahoney and Associates for cost allocation plan.

Vice Chairman Penzel speaks:

When you talk about the debt, you're talking about the bonds? Why is this not to a charge the bonds?

Ms. Andress speaks:

That's a good question. I can look into that.

Vice Chairman Penzel speaks:

Thank you. Well, the auditing account, that's what we just recently approved, right? For Korn?

Ms. Andress speaks:

For 521.160, Auditing; that is our annual year-end audit. Are there any further questions for Services and Supplies for Finance? We do have a Supplemental Request for Finance Department. Our first request is to increase our Professional Fees for the GASB (Governmental Accounting Standards Board) 45, which is the OPEB (Other Post-Employment Benefits), and that is for \$5000. Our second request is an increase for ResourceX contract and that is for the priority-based budgeting and that is \$20,000.

Chairman Thaler speaks:

So we pay these guys \$20,000 every year to update our priority-based budgeting or what is that?

Ms. Andress speaks:

For the contract for them, for their system.

Chairman Thaler speaks:

What if we didn't approve that, what would happen?

Ms. Andress speaks:

We would not be utilizing priority-based budgeting.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Okay, that prompt any comments or questions or concerns?

Vice Chairman Penzel speaks:

So if we made the decision to change over to zero-based budgeting, would we see the same kind of requirement for somebody else to come in and do that?

Ms. Andress speaks:

I would assume so.

Vice Chairman Penzel speaks:

Would it be higher or lower?

Ms. Andress speaks:

I do not have that information with me. I would have to look into that for you.

Chairman Thaler speaks:

Zero-based budgeting is a concept; it's not necessarily a program that you have to sell. You know, one of the issues I have and I will be perfectly honest, is that priority-based budgeting came on after I retired; so, I was always, the State works on zero-based. We are one of the few organizations that sit on priority-based. I would be interested to know how many people since 2011 have jumped on the priority-based budgeting system throughout the United States. My guess is not that many, which I'm not a priority-based budgeting kinda guy, but I go with the flow of the, you know, I'm one of these, if the rest of my Board or the majority of the Board wants to stick with PBB (Priority Based Budgeting), I'm fine. I'm a zero-based, I'm a line item budget guy. I think it's a lot of money to spend to have consultant come in and say that this is the best thing since sliced bread, but yet we're one of few organizations that actually use it. If it's really that good, and I'm not trying to de-minimize their program, I'm just not sure it's for us. And the reason I say that, I've spoken to quite a few managers; I'm not sure how widely accepted it is amongst county departments. And so we keep doing this every year, we pay for priority-based budgeting and because it looks good and it sounds good but is it really good? I can guarantee if that was \$200,000 we'd be taking a harder look at it, but whether it's 20 or 200 it's still the idea. Do we want to continue to use what, and I'm gonna lean towards Ms. McDermid, she was here when this all started, is I know, and I remember how it was sold but is it still the right thing for us to use? And I think this is the place that if we want to say we want to change the way we do business in the future, we save ourselves \$20,000 and we start moving towards a different system, which I'm sure you guys are looking for guidance because you want to know, okay, how do we go forward next year and obviously, priority-based budget is probably really, really, really, really good when your economy is upside down and you're struggling for money and we have an economy right now that is doing fairly well. Douglas County seems to be doing fairly well. We haven't really had to use priority-based budgeting; doesn't mean that it couldn't flip next year but right now if we look at the trends, doesn't seem like the trends over the next couple years that's gonna happen. So I threw that out there just to generate some discussion because I think eventually, we

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

as a Board, have to make that discussion, whether it's today or in the next few months; is this a system that we want to continue to use? So, Board, what do you, what's your pleasure? Commissioner McDermid?

Commissioner McDermid speaks:

Well I would say, the one who brought this forward was Steve Mokrohisky. He is very financially savvy. He is Six Sigma. He is really into the type of things that, he came from Milwaukee, so he was from a big city and I think his concept was that to, in order to get the priorities for the County in line, which Roads Maintenance was one of his big ones, was to institute this system. At the time, Christine Vuletich was the CFO (Chief Financial Officer) and so those two individuals are no longer (what did I say? I know, sorry Tina) and then, anyway, they're not here. I think it would be interesting to know if Mokrohisky instituted it up in Eugene and in Oregon where he still the County Manager there. It would be interesting to know what system, if they, if he has gone to that. So my thing is I've seen it both ways. I think the one vantage that priority-based budgeting does, it does tell you where your money is mostly being spent in those quartiles and you can look and see, well gee, is this the right place for that funding or can we move, you know, what I found was the second quartiles was where the most money, in every department, was virtually being spent. So my question was, if the most money is being spent in the second quartile, are those programs, should those be in the first? So, I don't know. I think it did reveal a lot of different things in the County that had not been revealed before. The fact that you weren't here, Barry was, so yes, it was embraced by the Board at that time but, you know, to me I think it it's one of the problems was they had been going previously, if you had to balance the budget was take straight cuts across everything and that was having very difficult, that was very challenging for many of the departments and so I think this was one of the responses to not doing it that way. And so that was, that's what it was then.

Commissioner Walsh speaks:

Yes, thank you. You know, priority-based budgeting may have seen it's time come and go. It sounded good at the time. I think we as a community, we pretty much know what the priorities are of the citizenship; they're not going to change. I believe that priority-based budgeting is cumbersome, is time-consuming; I'm a guy, I'm a zero-based budgeting guy, I start with what we need and build the budget from there. So I would tend to agree with at least two or three of my County Commissioners here, maybe we go a different direction.

Commissioner Nelson speaks:

Yeah, I guess software is an interesting thing because you have to buy into its use before it's going to really provide you with what you need. So if we have not really bought into the software package, is that going to provide us what we hoped it would provide? I was also wondering if we put this \$20,000 into ResourceX, where would we come out on the priority list. Is it down in the last quartile or where would it show up? So I question the value of a software product if we're not getting the value out of it.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

Thank you, Mr. Chair. I think Commissioner McDermid went through the trials and tribulations of the priority-based budgeting and one thing I liked about it that she didn't mention was that it clearly identified a way to cutting the budget if you stuck to quartile for programs. I thought it was interesting that in the Sheriff's department, when they first came out with it, everything was priority one. I think to some extent, it was a self-fulfilling prophecy and I know that many people recommended zero-based budgeting. I think the majority of us have worked with it, but we haven't heard is what our financial professionals really think about it and what they would recommend. So I would like to hear your evaluation of it and how you really feel about it. I'm not trying get you to say one thing or the other but has it assisted you in preparing the budgets and has it been useful and if the answer to both those questions is "no", to me it's a done deal. We're going to shift out of that and go to, in my view, zero-based budgeting, but what do you folks think? You're the professionals in this.

Chairman Thaler speaks:

So I know that's a lot of pressure on you but if you care to respond to that... Just be honest, that's all we're looking for.

Ms. Andress speaks:

This is my first year utilizing priority-based budgeting myself, so it was new to me, so I've missed the history here in Douglas County using it prior. My experience so far has been very cumbersome. I see the output of where we want to go with the information and how to best utilize it. Having said that, I am also very open to either new tools to help us with budgeting.

Chairman Thaler speaks:

Mr. Werner? Oh, Kathy, did you want to respond as well? My apologies.

Kathy Kaiser, Senior Budget Analyst, speaks:

Kathy Kaiser, for the record; I've been here for almost 5 years, out of those four years, I've had little experience with priority-based budgeting. The first couple of years, we've done it after the budget was adopted. So this year we've kinda tried to turn that around to actually budget with priority-based budgeting and then last year, we didn't implement it at all. I do think honestly that if we got to a point to where we got all that, I guess the bugs out of the system, it would really be a great tool but it just takes time to get to that place and I think our point was to try to get to that point next year, but it does take a lot of work and we have been little understaffed, so if we get to a point, I think it would be a good tool but I don't know if it's right for Douglas County. It is right for other counties and it may not be a good fit for us.

Chairman Thaler speaks:

Is that the total amount, \$20,000? Or is there more that we just don't see? This as an increase or is this the total amount?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Kaiser speaks:

I want to say that's the annual amount or is it an increase? I think it's an increase to using their software program because basically, we put all the information in...

Chairman Thaler speaks:

So, I guess what we don't know is, if it's an increase, what "x" is, in order for, and which I think, I'm not sure if it's gonna change the opinions of Board members, but I saw that if it's an increase, it means \$20,000 to whatever "x" is and "x" is, we need to figure out what "x" is. Because then you have the full force and effect of what that program costs us to every year that we use or don't use and what you just said. Commissioner Nelson?

Commissioner Nelson speaks:

Yeah, the idea of these products is to save time. You know, if it's not saving time then it seems that it's not really performing what it should do, especially if we're finding that we're really not cutting budgets that much by using it. So we need to have a payback for these products.

Chairman Thaler speaks:

Thank you. Mr. Werner?

Larry Werner, County Manager, speaks:

Thank you, Mr. Chair. Just to weigh in a little bit, I've actually experienced both zero-based and a priority type based budgeting, called Active Strategies. We instituted that program, basically was used in the medical industry for hospitals, those sorts of things, in the jurisdiction probably early 2000. The part that we've gone through with priority-based budgeting to date is just to try to, without a lot of deep thought, to identify programs. The problem is that next step requires that you relook at those programs and you actually, for either zero-based budgeting or priority-based budgeting; you come up with an actual measurement of that because if you don't know how to measure that, you have no idea where it sits in the process. And when you to that step, what we found in other jurisdictions, is that you almost need a staff person committed per department to keep track of that. For example, a jurisdiction about our size, we were monitoring 4,200 data points to try to keep track of whether or not you were on target with your priority-based budgeting and whether you were falling off, whether you were, a lack of resource and once we got that figured out, then the question came up of asking the question, "who cares?" We were doing a lot of detailed analysis on making sure that we were within the green on our dashboards and a lot of these things and then we started doing community surveys to see, are those in turn, the priorities or the programs that the community itself wanted to see. I think by the time we got through with it, we spent a lot of money, committed a huge amount of staff time and I'm not sure we were any better off than what we had been like we are today, of having a good sense of what's out there. I'm not sure we saw a payback, either zero-based budgeting in the full extent of that or priority-based budgeting because it does take a huge commitment.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

So, okay, I'm not sure if that really convinced me one way the other, but I will go on the record, I agree with Commissioner Walsh. I think, and I think the majority the Board, if not all of the Board, would probably agree that we have a Strategic Plan so we pretty much know our priorities. I think our community lets us know what our priority is and feel free, if anything, you guys, if I say some that you disagree with, please let me know. But this is a system that has not really been used and I don't, in the foreseeable future, see it being used. We keep doing the same thing over and over and over again and we got some great material, we saw a lot of stuff because we put priority-based budgeting out there, we go, "wow look at this and this and this". But all it showed us were they placed the priorities, we saw with the money is, but that's necessarily mean, cuz my understanding of priority-based budget is when we have to start making cuts, that we go four quartile, three quartile, and so on and so forth. We never had to use that and I'm not saying that we won't have to use it in the future, we may, but I've always said that the department heads, they should know what priorities and whether we agree with those priorities or not, that's when the rubber meets the pavement. So I'm all for just saying, you know, it served its purpose, kind of like the Redevelopment Area up in one. We've given it its go. We've tried really hard. Honestly, and I'm gonna take a stab at this, I guessing that if you were to query every department head in the County and just send out a note saying, "If you had to do it again next year, would you want to do priority-based budgeting over again?" I'm just saying that I think the majority, if not all, would say, "Nope, let's try a new way." And we, the fallback is usually either zero-based budgeting or there's another system out there, I don't remember offhand but I think it's time. My guess is that numbers a little higher and we could probably, at least right now, cut that budget and stick it into some other projects and I think I have enough faith and confidence in the finance system and what we do now, looking at this that we can come up with a system that works. So okay, Commissioner Penzel?

Vice Chairman Penzel speaks:

I would agree that the, I think it's time that we fully discuss this and set some time for a discussion of it to move forward, either to continue or to change it to whatever, I think we're pretty much aligned with zero-based budgeting, but it seems to me that right now, this Supplemental Request would rank very low on the distribution of funds and I think we deserve it, and the Comptroller deserves to have a full discussion on it so we can outline a way to go and we need to do that sooner rather than later and probably at some time before we go to approving a Supplemental Request. I would recommend the County Manager come up with a time for us to do that.

Commissioner McDermid speaks:

Well, in putting together this budget, these presentations, did you use priority-based budgeting?

Ms. Andress speaks:

In the presentation slides previously shown, we did utilize the programs from priority-based budgeting and in the beginning opening for the County as a

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

whole. We showed the slides of priority-based budgeting and where the funds were for those particular programs.

Commissioner McDermid speaks:

But I meant, for instance, this presentation of your Finance Department, the budget, your programs, is that, you didn't, that's not part of priority-based budget.

Ms. Andress speaks:

No.

Commissioner McDermid speaks:

So what part of the presentations did you use it for?

Ms. Andress speaks:

This is something that we were going to fully implement next Fiscal Year. This year was a hybrid for us to try to reintroduce priority-based budgeting.

Commissioner McDermid speaks:

I would concur that, you know, before we make a determination, we need to have a full discussion and we need to find out where maybe other department heads, etc. where they stand on and if they see merit or if they see that it doesn't provide, because it sounds like they did use it for some things but it hasn't been fully implemented and since you didn't use it at all last year, you're probably playing catch-up.

Mr. Werner speaks:

Essentially, all we've done with priority-based budgeting from the very get go is to identify programs and the associated costs, which is effectively is glorified spreadsheet. The next step is the one that's the real meat of it and that's when you sit down and you really do start assigning costs and people and monitor those programs; instead of monitoring by line item, you monitor program and you see how your budget goes by program and that's the step, be it either zero-based budgeting or priority-based budgeting. If you look at the pure programs of those, that's where it takes the staff commitment because you really have to set up somebody within each department that's monitoring monthly where the timesheets are going, what the activity is, if you've got multiple programs assigned in your department then you have to track time by those so you know where you're spending your manpower and resources. So your timekeeping, your payroll, your finances really gets complex and the question is, do you reach a point then that you've really got added value to what we're doing here in the County? From experience before, like I say, it wasn't exactly priority-based budgeting but it was a very similar program. I think that community's now dropped it just because we had to have a program manager that was committed, full-time, and we had to have, like I say, within the large departments, there to be full-time staff committed to that at that point too. So we can put together kind of a synopsis of these things bring it back to you, but my concern is just looking at priorities. Is this a high priority, as Commissioner Nelson said?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Okay, so we'll bring this to conclusion. So let's do this, let's leave this the way it is because we're gonna have to decide on Wednesday anyway, end of the day Wednesday, but in the meantime, if you could do a couple things for us in your busy day and I know it's a busy time, but maybe it's just a memo out to the department heads and elected officials, whether they see value in the PBB and then let's bring it back to our May meeting. That still gives us time; I think it's too short to bring it back to the April meeting. So let's bring it back to May and we'll just do an overview of PBB, whether or not it's something we need to plan for the future. And I'm not talking about a real lengthy discussion, but it could be, this is the plan, this is how we've used it, department heads say "yay" or "nay" and then we'll make the decision whether we want to keep moving on this program or not. What else you got?

Ms. Andress speaks:

That is it for Finance Budget.

Chairman Thaler speaks:

So we'll do one more and then we'll take a break after the County Manager. Take a break now? Okay, we're going to take a quick five minute break, so we're adjourned for five minutes.

Chairman Thaler speaks:

All right, I will bring this meeting back to order and moving right along, we're gonna move right down to the County Managers next.

**Larry Werner, County Manager**, presented the following regarding the County Managers/General Services Budget:

- Budget Worksheet
- Programs

Larry Werner speaks:

Thank you, Mr. Chairman; Larry Werner, County Manager. The first one I'll go over is the County Managers budget, fund 101, department 122; this one gets about as confusing as we can make it, as well. It should be fairly simple, but it's not. One of the things you notice in Salaries and Wages, there's been some significant movement there mainly because we brought down the budget for the Assistant County Manager into this budget from the County Commissioner's budget. The other thing that occurs is that they actually carry a salary for the County Manager in here and then as we expend my contract under Professional Services, we transfer the money from Salary into Professional Services. Christina started that when we did this several years ago. I'm not sure what the exact purpose was but if you look at Professional Services, you'll see a budget like \$84,000 in a year and then you'll see expenditures in the neighborhood of \$200,000 and \$300,000 and it gets augmented throughout the end of the year and transfers through the year. So that one gets a little bit confusing, but I wanted to point that out. There have been no, other than Assistant County Manager, there have been actually no

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

additional staffing with this budget and in fact, some of our actual Salary and stuff will be a little bit less, with the retirements that we had. The other big one you'll see in Service and Supplies budget is the rural CPS (Child Protective Services) state assessments, that's the Child Protective Services, that's a bill from the State of Nevada that comes in, we pay it, it moves out. And you end up paying whatever they charge us. And I don't know what the frequency of that payment is, if that's quarterly or I have no idea.

Commissioner Walsh speaks:

You said it comes in and it goes out; I don't understand that.

Mr. Werner speaks:

Well, what we budgeted in here, it's a General Fund cost, there is nothing we do here but pay the bill to the State of Nevada. Professional Services, we kinda talked about that one. Then some of the changes that we made in our budget is in...

Chairman Thaler speaks:

So real quick while you're looking there, Mr. Werner? So, I don't mean this in a negative way, but you your position is an anomaly today because we decided to contract instead of employee. So why can't we just leave your contract in Professional Services and if it comes a point in time later on, where we employ a County Manager instead of contract with them, we can deal with that then. It just seems like it's more work when you have it up in Salaries and then you or your department has to move it down in order, so, why not just put it down there in Professional Services?

Mr. Werner speaks:

I think from a practical standpoint, that's probably doable. I'd have to check, maybe some of the reason was to make sure that the FTE count stays the same, that all the things within the system still recognize the position of the County Manager as an FTE, even those being contracted. So I can work with Finance and see if there's a better way to do that but I think there's some system anomalies we can't.

Chairman Thaler speaks:

We don't, you don't include other people we contract with in our FTE count. I know you don't want to get lost, in other words, you are an FTE but you're really not; you're a contract employee.

Mr. Werner speaks:

I'd have to sit down and talk with...

Chairman Thaler speaks:

I'm just trying to make this clean so that when people look at it, they understand.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Werner speaks:

I hear you. It does, it just makes me sit back and take a look at it every time I see that, every month I look at this, I kind of wonder what we're doing here.

Chairman Thaler speaks:

Well and it's confusing.

Mr. Werner speaks:

Some other major changes that we made next are under 540.001, Contributions; that's where we moved a lot of those items from the County Commissioners budget and put them into the County Managers budget. Of those, specifically are the Carson Valley Arts Council, the Douglas County Historical Society, Friends of Dangberg, Nevada Tahoe Conservation, Reforestation Foundation, Tahoe-Douglas Bomb Squad, Tahoe Ski Bus and TRPA (Tahoe Regional Planning Agency).

Chairman Thaler speaks:

So my only comment with that would be, unfortunately, when you combine all those into one account, we can't see a history over the years of whether those change or not. So personally, I mean, you don't have a huge department anyway but if we're going to fund those all through there, why wouldn't we see them as individual line items so we can start tracking these over the years?

Mr. Werner speaks:

That's a good question and I can check also with Finance on that.

Chairman Thaler speaks:

And I know it's just Finance adding more point 806, 809 whatever numbers and tracking it but I think it gets lost in the big number and it should be tracked separately to get a history on it.

Mr. Werner speaks:

That's fine.

Vice Chairman Penzel speaks:

What we did is, if that's it ended up, if the TRPA ended up there, why didn't it end up with Community Development? The Bomb Squad ended up there, why didn't it end up with the Sheriff?

Mr. Werner speaks:

One of the things is trying to monitor that and then we can't just, a lot of these, we can't just write a check; we've got to have a Resolution that authorizes the transfer of money from the County to a nonprofit or to another organization and our concern was if it got buried in another department, it gets lost and then you have to stop and figure, "Okay, where are all those that are out there?" So when it comes the time of year that we can actually pay those, because we have to bring back to you a Resolution that authorizes these

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

payments and it just is a lot cleaner to monitor it here. In fact, the departments have very little to do with it. It's more of a pass-through and that doesn't impact their operational at all, it doesn't involve their operation, so it makes more sense to try to keep it in one spot, from our standpoint.

Vice Chairman Penzel speaks:

Well, and I can understand that as the real argument, but where the rubber meets the road is we, in fact, have not been monitoring those very closely at all. The Nevada Tahoe Conservation District (TRPA), until Commissioner McDermid and I sat down with Finance, we didn't even have a scheduled time that they would get their money. So in order, because it is a Conservation District, we thought that we should have a continuing fund for it. The most logical place to monitor that is up at the Community Development because they deal both with the TRPA and with that.

Mr. Werner speaks:

The issues, though, when you look at what cost for Community Development, that doesn't give you a true picture because it doesn't, it has no impact on their operations whatsoever. It's, again, it's a grant, it's a pass-through, it's not part of what they need to do on a day-to-day basis, so effectively when you look at that either zero-based budgeting or these kinds of programs, it artificially inflates their cost, even though it's not necessary for their operation. I can understand what you're saying but in reality unless they need that for some operational consideration, then it that makes sense, but in this case, it doesn't. It's something that we as a County are providing to these agencies.

Vice Chairman Penzel speaks:

Well, I would counter with the argument that many of the things that happen in TRPA start in Community Development, and both of those things involve the Lake. They are the monitor of things that go to the Lake. In fact, when we submitted our last area plan, it put Community Development squarely in the sights of the TRPA and things that happened at the Lake, so if you're going to consider the Lake as a whole, it's good to have all those budgetary requirements there. Moreover, the thing for Nevada Tahoe Conservation District was that's part of their budget funding, which they could actually eliminate if they passed, if they got together and passed the tax that they can pass. So I don't see that it's advantageous to have it monitored in your office any more than it's advantageous to have it monitored by the Commissioners. To me, where the rubber meets the road, in the management aspect of it is at Community Development.

Mr. Werner speaks:

It's certainly a poor choice, I mean, because, certainly, you talk about transparency, then to try to find those of all that you provide to those other agencies and you've got to look in every, because, you, theoretically, for the most of those in this category are totally discretionary on the part of the Board of Commissioners, except possibly for the TRPA one.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:  
Or the bomb squad.

Mr. Werner speaks:  
The bomb squad is totally discretionary.

Vice Chairman Penzel speaks:  
I would say in this day and age, the bomb squad is not discretionary.

Mr. Werner speaks:  
Well, in saying that you're...

Commissioner McDermid speaks:  
It isn't a mandated requirement, it isn't, we haven't gone into any kind of contract or MOU (Memorandum of Understanding) and it hasn't been mandated by the State legislature. So in that sense it's discretionary as to whether or not we participate in the funding.

Vice Chairman Penzel speaks:  
Well, if you look at it that way, we are not required to have a Patrol division; we are required to have Jail division. So the Patrol division is discretionary in that regard. My point is we don't do anything for the bomb squad, other than provide money and I have no idea, because we've never been briefed on what they do or how they do it or who would actually receive the money. I would like to have that managed. I would like to have the people that are involved in it have some ability to express how they feel about it to somebody who really cares; not that we don't care, but we don't ever get an opportunity, even in my knowledge and this if going on six years I've been here, I've never received a briefing, neve,. I don't even know who the people are that do that. So why would we want to manage this?

Commissioner McDermid speaks:  
Number one, when the Sheriff has his Open House, they typically have the bomb squad and the bomb squad, I believe, is from Tahoe-Douglas Fire District, which works with. Douglas County Sheriff. So yes, I think, the only thing I can say is I think it would be nice to see it listed out, who is getting what, because according here you have under your programs, you've got Towns, GID's (General Improvement Districts), legislative State, federal, did they receive contributions from your budget?

Mr. Werner speaks:  
No.

Commissioner McDermid speaks:  
That's just your relationships?

Mr. Werner speaks:  
Correct. But what about partnerships? Do the partnerships receive funds?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Werner speaks:

No, the only ones who receive funds are the ones that were kind of scattered throughout that part, that you, as the Board put into a line, made it into an on-going budget. We moved that into the County Manager's budget to make sure it's funded. So like the Friends of the Dangberg, it's those kinds that you've approved that we continue on.

Commissioner McDermid speaks:

I do believe that that the Tahoe Ski Bus is paid out of TDTD fund (Tahoe Douglas Transportation District) that John Erb has, because there is a connection in that sense.

Mr. Werner speaks:

There's the Arts Council, the Douglas County Historical Society come from Room Tax, 234 Fund and then the Tahoe Ski Bus comes 236 fund; those show up as revenues into the General Fund and then expense out of here so we can kind of keep an eye on what's going on there. We've lost a couple of these in the past so...

Commissioner McDermid speaks:

But, I think, I understand the relationship with Community Development and TRPA but in my personal opinion, I think it's better that the County Manager office be the one to manage the TRPA thing because Community Development has Douglas County in Community Development. They work with TRPA, whereas the County Manager, he doesn't really have a relationship, I would say, with TRPA; it's typically through Mimi and Heather. So in that sense, I think the financial part of it and I'm not sure why we're paying TRPA? Why are we?

Mr. Werner speaks:

It says, let me find it here, it is associated with assessed value, it looks like it's fund 112. TRPA pursuant to Tahoe Regional Plan contract, using assessed value; we can follow up on that and that's about \$26,500 a year.

Commissioner McDermid speaks:

Yeah, but assessed value tends to go up?

Mr. Werner speaks:

Well yeah, I don't know what that means. It's been there and we'll follow up on that.

Commissioner McDermid speaks:

I still think if those funding things are listed out, now, if there's any that I think could be handed off to a different department, the problem is, do they have any relationship? If it has to go by resolution, that comes under the Board and that's why I think it would come under County Manager. If it's a resolution in order to approve the funds that comes under County Manager.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

We approve resolutions left and right that don't involve anything we're really doing. I think it's incumbent upon us to exercise good fiscal control. We're not the organization that does that. The people that do that are the staff folks and I would like to see them do it. I think the County Engineer probably has something to do with it, TRPA money, because at one point he was talking about how this supplements something out there, I can't remember what it was. But my whole point is, they're the ones that actually do the work, that understand where it's got go, so if they need resolution, they simply come to the County Manager. He prepares a resolution, it comes to us, we listen to it and either vote it up or down. That's what we do in the majority of these things.

Commissioner McDermid speaks:

Yes, but I think that if there were a problem doing it this way, the County Manager would not do it this way and I think, to some extent, we're micromanaging, and I think that becomes dangerous and I think if we don't have enough confidence in the way the County Manager is putting these things and dealing with these things, you know, I have confidence that if he didn't think it belonged here, given what he's done with the rest of the budget, he would definitely put with the different department that it goes with. And my only thing is to have a list of the contributions.

Chairman Thaler speaks:

Thank you, Commission McDermid and I think the little behind the scenes story to this is, is that first of all, we're trying to be even more transparent and when you have all these entities that are discretionary; these are discretionary, there's no, with maybe the exception of the TRPA although we're following up on this, these are discretionary funds that we could just simply, I'm not suggesting it, but we could just not fund because there's no requirement that we fund these. We do it based on we feel that as part of this community and they should be funded, in years past, it's been one giant number and we don't kinda know how much history we have in funding these over the years. So what I, the reason I do want it in here this if we send it back to the department, it's hard for the community, it's hard for people looking at budgets to go find how much money because we've all dealt with this, how much money did the Friends of Dangberg get last year? Well, which account is it? Well, I think it's in Social Services; no, it might be in Community Development. No, we know that it's, now we know it's in the County Manager's budget and I agree with Nancy, I think I suggested that early on; we need to separate each one of these is an individual line item so that we can fund or defund or raise or lower over the years, but since they are discretionary, they're just like the Community Grants, which are in our budget. These should be in the County Manager's budget, only because it's a place for it to go. But because it's discretionary, I don't think we send that back, because, correct me if I'm wrong, Larry, we had problems where some grant monies or some departments have spent, sent money to other nonprofits and we didn't know that they did it, correct?

Mr. Werner speaks:

That is correct.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

So this is kind of a way to say to the departments that we'll take care of all these nondiscretionary things, quite frankly, maybe they just don't have the time nor I think it's totally appropriate for us to do. So, minus any other further discussion, unless I hear otherwise, we'll leave it be, other than the comment that will be as we get to that next budget hearing, please separate these out so we can see that these individual, if you don't mind? Please continue.

Mr. Werner speaks:

Not a problem. That pretty much covers the County Manager budget. The next one, which I need to get into is the General Services budget. I need to find it; right there. The General Services, kind of a collect all for a lot of things, I guess what I'd want to highlight is that a lot of the PERS (Public Employee Retirement System) medical comes out of there. A lot of post office rents, and we're not seeing any increases in any these. I'm sorry, this is fund 101, department 191.

Vice Chairman Thaler speaks:

But how come it has over time? Who is General Services?

Mr. Werner speaks:

That's kind of nobody. Well, I think some of my charges go to that, maybe, some of my staff charges go to that when they're dealing with...

Vice Chairman Penzel speaks:

Looks like it's a one County Commissioner, it's \$28,000.

Mr. Werner speaks:

Mostly, it's a fund that funds for countywide, it funds different activities that go to different departments. For example, rent, advertising, motor pool expenses.

Vice Chairman Penzel speaks:

Who's receiving the holiday overtime?

Mr. Werner speaks:

The holiday overtime....

Chairman Thaler speaks:

Let me help you out here, Larry. This is cost allocated out but it's a place where I think Finance, it's not in our budget, County Commissioners budget, it's not in the County Manager's budget, but there's, and I'll use this as a good example is your 511.201 which is your PEBPs (Public Employee Benefit Program) retirement medical, you notice that's an amount that I'm sure Finance has to put someplace because that's a huge expense and those are all the people that retired in 2007 that we have to continue to pay for over the years. So you have to show it, but this could either be part of the County Manager's budget and it would be huge, or it could be in a separate but that's

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

cost allocated, and if I'm saying anything wrong Finance, Please correct me. I've seen this over and over, your salaries are cost allocated based upon probably 1/10 of somebody in your department that doesn't but it's a cost allocation.

Mr. Werner speaks:  
Correct.

Chairman Thaler speaks:  
But your expenses are probably, for instance, motor pool, look at that one or any of those large accounts, my guess is, maybe we need to walk through some of those and ask ourselves, "Is this the appropriate place for this?"

Vice Chairman Penzel speaks:  
Yeah, we have Risk Management account and yet in in this area, we have a Risk Management Company Insurance; that seems to me like it's accounted for twice.

Mr. Werner speaks:  
I'm gonna need Julie's help on this. So what happens is, is that the money comes in as, this is where you take all the General Funds and you take all of stuff that's allocated out or where they go. This gets collected here and it goes into the other funds, like it's the Risk Management that we charge per employee for all the General Fund activities, that shows up in here and then this gets transferred to the 309 fund. The same thing with motor pool; on the General Fund, motor pool, they're all assembled in this, most were assembled here then that goes over to the motor pool for the General Fund activities. So it is a cost allocation. This is where the expense comes out of the General Fund and goes into the other funds. So when you saw revenue in the other funds, that's where it comes from, is this account.

Vice Chairman Penzel speaks:  
Let's take that; let's go, let's go back to Risk Management fund. Show me where it's entered in the Risk Management fund.

Mr. Werner speaks:  
We'd have to go into fund 309 with a few hundred thrill mind fund t on the revenue side.

Vice Chairman Penzel speaks:  
Okay, so I gotta find that sheet here, they're not in any order, that I can determine.

Commissioner McDermid speaks:  
Larry, I'm curious as to, there's just one employee?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Werner speaks:

No, it's not one employee; it's a piece of employee. For example, if my staff spent part of the time of doing the vouchers or things for Finance, then there is a cost to maintain the fund.

Commissioner McDermid speaks:

But why does this particular fund, I'm looking at the Admin & Overhead/Cost Allocation, that's a huge amount for this fund.

Mr. Werner speaks:

That's the cost for East Fork Fire. That's what we pay for the Emergency Management; since Emergency Management covers all of that we, East Fork under contract, that's where this bill gets paid out of.

Commissioner McDermid speaks:

Out of Admin & Overhead?

Mr. Werner speaks:

Yeah, 520.100 or 500, no maybe that...

Commissioner McDermid speaks:

No, that's Professional Services.

Mr. Werner speaks:

No, Professional Services was \$44,000, wasn't it?

Commissioner McDermid speaks:

Okay, so why wouldn't you say what that's for? Why would you call it Admin & Overhead when we've been going for three days thinking Admin & Overhead is cost allocation?

Mr. Werner speaks:

Because it's always been that way. That's a terrible answer but...

Commissioner McDermid speaks:

Yeah, it is, I'm just, Kathy, you had a question or a comment?

Kathy Kaiser, Senior Budget Analyst, speaks:

I was just going to clarify a little bit more, Kathy Kaiser, for the record, that is the piece that we actually pay East Fork for Emergency Management Services. Historically, it's always been classified under Admin/Overhead instead of cost allocation.

Commissioner McDermid speaks:

So my recommendation, just one going forward, I think you should call it something other than Admin/Overhead. I think it should be named what it is. Now if there is an Admin/Overhead/cost allocation in there, then that's fine. But the entire amount is going to East Fork for Emergency Management? We need to know that.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Werner speaks:

It is basically under contract, so there's a lot of places that could probably go to that would make a lot more sense.

Chairman Thaler speaks:

I agree with Nancy. So this is some of the cleanup work we have to do; so if, I can say with a fair amount of confidence, that if we don't get it, and we can't find it, that's not very transparent. I'm not faulting anybody for doing this but this is why we're doing it this way, so that we can become even more transparent and say, because what I want do is the same thing the public wants to do, and that is, "Where do we pay for X?" Okay? And if we can't figure it out, I'm pretty sure nobody can figure it out. So what I would like to do, so we need to separate some of these things out and I've said if, and I think Nancy said, if this is going to East Fork for whatever, that's what the line item will read. If it goes to pay for our lobbyist, it will read lobbyist. If it goes to pay for whatever X, Y or Z is, that's the line item, especially since most of these are fairly large amounts, in other words, \$10,000 or \$20,000 or more per year. I think we do ourselves a disservice by combining them all, giving it a fancy name like Admin/Overhead and hope that the public really doesn't ask a lot of questions. Our job is to separate these out so everybody, including us, knows exactly where every tax dollars being spent. Commissioner Penzel?

Vice Chairman Penzel speaks:

Now back to the question on Risk Management; I see no equivalent dollar amount for this Risk Management in the Risk Management account.

Mr. Werner speaks:

It is in certain 341.641, is that right?

Vice Chairman Penzel speaks:

That's Insurance Interfund Contribution \$1.1 million, it's in there?

Mr. Werner speaks:

Yes, it's built into the \$1.1 million cost as a revenue, that is correct. It is Risk Management under the expense, but it goes into the revenue side as a contribution, so that's why it's shows up that way.

Vice Chairman Penzel speaks:

It actually says here Charges for Service. That's the general broad description of the account; it doesn't say that it's revenue, although you would make that assumption because of the 1, 2, 3, 4 items are our revenue items, but it says Charges for Service; that doesn't make sense to me. How can that be a charge for service?

Mr. Werner speaks:

I'm sorry, I'm not following where you're reading...

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:  
Above the 341.

Mr. Werner speaks:

Okay. We have to classify it within a particular category and I can let Finance explain that. So it falls under the Charges for Service because it is providing a service.

Ms. Kaiser speaks:

Kathy Kaiser, for the record; I'll try to answer this if I can. I believe it's under Charge for Service because it's considered a cost allocation to other departments, so falls under that classification. The allocation is basically based off the FTE (Full Time Equivalent) for each department and then the revenue is received into the Risk management fund.

Vice Chairman Penzel speaks:

So just trying to get this straight in my mind. You have this here as Supplies and Services, so this is an expense item. You expense it out of General Services, should be then a revenue into the Risk Management fund. And this is just for the General Fund of people that are paid?

Ms. Kaiser speaks:

Correct.

Vice Chairman Penzel speaks:

And the balance of this comes from where? This \$1.1 million comes from where?

Ms. Kaiser speaks:

The expense side comes from all funds. So if we did a report showing all the different funds including Special Revenue funds, that would equal \$1.1 million on the expense side to the revenue side.

Vice Chairman Penzel speaks:

I understand.

Chairman Thaler speaks:

Any further questions? Yeah, it's difficult when you don't, when you don't have normal like an Enterprise fund where you see revenue offset by an expenditure. And the hardest part is being able to flip back and understand General Fund stuff is then mixed in with a lot of other revenue, so I think we still have some cleanup to do. The key is how do we get all this cleaned up in the next month?

Mr. Werner speaks:

You can see a lot of this at the next level of detail, which then we don't create more line items but you can actually get into the detail on the line item; we just simply did not print those out for you. So that is already broken out off, the sheet I was reading off had that broken out. Now, what we can do is provide

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

you with that but you're, so you would see that detail, so if somebody wanted to see all the detail of each one of those, you could go into to that and print it out at the detail level and all of those come up as single items. You just don't have it in front of you today.

Vice Chairman Penzel speaks:

And so I would say that it's real simple for us to transfer over to zero-based budgeting because we're going line item by line item.

Mr. Werner speaks:

The problem we have is we don't, we can't, on a lot of that stuff, define a level of service; you can for a lot of it but there's a ton of it that you can't and that's the difficulty. But we'll go into that to that.

Chairman Thaler speaks:

If you don't mind, can you walk through a couple of those accounts and what they really are, for instance, Professional Services, what Admin/Overhead really is and that's all? Okay and then the \$44,000 is, looks like it fluctuates over the years.

Mr. Werner speaks:

There are two items in there. So, for one, was the Walker & Associates for \$43,000 and then just a miscellaneous \$1,000 just for as needed.

Chairman Thaler speaks:

So we see Lobbyist broken and I'm not sure all of our lobbyist are. So we see one of them, but we have three of them, so where would the other two be?

Mr. Werner speaks:

That's one of the problems when you scatter this out.

Chairman Thaler speaks:

This shouldn't be scattered out. This should be, our lobbyists should be in this account.

Mr. Werner speaks:

Right but that's one of the concerns we had we're talking before about some of these getting in there. I think I've got, the other one you were talking about is Marcus.

Chairman Thaler speaks:

Marcus is our lobbyist. We have one; we have three lobbyists...

Mr. Werner speaks:

We got Jacques Etchegoyhen; we got Marcus and Walker & Associates.

Chairman Thaler speaks:

We only see one.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Werner speaks:  
Well, they're in here someplace.

Chairman Thaler speaks:  
Well, that's not a good answer.

Mr. Werner speaks:  
I think they're in there, I think what happened is they've been following the Conservation Bill funding so maybe a different account. That's the problem we have when...

Chairman Thaler speaks:  
Well, I'm gonna argue that we need to put it in this account, because we can't sitting here find it, but if it was in this account, we'd know where it is.

Mr. Werner speaks:  
But also that's a cost associated with that activity, so it also should probably be in that account. We just need to get into there to bring that to your attention.

Chairman Thaler speaks:  
Okay, so a minute ago we talked about other stuff on the revenue side. If you put it in this account you're going to transfer it out anyways, it's gonna be a transfer out because that departments gonna see a transfer in. We need to be able to see it clearly where it's in and we just talked about that a minute ago with all those other accounts.

Mr. Werner speaks;  
Right, in this case, though, for example, for the Lance bill. You know, I'm arguing about something I don't have in front of me but you understand what I'm saying? So yeah, there's some confusion there but there always will be. It depends on kind of what your mindset is when you start looking and are you even looking in the right direction. Frankly it's difficult but we'll figure out were Jacque Etchegoyhen are and Marcus Faust.

Chairman Thaler speaks:  
Any other further questions? Commissioner Walsh?

Commissioner Walsh speaks:  
Ok, so if I understand it, the Services and Supplies are transferred back to other departments as revenue or transfer...

Mr. Werner speaks:  
Only under certain cases, or it may be a vendor payment. Either way, it's a payment out of there; if it's a payment to the County to another fund, it's a revenue to that fund. If it's a payment out to a vendor, it's just a payment out to the vendor.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner Walsh speaks:

It would be helpful, like in Admin/Overhead or Professional Services, if you could put the fund to where it's transferred, fund number so and so.

Mr. Werner speaks:

Well, for example, the East Fork one gets paid East fork that Admin/Overhead...

Commissioner Walsh speaks:

But I'm looking at this, Larry, what fund number is that?

Mr. Werner speaks:

When you get into the detail, you see some of that but you don't have that detail in front of you. There's a lot of information in these reports that I'm not sure we'll ever get to the point, like you said earlier, that without having a meeting with Finance and talking about it, going into it, that you'll be able to track right exactly where you want to look. There's a lot of information in these things.

Commissioner McDermid speaks:

Well, I have just a couple of questions. You have Memberships down here and then you have NACO (National Association of Counties) dues. Now, what are memberships?

Mr. Werner speaks:

Memberships, for example, are the County's membership, for example, the Alliance for...part of the, it's an organization for joinder bidding, then we have our Chamber dues, Costco, we maintain a Costco account and we also are a member of the Nevada Taxpayers Association; those under memberships.

Commissioner McDermid speaks:

Okay and now I know we fund NNDA (Northern Nevada Development Authority); where does that come out of?

Mr. Werner speaks:

I'm suspecting that may be out of the Economic Vitality budget.

Commissioner McDermid speaks:

Have we seen that?

Mr. Werner speaks:

No.

Commissioner McDermid speaks:

We haven't seen it yet.

Mr. Werner speaks:

No, because that's really just associated just with Economic Vitality, it has nothing to do with the General County Services.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner McDermid speaks:

I'm just trying to understand; memberships and dues tend to be the same, don't they?

Mr. Werner speaks:

Yes.

Commissioner McDermid speaks:

I'm just saying, NACO is broken out, but these others, couldn't NACO dues be up under memberships/dues and you could list them out?

Mr. Werner speaks:

You could; the problem is, you gotta understand, we're all of us sitting at this table, we're dealing with history of this County and how it did its budgeting. To go through every one of these accounts and tweak them is just a nightmare.

Commissioner McDermid speaks:

You're preaching to the choir because I have been trying to bring us out of the 20<sup>th</sup> century into the 21<sup>st</sup> century and we're barely to the 21<sup>st</sup> century before we're gonna need to be in the 22<sup>nd</sup>. So that's all I'm saying.

Mr. Werner speaks:

I hear you.

Chairman Thaler speaks:

Okay. What else do we need on this? Everybody good? So we have Supplemental Requests of none. If there's no other further questions, Mr. Werner, do you have further? Okay, Commissioner McDermid?

Commissioner McDermid speaks:

So why do we, the last item is 550.245 Nevada Ethics Commission, why do we pay them?

Mr. Werner speaks:

Because the State law says we shall. It's a State law requirement, we have to pay the Ethics Commission.

Commissioner McDermid speaks:

For what?

Mr. Werner speaks:

So you maintain your ethics, I guess. I'm sorry, that was a smart remark. That's how they fund that.

Commissioner McDermid speaks:

I have maintained my ethics but I didn't need a commission to do that.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Werner speaks:

It's assessed to everybody, all the cities and counties, it's a statewide assessment to fund that organization or partially fund it.

Commissioner McDermid speaks:

All right, I was just curious.

Mr. Werner speaks:

Oh no, it's not fines that we're paying, just to make sure. I can see the point there, no there's been no ethics violations; we're not being fined.

Vice Chairman Penzel speaks:

Why has that gone up? Do they get a cost of living increase?

Mr. Werner speaks:

Yes, exactly.

Vice Chairman Penzel speaks:

So if we don't pay it, what happens?

Mr. Werner speaks:

They just withhold it from the money that they have that is ours; it's real easy for them to get paid.

Chairman Thaler speaks:

Anything further? Another one of those pass-throughs from the State; they decide, it's funny how much money they decide for us to spend and just, it's amazing.

Vice Chairman Penzel speaks:

I would kind of dovetail on what Commissioner Walsh was going at; to follow this, you need to know where the money goes to next, the account it's being transferred to. I was looking at the Motor Pool expenses for the General Fund of three hundred and some odd thousand dollars, so I went back to the Motor Pool account to see if I could see where that income is and it's pretty much like the insurance. You know, I'm sure you break it down somewhere and so I can track it to there but it'd be nice if some of those larger funds are broken down and you know, to where it came from and the little, I mean not little, it's \$319,000 or whatever it was, you could track it by going to that and saying okay it's in the Motor Pool fund, which is 00 whatever.

Mr. Werner speaks:

Like I said, if we break it down into the detail, you would see that on the revenue side, it would show coming from this fund, the same amount, you could match it dollar for dollar. Instead of being the lump sum that says on the Motor Pool fund side, we can actually get into the detail on those revenues and they are, they can be broken out so it shows what's coming from which fund.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

You know, I understand the detail and I don't want to have a book that's bigger, okay? So I'm not arguing that that particular thing, but we asked the people in charge of the Motor Pool that question, they turn to Finance to answer the question. They should have that level of detail so they can say, "That money comes from XXX and X", and that would be helpful if they could tell us back where it came from. I don't need to be able to read that here except to remind me that it went from this Motor Pool here in the General Services goes to the Motor Pool fund zip 540 or whatever it is. Am I making sense here? Okay, thank you.

Chairman Thaler speaks:

And my guess is Ms. Kaiser, you could probably, at your desk or on the computer, pull these up and have that level of detail and walk us through it. So real quick, last thing, on your Rents and Leases for Equipment, we've all talked about eventually we'll probably gonna have to lease more stuff. Is that in our proposed budget? Is that, are the numbers that we're seeing here, for instance, what is it, \$83,000, that we're projecting the possibility of us needing more leased?

Mr. Werner speaks:

No, this simply has to do with Pitney-Bowes for postage and...

Chairman Thaler speaks:

It's for what?

Mr. Werner speaks:

Postage.

Chairman Thaler speaks:

No, I'm talking rents and leases and equipment.

Mr. Werner speaks:

Yes, under 520.136 where it says \$83,000.

Chairman Thaler speaks:

That's for postage?

Mr. Werner speaks:

Postage is \$53,000.

Chairman Thaler speaks:

No, postage is up above. I'll get there. I asked you first one of those things.

Commissioner McDermid speaks:

Post Office box rent.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Werner speaks:

This is one I have to Kathy explain to me.

Chairman Thaler speaks:

Okay, take a minute. So what's the detail show under Rents and Leases and Equipment? What's the detail show?

Mr. Werner speaks:

The detail shows that that it's Pitney-Bowes postage \$53,000 and RMC Services contract for Ray Morgan.

Ms. Kaiser speaks:

Kathy Kaiser, for the record; under Rents and Leases Equipment, and the detail that we have is Pitney-Bowes postage. I'm not sure that's for the actual rental because we do have another line item for postage, which is the cost allocation to the other departments.

Chairman Thaler speaks:

That's the \$120,000.

Ms. Kaiser speaks:

I can look into this, that's a note that may have carried over or something. I'm not exactly sure what that is.

Chairman Thaler speaks:

Make that on your list of many things. That's a really odd one.

Ms. Kaiser speaks:

I'll take a look at that one. And the remainder of the \$83,000 is \$30,000 which is Ray Morgan contract, copier machines, leases.

Chairman Thaler speaks:

Okay, so we've talked about we're going to need to lease property, if we want, why, is that in a Supplemental Request?

Mr. Werner speaks:

Yes, that would be a Supplemental Request and that would go into property or...it wouldn't be under this account because this is General Services Countywide so this would be more specific to the, probably the District Attorney's budget. It would show up as Rents and Leases within the, for example, if we moved the Civil Division and possibly IT, it would show up in their budgets.

Chairman Thaler speaks:

All right, last, all in all done? Okay, we're good. So let's move on to Extraordinary Maintenance, please. And then obviously, as we're looking at this and the numbers on the workshop are little different than what's on our, I think the backup so well. The tentative and the...a little differently, but go ahead.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

**Julie Andress, Budget Manager**, presented the following regarding the Extraordinary Maintenance Budget:

- Budget Worksheet
- Programs

Julie Andress, Budget Manager; Extraordinary Maintenance Fund 401, the revenue in this fund is here is primarily a little bit of interest, as well as the opening fund reserves which would come from the end of the prior year.

Commissioner McDermid speaks:

So according to this, we didn't take any money out.

Ms. Andress speaks:

From Fiscal Year 17-18?

Kathy Kaiser, Senior Budget Analyst, speaks:

Kathy Kaiser, for the record; the only expense that has incurred in this fund is for, I believe, 16-17. There is a difference of \$142,000, which is for the Virginia Canal Wing Walls. That was an expense; that has been the only expenditure since 16-17. Basically it is a reserve balance that provides extraordinary maintenance and improvement of County facilities in accordance with NRS 354.611.

Commissioner Walsh speaks:

So this would be for emergencies? The detail sheet shows that the Opening Fund Balance is by \$515,534; where do I see that on here, the budget presentation.

Chairman Thaler speaks:

I'm sorry, that's a technical term. What we see on ours is different than what the budget workshop worksheet is.

Ms. Kaiser speaks:

That is correct.

Chairman Thaler speaks:

So we need to, and that's why I said, what you're seeing there is not right, I hate to say wrong, but it's not right. So we live with, so the worksheet is correct, because that's what they're using to balance the budget. The slide that we see as our backup material is incorrect.

Ms. Kaiser speaks:

That is correct; it was adjusted with the Adjusted Opening Fund Balance for that Virginia Canal.

Chairman Thaler speaks:

Right, but what we see here is only revenue; we don't see an expense side.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Kaiser speaks:

The expense side would be the reserve balance, which is also...

Chairman Thaler speaks:

But we don't see that here. So when you're looking at the worksheet, it only shows a revenue. My question is where that does that revenue come from?

Ms. Kaiser speaks:

I don't believe that has a revenue source, I'm not sure the history.

Chairman Thaler speaks:

Well, how does it get its revenue?

Ms. Kaiser speaks:

From what I've seen, this balance is carried over from year-to-year. I'm not sure of the original revenue source. I don't have the history on that.

Commissioner McDermid speaks:

It gets interest.

Chairman Thaler speaks:

Oh, I don't, I can't for the life of me think of half a million dollars in interest in our economy. That would've probably taken us 2,000 years. There's got to be a revenue source.

Larry Werner, County Manager, speaks:

There was many years ago; the County set up the fund. They funded this with either General Fund Activities or whatever to set it aside for emergencies. It stays there. So the ending fund balance of one year, becomes the revenue for the following year. So that's all you're seeing.

Vice Chairman Penzel speaks:

A couple years ago when discussion was about taking money out of this account for the flood and then they opted, I think they went to contingency to take the money, is that, do you remember that?

Ms. Kaiser speaks:

I believe so; I vaguely remember that.

Vice Chairman Penzel speaks:

It also points out, when Ms. Kaiser was talking about the wing walls on the Virginia Canal, at some point time I think it would be advantageous, just a reminder, to take the County employees out to show them what the Virginia Canal wing walls look like or you know, what the motor pool and how it's functioning and I think, you know, it helps them understand better what's in the budget and how and why we're asking these questions. Because I think most of us have been out of the Virginia Canal, looked at the wing walls, looked at the expense, understand that a lot better because of that, so I would recommend that we have a tour for them.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner McDermid speaks:

So in looking at 2018 actual amount, I see, from 361.211 and 361.212, interest of \$3,000; now, does that go into this fund?

Ms. Andress speaks:

Yes, that is the interest for this particular fund.

Commissioner McDermid speaks:

What I don't understand is you have 658 there but you don't have any revenue from 2017-18, which my opinion would be the interest. Is that not adding to? Would that not be under revenue?

Mr. Werner speaks:

Ms. McDermid, on the sheets, the budget worksheets, show revenue in 2017 of \$1,732 plus \$2,220 but there was a minus \$2,800 for the adjustment, so there was 2017 revenues.

Commissioner McDermid speaks:

Well, I'm seeing 2018.

Mr. Werner speaks:

We're still in 2018 and the revenue to date has been almost \$3,000, so it's been a good year so far.

Commissioner McDermid speaks:

Okay but I'm also seeing on here, so you're saying the \$658,000 that's on the budget that was in the packet, is actually \$515,000?

Ms. Kaiser speaks:

That is correct.

Mr. Werner speaks:

And again, maybe I can help explain it. If you look at your expense side, you'll see the expense of \$76,891; you don't have the expense for that fund? Yeah, you do. Sorry. So there was a \$76,000, which I'm assuming is the audit adjustment that took the wing walls out of, it was a carryover project, I'm suspecting.

Ms. Kaiser speaks:

I believe so.

Chairman Thaler speaks:

So that makes sense, but what doesn't make sense, is we have a half a million account that just sets there and I think what we need to do, I'm speaking only for myself, not sure what the original intent of this was. It almost seems like it's a contingency account but it's not a contingency account because if we talk about the wing walls, that truly was a contingency. We didn't see it coming, we

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

needed to fix something and we pulled out of this account. Why we didn't pull it out of contingency is beyond me. I think we, as a Board, make need to make a decision and I'm not gonna make a decision here right now because there may be some history regarding this account that we just don't know. So there's a half a million dollar sitting there that is kinda being used like contingency but isn't contingency.

Mr. Werner speaks:

So once this was set up close and it was set up under statute, so now we're extremely limited on where we can pull it out. That was one of those that we looked at last year to see whether not we could try to eliminate it and fold it into one of the others. We cannot, so we have, it's a very defined definition of what emergency or extraordinary maintenance is and we'll go back and review that statute again but we were not able to mess with that last year.

Vice Chairman Penzel speaks:

Well, go back to the floods of 2014. One of the thoughts was to pull money out of here for that and they said, "Well, we only charge equipment to it."

Mr. Werner speaks:

That's where we're gonna have to go back and look at that, Mr. Penzel. In my mind, that would've been a premier reason to use this for, because once you lock it up like this, unless you have extraordinary maintenance, it just sits there.

Vice Chairman Penzel speaks:

Yeah, but I agree with the point of the Chair and if we can use contingency and this is a contingency fund, why can't we combine them? And I understand what you're saying about the NRS, yeah, certainly not advocating you do something against that. But there seems to be, it would seem to be logical that you could combine those so we have a total picture of what our contingency is. Or maybe we have both funds listed in some kind of contingency account as a general thing.

Chairman Thaler speaks:

So let me interrupt real quick; maybe while we're talking, we can get our County Counsel to pull up the NRS (Nevada Revised Statutes) because if we keep talking, we'll probably give them plenty enough time to pull up the NRS and direct us in the right direction, what we can and can't use this. We'll keep talking and let the...

Commissioner McDermid speaks:

Mr. Chair, if I could, if I recall, the fund is for County facilities and County infrastructure so I'm not even certain how the Virginia Canal qualifies for County facility or infrastructure. And I thought, if I remember, through the years, it was like, let's say, the roof leaked on the, you know, this building. It's a County facility so you could use funds out of here to repair it. That's what I was always told about this fund; it has to do with County property.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Looks like we may have an answer because we got some sign language going on here. So who wants to answer that question? They're still looking it up. So let's wait for the statutory; do we want to take a break or do we want to just hang on? I think they're really close. Okay, looks like we have our County Counsel; Mr. Ritchie, do your best.

Doug Ritchie, Chief Deputy District Attorney, speaks:

Thank you Chairman, Doug Ritchie; it's actually NRS chapter 354.6105, fund for extraordinary maintenance. The term extraordinary maintenance or repair or improvement means all expenses ordinarily incurred not more than once every five years to maintain local government facility or project or capital project.

Commissioner McDermid speaks:

Why does it say 611?

Mr. Ritchie speaks:

That doesn't exist.

Mr. Werner speaks:

This fund was established in 1998, 1999.

Chairman Thaler speaks:

And that begs the question, and it's gonna take some time to research it, if we want to go down that pathway, is how the revenue came in. So whether it was a transfer from the General Fund to just kick start it, I mean, so that it makes sense to us, but more importantly, we have to figure out why do we have this account if we're not going to use this account. So if you use it and it sounds like it's for things that only happen once every five years, I mean, what you just said tells me, I mean, Capital Projects and on-going maintenance but extraordinary, meaning you're only going to project that you can do this once every five years. So I guess we're probably gonna need a legal opinion on this and what we can and can't use it for, but it's, we do this every year, we keep looking at this account and going, "Hey, there's a half a million dollars in there." Okay, next year, "Hey, there's a half a million dollars" and there we spend 87, go ahead Mr. Ritchie.

Mr. Ritchie speaks:

Thank you, Chairman. I'm not sure about the history of this account, but paragraph four talks about the money in the fund, at the end of the Fiscal Year may not revert to any other fund or be a surplus for any purpose other than the purpose specified in subsection. Again, I don't know what the history of this account is, but it may have been funded at one point, not used and pursuant to NRS, never was dispersed for any other purpose, so it just stays in there.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner McDermid speaks:

According to what you just said, if it's in at the end of the Fiscal Year, you can't take it out and put it elsewhere; it has to stay in the spot.

Mr. Ritchie speaks:

Well, specifically to be used for the purposes for which it was set aside.

Commissioner McDermid speaks:

Well definitely, but, so, you either use it for Extraordinary Maintenance, repair and improvement of County facilities and infrastructure and use it up or you're going to just carry it indefinitely.

Mr. Ritchie speaks:

I think under NRS, if Finance could find a project or expense that's not a recurring expense, that you could legitimately use those funds for any repair, as long as it was not, again, not an expense that has occurred in the last five years. So if the HVAC (Heating, Ventilation and Air Conditioning) up at the Lake, I'm sure we can find and expense for it.

Chairman Thaler speaks:

So, Commissioner Walsh? You've had your, everybody's got to respect other people here. There are other opinions here that need to be said.

Commissioner Walsh speaks:

Mr. Ritchie, is there anything in there that says how much it has to be or what the formula was to arrive at the amount we put in there?

Mr. Ritchie speaks:

That's a great point. There is no formula, there's no, nothing like that. Just has to be...

Commissioner Walsh speaks:

It could be a dollar?

Mr. Ritchie speaks:

It could be a dollar.

Vice Chairman Penzel speaks:

We do have or we could have extraordinary requirements if it floods this year, and specifically, the RTCs (Regional Transportation Commission) been looking at funding and enlarging culverts on Centerville; would this qualify? Would a project like that qualify? Enlarging culverts?

Chairman Thaler speaks:

My personal opinion is, I think they're, the statute, this is me, not necessarily legal counsel, it's pretty broad. So what I would suggest is when we get to Wednesday at the end of the day and we're looking at projects, we know that there's half a million; I'm not saying that we spend all of it, but we as a Board, make a decision that some of those projects that are not, what we don't think

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

are gonna happen for another couple years, that we earmark this money to be spent on that. So Mr. Werner, if you don't mind keeping that a note so when we work through on Wednesday those projects, that if we're looking for a revenue source not out of the General Fund, we have a thing called Extraordinary Maintenance that we may want to take that money out of; it just needs to fit the criteria for once every five years.

Mr. Werner speaks:

Again, I'm kind of crystal balling it, but it's probably a do with labor contracts and stuff during that timeframe but there is no requirement that you have to have this fund; it is totally discretionary on the part of the County. So if you wanted to use it all up on legitimate projects that we plan on doing, I'd highly recommend it.

Chairman Thaler speaks:

Okay in and I'll get you, Dave; real quick, before we do that though, what I want to do, to do our due diligence, let's find out how and why this was, some board decided or some boards decided to put a half a million dollars in there, whether it was over one year or 10 years, somebody made a decision, it could be more, well, when was the law written? 1995? So, we're talking 23 years.

Mr. Werner speaks:

Well, the County did it, actually established in FY 98-99.

Commissioner McDermid speaks:

It might've been after the flood of '97.

Vice Chairman Penzel speaks:

Mr. County Manager, this would be some found money that would add to the 1.8 so this would be 1.85, right?

Chairman Thaler speaks:

No, this is just one-time money. This is the 2.3

Mr. Werner speaks:

Bill, I don't want to disagree but that's what we looked at, that the 1.8 was on-going money. This is one-time; once you use it, it's gone.

Chairman Thaler speaks:

But we do know that we got a CIP (Capital Improvement Program) program. We just have to figure out how it fits into the statute and it could relieve up some other money that, so we got our work to do. So, any other questions on this big fund that is? Okay, so seeing none, you know I find interesting, they don't even have a Supplemental Request or Capital Improvement Project. Okay that was not good. Ad Valorem/Capital Projects, Fund 405.745. Ms. Andress?

**Julie Andress, Budget Manager**, presented the following regarding the Ad Valorem/Capital Projects Budget:

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

- Budget Worksheet
- Capital Improvement Projects

Julie Andress speaks:

Okay, fund 405, Ad Valorem/Capital Projects.

Chairman Thaler speaks:

And just to avoid any confusion, there are two tabs on this one; one that shows expense and the other tab is the revenue.

Ms. Andress speaks:

Looking at the budget here, comparing to 17-18 adopted, there is a slight decrease in the revenue. We do have an increase overall in the ad valorem and a slight decrease in interest revenue.

Chairman Thaler speaks:

So the question comes, this one's based on Ad Valorem, correct? And Ad Valorem's gone up? Then why hasn't this account gone up?

Ms. Andress speaks:

This account has increased; the Ad Valorem revenue has increased from 17-18 to 18-19 by just about \$40,000.

Chairman Thaler speaks:

That doesn't, I mean, that doesn't make sense but that's, I mean, it seems like it would go up more but I can't remember, what is it on our Ad Valorem? How much is it, do you know? Or I can pull my phone out and look it up. Is it a nickel?

Mr. Werner speaks:

I believe it is a nickel.

Ms. Andress speaks:

Excuse me, correction; I was looking at the wrong column. The amended budget for 17-18 is 1.3 going up to 1.4. And yes, it is the tax rate of the nickel.

Chairmen Thaler speaks:

So our, well, but our, so you, so okay, so I'm reading this correctly, you've got 2018 adopted budget and then 2018 amended budget, which is 1309 and then you've got the projected budget is 1341. Doing the math that's about a \$30,000 increase? Well, I'm just looking at Ad Valorem.

Ms. Andress speaks:

Yes, looking just at the Ad Valorem itself, correct, 1.3 to 1.34.

Chairman Thaler speaks:

Okay, am I the only one that just doesn't? Okay, go ahead Commissioner McDermid.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner McDermid speaks:

So, looking on the budget worksheet, I see the Ad Valorem at the top. But then I see at the third Centrally Assessed Property Taxes. What is that?

Ms. Andress speaks:

That is part of Ad Valorem and I am looking forward to breaking that out; before it was combined all up into account 311.100 and I feel it's appropriate that since we do know that dollar amount, to break it out and show it separately.

Commissioner McDermid speaks:

So it's not Ad Valorem? It's property tax? Based on what?

Ms. Andress speaks:

These are the calculations that I received from the Clerk-Treasurer that shows, she has a spreadsheet that shows that breakout of all of this.

Chairman Thaler speaks:

So the big question, and I know Ms. Lewis is probably watching this on TV and if I give her a minute, she'll be running in here. My guess is, okay, so if we show current to date, there's probably three quarters of property tax? Because we're already at 1.2, you're budgeting. 1.4 for next year. If we're at three quarters and, that's something we just need to flush out from Ms. Lewis. Right? Because right now, we've received 1.2 to date, but we don't know, is that two quarters or is that three quarters? And my guess is that three quarters of revenue, of tax. Well I think they bill in quarters, though, don't they? Property tax is billed in quarters?

Kathy Lewis speaks:

Kathy Lewis, Clerk-Treasurer, for the record, unfortunately, there is a delay so I did not hear the last 10 seconds of what you said, if you don't mind just repeating that.

Chairman Thaler speaks:

We're just trying to figure out, when we're looking at the Ad Valorem/Capital Projects, which we know that revenue is generated through property tax and that currently we're at \$1.2 million. We're projected for next year to be \$1.4; that \$1.2, is that three quarters of property tax or are those projections like all the property taxes you received to date, there's still some out there? I know you handle all this. So can you estimate how much more is gonna be due coming in?

Ms. Lewis speaks:

Okay, so you have the actual vs. the projected. The actual is collections, the date of this report you ran at the end of March, so it would've been collections to the end of February. Anything we collect in the month, then we apportion of the end of that month. But it is through three quarters, you're right, three installments, but our busiest installment, our slow, our lightest installment is

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

the last one because by then, most everybody's paid. So it's not an equal quarter all the way through.

Chairman Thaler speaks:

And do you know specifically how much is outstanding? You just don't know whether or not they're going to pay it, but do you know how much is outstanding?

Ms. Lewis speaks:

I could print out report. I don't know it off the top of my head.

Commissioner McDermid speaks:

So, Kathy, what is Centrally Assessed Property Tax?

Ms. Lewis speaks:

Those are, Centrally Assessed, are assessments done at the State level. So for example, the light poles from NV Energy. It's those type of, they're not parcels but they're property taxes that are assessed at the State level and then distributed to Douglas based on our share of it. So nine, I don't know the exact percentage but the majority of the taxes we collect in Douglas County are from secure properties; that's your house, that's your land. And then we have a little piece that's unsecure, which is aircraft, boats and things like that. And then we have a little piece that comes from the State called Centrally Assessed that they assess at the State level and then pass down to us. And that's the same collection procedure that we do at the County level.

Commissioner McDermid speaks:

But according to this budget worksheet, you have made no projection for 2019 for ag deferred, personal property, or, those two you haven't added those in, unless you've added them into the Centrally Assessed Property Tax because that from \$15,000 to \$62,000 from the State. That's quite a jump.

Ms. Lewis speaks:

So we have in the past, that way we have budgeted in the past is budget the entire amount; Centrally Assessed, Secure and Unsecure under the Ad Valorem and then as collections come in, we account for it in their proper line items. We do not budget for ag deferred because we don't know when those properties are gonna be taken out of ag deferred and we're gonna collect on the taxes. Mr. Sonneman can explain that better than I can, the ag deferred, but and it is really a small amount of taxes that we collect when that happens. I would have to look at the collections but I would look, if you're looking to see the percentage growth, look at the bottom line, the total for the taxes of it going, let's see, I'm trying to look, the adopted budget is 1.3 in 2018 and the adopted budget is 1.4 in 2019. That is the growth that you want to look at to see the growth in property taxes. We are, Julie is correct in that we are trying to budget the line items better so you can see the history but in the past, we just budgeted under one line item.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Further questions? Other than, I'm sorry, on personal property, that's one that we always, it's a small amount but it could grow based upon people's personal property or aircraft in hangers or things like that.

Ms. Lewis speaks:

I do, I agree, listening to Bobbi's presentation yesterday talking about the airport and the success of that, it is always will be a small percentage of the total collections. The way I have, so to explain kind of the budget property taxes in Douglas County, I can run on our system a projection. And the projection, because of abatement, needs to be run through the system because it goes through every parcel and projects it because every parcel, you could be different than your neighbor because of whether it's a commercial property or personal property, and whether you had an improvement or not, stuff like that. So it goes through every parcel, projects it out. I do the projection on the secure property. The unsecure and Centrally Assessed, I honestly will, if I, when I give numbers to Finance, I'll say use the same numbers of what we collected last year. They don't grow a whole lot and it gives you a good budgeting number to go forward with.

Commissioner Walsh speaks:

Don't businesses have to file a personal property declaration?

Ms. Lewis speaks:

They do, with the Assessor's office.

Vice Chairman Penzel speaks:

Having been in business, you always look for that to go down by depreciation, so that's one that goes down. But I think an interesting one that we should be encouraging is growth at the airport. Bobbi has been trying, Ms. Thompson has been trying to get more business aircraft over here and that will increase the personal property tax dramatically with those business aircraft because almost all of them are over \$20 million. That could add some significant money; we should be encouraging that, in my opinion.

Chairman Thaler speaks:

What else? Thank you, Ms. Lewis. I know I get your attention.

Ms. Lewis speaks:

I am going down to the election room to work on some stuff, so I will not be listening.

Ms. Andress speaks:

Okay, moving on to Services and Supplies. One thing I wanted to point out was the Capital Projects account 562.000. You will see that in the amended budget for 17-18, that there is a significant increase of 1.9, that was due to the adjustment, the adjusted Opening Fund Balance, excuse me, from the prior years so we will take a look at that moving forward, when we discuss Capital Projects.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Okay, you may have lost some of us.

Ms. Andress speaks:

On the Expenses for the Ad Val, at 562,000. I was talking about the change from 17-18 adopted budget to the 17-18 amended budget because it was a large change. So once again, that was a change from the adjusted Opening Fund Balance. As you can see for Fiscal Year 18-19 for the tentative, it's back to the \$400,000, so when we come up with the final adjustments for the budget and add that in for that capital, that will be adjusted then.

Chairman Thaler speaks:

Okay, there's a lot of silence here which tells me we don't get it yet.

Commissioner McDermid speaks:

\$400,000, I see that in 2018 adopted budget. I see \$2,380,000 in the 2018 amended budget and then I see the 2018 actual budget is another number, \$1.2 million. Now what happened between what we adopted, what we amended and what's actual?

Chairman Thaler speaks:

So this is an expense, we're now looking expenses so that 1.2 should be what we've spent to date on projects through, probably our CIP, correct? And I guess, I'm just gonna guess, cuz you guys are the Finance, that the reason that's back down to \$400,000, we're going to probably expend the difference between \$1,234,236 minus what, the difference is going to be is what we're gonna spent on capital projects, correct? That's gonna bring that down to \$400,000.

Ms. Andress speaks:

That's correct.

Chairman Thaler speaks:

And then you want to talk about the Miscellaneous, please? those expenses? and also transfer outs?

Ms. Andress speaks:

The Miscellaneous expenses are for Gardnerville, Genoa and Minden; per NRS, there is three, excuse me, for Gardnerville is 3.66%, for Genoa, it's .13% and Minden, it's 3.52%.

Kathy Kaiser speaks:

Kathy Kaiser, for the record; it's a projection of property tax that goes to each one of the towns.

Commissioner McDermid speaks:

So in 2017, I see that Genoa had \$11,800; they've now dropped down to \$1,800. What happened?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Kaiser speaks:

Kathy Kaiser, for the record; \$1,197.30 what you're looking at is the actual for Fiscal Year 18. The year prior was budgeted for Genoa was \$1,682. We are projecting an increase to \$1,824, so what you're seeing for the 11 or the 1200 is only partial year.

Commissioner McDermid speaks:

Okay, but I'm going back to the 2017 adopted budget and you've got \$11,800. Why is there a \$10,000 difference?

Ms. Kaiser speaks:

If I recall correctly, and this is just going off memory, I believe what happened at that time, is that we did a transfer for \$10,000 to one of their buildings, it was a roof repair and it was actually transferred through this line item; it should've actually been transferred through transfer in and transfer out. Don't quote me but I'm pretty sure that was it. That just struck a memory so I believe that was correct.

Chairman Thaler speaks:

And I think what helps you, Ms. Kaiser, is adopted's are what department heads bring, your actuals then become your amended or your actuals, so you probably tend to look more on your actuals and amended because that your reality; adopted is just usually projection and you'll see that trend throughout.

Vice Chairman Penzel speaks:

Yeah, but it has to be the right account and that's what she's talking about and that's where it helps to have what the transfers out are broken down because we would see that here in this case, right?

Ms. Kaiser speaks:

That is correct.

Ms. Andress speaks:

Okay for account 618.700 transfers out; this is a transfer to fund 541, the County Debt fund for the 2013 Community Center bonds.

Vice Chairman Penzel speaks:

Okay, this is where it gets complicated in my mind. We talk about there's a utility operator fee that went to finance the Community Center...

Commissioner McDermid speaks:

Not to finance it, it was for operations.

Vice Chairman Penzel speaks:

Where do I see the total amount transferred to pay for the operations, maintenance and bond debt service for the Rec services, for the Center? So I'll see that in the Rec Services budget.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Andress speaks:

You will see it in fund 541, the County Debt that we'll be doing next.

Vice Chairman Penzel speaks:

So that will have all of the County debt, right? And are they each, each one of those itemized so I would know what that is?

Ms. Andress speaks:

Yes, I should have that information for you.

Vice Chairman Penzel speaks:

Okay, and that's coming up, correct? Thank you very much.

Commissioner McDermid speaks:

Prior to the beginning of construction of the Community Center, the Board, I believe it was, I don't know if it was 1/4% or 1/2% of the utility operator fee was, comes to about \$400,000, was dedicated to Community Service at the Community Center for the purpose of having initial funds for operation. The concept was this way they would not have to come back to the General Fund in order to have startup money when the Center was completed. So, to my knowledge, the Community Center has not come back for any additional funding from the General Fund or from anywhere.

Chairman Thaler speaks:

Okay, good history there. What else you have on this account?

Commissioner McDermid speaks:

Part of that was based upon 15 years of operation of Kahle Community Center and recognizing that anywhere from 70-80% of the cost of operating Kahle was recouped in fees.

Chairman Thaler speaks:

Any further questions? Any further comments on this account? Ms. Andress?

Ms. Andress speaks:

Yes, I just wanted to bring forward a Capital Improvement Request for this fund for the Judicial Law Enforcement Center is the boiler replacement for \$255,000.

Chairman Thaler speaks:

So that'll be part of our capital requests that we'll see on the late Wednesday, so thank you.

Commissioner McDermid speaks:

Extraordinary Maintenance?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Absolutely. There's, we've found all sorts of ways to figure this stuff out. If, I was gonna try and break for lunch, but if you want to move, you go ahead.

Vice Chairman Penzel speaks:

Quick question, on 625.119 bond reserve what does that involve? Are we saving money to buy a bond or are we using that to pay a bond?

Ms. Andress speaks:

That is for the 2013 Community Center bond.

Mr. Werner speaks:

Mr. Chairman, if I could help answer that. The law requires that when we have bond payments that we have to reserve, just in case, or not the law, it's the bonding documents, that the funds that are paying that have to maintain a reserve, that if there's a shortfall you can still make the bond payment. So it's held in there, a certain percentage of what we owe in bonds.

Vice Chairman Penzel speaks:

Would you happen to know what that is?

Mr. Werner speaks:

It's usually the one year's worth, I can't remember offhand. Each bond document is different; we'd have to actually research the bond document.

Commissioner McDermid speaks:

But what I would assume is based upon the appropriated reserve plus the bond reserve, you have enough to cover one year of the bond payment, correct?

Mr. Werner speaks:

I would assume so but again, we'd have to check that.

Vice Chairman Penzel speaks:

It shows the bond payment was \$1,042,500.

Commissioner McDermid speaks:

That's what I'm saying; I think you add those two together and it covers, no?

Chairman Thaler speaks:

So, okay, Commissioner Penzel, anything else? Commissioner McDermid? Seeing none, I think we'll take this time to, we're going to, we're actually halfway through the agenda, minus what we have a lot to do cleanup on the TOT (Transient Occupancy Tax), so we're going to take a 50 minute lunch. So we'll see everybody back here at 1 o'clock; we're adjourned.

Chairman Thaler speaks:

Okay, we'll bring this meeting back to order. Moving right along, we're going to start with County Construction fund, this is the 410 fund, so Ms. Andress, you're up.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

**Julie Andress, Budget Manager**, presented the following regarding the County Construction Budget:

- Budget
- Budget Worksheet
- Programs
- 5 Year Projection
- Capital Improvement Projects

Kathy Kaiser, Senior Budget Analyst, speaks:

Kathy Kaiser, for the record; we'll be discussing the County Construction. To start off, County Construction was created by the Board of Commissioners to fund necessary capital items. To first start off, I will discuss the revenue for County Construction and you will find that on your budget worksheet report under 410.000. County Construction receives a revenue source of \$300,000 a year annually; \$200,000 of this revenue is designated for IT (Information Technology) projects, which are approved by the IT steering committee, the other \$100,000 is designated to Public Works for building maintenance and facilities. The other revenue it receives is a little bit of interest that we normally budget for about \$2,000 that comes into the fund. All other revenue sources are usually transferred into this fund to fund certain projects. We also have an additional \$50,000 that comes in every year from the General Fund to go to the reserve for radio user equipment. Is there any questions regarding the revenue?

Chairman Thaler speaks:

Can you talk about the transfers in of \$3 million, almost \$4 million?

Ms. Kaiser speaks:

On a typical year, normally the transfer in to the County Construction fund is \$50,000 a year to fund, to build up the reserves for radio equipment. Last year we did transfer in \$4,025,722. That was part of some of the reserves that were stripped down from the General Fund to fund one time on projects. Some of those projects were the Assessor's property tax system, JLEC (Judicial Law Enforcement Center) boiler replacement, Lake Tahoe Admin Building boiler replacement, Minden Inn rooftop, HVAC (Heating, Ventilation, Air Conditioning) system, things of that nature. Some of it went to IT for that VoIP (Voice over Internet Protocol) telephone system, Sheriffs, for example, their body camera equipment was also funded from that one-time revenue source and also some of it was set aside for other and unanticipated projects.

Chairman Thaler speaks:

So that totaled up last year of \$4.7 million?

Ms. Kaiser speaks:

That is correct. And the difference from this year to last year is we don't have that identified yet at this time, so that number will change for 18-19, once we have those monies that are sitting, currently in the General Fund, I believe it's the 1.9. Until that money is identified and then it will...

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

This will get adjusted by what we do on Wednesday?

Ms. Kaiser speaks:

Exactly. So right now, that 450 consists of the \$50,000 that goes to your radio reserve and the \$400,000 is the repayments of the interfund loan that went to the airport.

Commissioner McDermid speaks:

So I heard you say that some of the things funded last year had to do, one of them was the JLEC boiler; did I hear that correctly?

Ms. Kaiser speaks:

Yes, I have the JLEC boiler replacement.

Commissioner McDermid speaks:

Did that get done?

Ms. Kaiser speaks:

I don't know the status on the project; each one of these projects has a different project manager within different departments so I would have to refer to...

Commissioner McDermid speaks:

Because we just had a Capital Request for \$255,000 for the JLEC boiler so...

Ms. Kaiser speaks:

That would be additional funding probably, then, to complete the project for this year or if it they needed additional funds to complete the project.

Chairman Thaler speaks:

So maybe we can follow up on that. That doesn't make sense. Whether it's 255, or whether half of that was last year and half of its this year...

Larry Werner, County Manager, speaks:

I can explain. The first thing was not that the JLEC boiler, it was a JLEC generator, emergency generator, that was the big project last year. And this is for the boiler system.

Ms. Kaiser speaks:

My note said boiler, so I apologize for that.

Chairman Thaler speaks:

This is our biggest account so any questions? So, you want to walk through the five-year projections?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Kaiser speaks:

The five-year projection, I will walk through this as best I can, basically this fund on an annual basis does just receive \$300,000 dollars a year from gaming revenue. Interest revenue on average has been anywhere from \$2000; that does fluctuate every year, so we do amend that if it does increase more than what we budget. Miscellaneous expense, we normally don't see in this fund and then the Other Financing Sources would be that \$50,000 to increase the radio reserve.

Vice Chairman Penzel speaks:

In checking on the revenue side, the only revenue fund that we had that was in the CAFR (Comprehensive Annual Financial Report) for gaming was gaming licenses. Are you implying that this is some other additional funding from gaming?

Ms. Kaiser speaks:

The note that I have here says it's basically the first \$300,000 of local County gaming. I can look into that and see exactly where it's coming from.

Vice Chairman Penzel speaks:

Yeah, because it does talk about \$300,000 but its gaming licenses, in which case you won't see too much of an increase unless the State increases the gaming license fee or we did by ordinance and I don't think we can do that. I don't know whether that's true or false. So if you check on that but as far as I know, and in reference back to the CAFR, I could see no other revenue from gaming.

Mr. Werner speaks:

If I could answer that, it is all comes into the General Fund. All the gaming comes in to one spot and is transferred from the General Fund into this fund, a portion of the gaming, just \$300,000.

Vice Chairman Penzel speaks:

There's no other revenue account other than gaming licenses. There's no other gaming revenue whatsoever in the CAFR. Where I'm trying to go with this is if we do have a percentage of win or something, it's not identified that way, at least in the CAFR. I think all we're allowed to collect is gaming license. But if you would verify that, I'd appreciate it. Which would mean, of course, that's the only source of revenue here. Well, I wanted to ask about expenses, can we ask about that?

Ms. Kaiser speaks:

I was going to move to that next, if you're done with revenue.

Chairman Thaler speaks:

We got the County Managers just gonna explore that revenue, total revenue generated from gaming. So, while he's doing that, we can move on to any other questions we might have.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

On the 521.100, gaming, I mean, Professional Services; that seems the little high, \$411,000.

Ms. Kaiser speaks:

So, if you want to start with 410.751 there are four departments in this fund. So the first would be 751, which is basically where we house most of the County's projects, so there will be variances between years, year to year, they won't be consistent from year to year, just depending on what projects we have housed in County Construction. So Professional Services, that just depends on what projects are in that fund that are using professional services. They will fluctuate from year to year because there's not a consistent project that we have in the account from year to year.

Chairman Thaler speaks:

Just so you can, we're gonna talk about each of the four accounts coming next, so we're gonna see them as each different tabs.

Ms. Kaiser speaks:

Exactly.

Vice Chairman Penzel speaks:

So if they hire another engineer, someone hires another engineer for project, let's say it's in Public Works in the Roads Department, would that were be reflected here?

Ms. Kaiser speaks:

I wouldn't necessarily say that Roads would be reflected here, because I would imagine that maybe that would be reflected in the Roads fund. Most of these projects are Building and Facilities, Software needs and things of that nature.

Vice Chairman Penzel speaks:

So these could be architects.

Ms. Kaiser speaks:

Yes, so just for example, Community Development has a couple projects, one for the Master Plan, things of that nature. They would fall under Professional Services. So, they would just, those kind of line items in this particular fund would fluctuate, just depending on what type of project is being funded at that time.

Commissioner McDermid speaks:

So you're saying for Community Development, the Master Plan Update contract is in here?

Ms. Kaiser speaks:

That is correct. There are several projects that were funded and or the revenue was brought into this fund to be housed in this particular fund.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner McDermid speaks:

So why wouldn't it be, why wouldn't it be transferred into Community Development where the Master Plan is updated?

Ms. Kaiser speaks:

That would probably be a question for that department later today. They might be able to answer that.

Commissioner McDermid speaks:

Well, what other things are in here?

Ms. Kaiser speaks:

Just to name a few, Community Development has projects in here; some of the County Manager money that was set aside is also in here; economic or Finance has also had projects in here. Just to name a few, some of the Martin Slough projects are housed here; basically, whatever funding sources identify, then that money is transferred in here to house the project, to house the construction project.

Commissioner McDermid speaks:

So I want to make sure I'm in the same spot. This is the 751 fund and we're looking at 521.100 Professional Service?

Ms. Kaiser speaks:

Yes and that could be from a variety of projects, that may not just necessarily be one project, it would be a variety of projects.

Commissioner McDermid speaks:

How do the different departments that have the projects, how did they know, how does that come back to this fund?

Ms. Kaiser speaks:

So how do they know what they have? So basically, I keep track of every single bucket of money if you will, in the 410 fund and I reconcile everybody's project and then I send them a report to let them know how much they have. It's all done through an Excel spreadsheet; we can't necessarily utilize New World Systems to do this, so every month I reconcile everybody's projects and I send them a report to say that you have, say for Martin Slough, you have this amount remaining after the monthly expenditures have taken place. And so then, I'll send those out to the departments so each Project Manager knows how much they have left in their project each month.

Commissioner McDermid speaks:

So, Kathy, do you think that's an efficient use of your time?

Ms. Kaiser speaks:

I guess that would be a good question. I do believe that there should be some oversight so I do believe because there's so many projects and I do believe

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Finance should have that oversight, so one person should be letting those departments know how much they have left so they don't overspend that particular amount out of money and that way they kinda know.

Commissioner McDermid speaks:

But if there's a grant that comes in for, you know, part of project like the Martin Slough and stuff, does that go in here as well?

Ms. Kaiser speaks:

It does and I do reconcile that as well.

Commissioner McDermid speaks:

So under Professional Services, you have grants and project contracts, is that correct?

Ms. Kaiser speaks:

Yes, so the main line items that are using this particular fund are Professional Services, Maintenance and Repair, and Capital Projects, so those three line items will be the most utilized out of this fund depending on what projects we are working on from year-to-year. And so for Martin Slough, most of those expenses will fall under Capital Projects.

Commissioner McDermid speaks:

Okay and then, okay, it seems a little, I mean I understand you oversee it and that I think you're right, Finance, but it is kind of hard to figure out what that is when it just says Professional.

Ms. Kaiser speaks:

It is, the 410 fund, and I will agree with that; if you just look at it, you really don't know what projects Professional Services is actually funding, or with Capital Projects. I have that detail in a more, in my reconciliation papers, to let the departments know.

Commissioner McDermid speaks:

Okay, thank you.

Vice Chairman Penzel speaks:

I agree with Commissioner McDermid; it's hard to follow and this is where I think we lose any credibility on transparency. So if I'm to be more transparent about it and let's take the Martin Slough; as I remember, that project was brought to us because we had money for a trailhead head that had to come out of the budget for Parks & Rec, and once, and I'm gonna walk through how it ends up here and tell me if it's right or wrong. Once the project was approved, monies were transferred to this account, to the 410 account and should show up as revenue to the 410 account; then any expenditures on that project would be deducted from that project and accounted for as expenses in this account, this 521.100. So in this particular case, we hired a contractor to do the work on the trailhead. He had expenses for sand, gravel, plants, all those things but because it was a contract, was it deducted as one lump sum as you paid the

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

contractor, as the bills came in for that? And did those bills come to you or did they go to Clerk-Treasurer to be paid?

Ms. Kaiser speaks:

So, I believe the invoices or the contracts are usually handled by the department. Once they get to accounts payable, for any 410 expenditures, I receive a copy so I can reconcile those.

Vice Chairman Penzel speaks:

So they would then go to Parks & Rec, who would verify it's a legitimate invoice, send it to be paid to the Clerk-Treasurer. When the Clerk-Treasurer cuts a check for that, the detail on the check goes to you?

Ms. Kaiser speaks:

I receive a copy of the invoice and the backup information.

Vice Chairman Penzel speaks:

And from that, you deduct it from this account?

Ms. Kaiser speaks:

I deduct it from the proper project and that is done, since her so many projects right now, I currently have that on an Excel spreadsheet.

Mr. Werner speaks:

And if I could clarify that a little bit, Mr. Chairman, yeah, it actually goes to Finance before goes to the Clerk-Treasurer. It doesn't get to the Clerk-Treasurer until it passes through Finance, am I my correct in that?

Ms. Kaiser speaks:

That's correct.

Vice Chairman Penzel speaks:

Okay, so that's your way of telling them this is a legitimate bill.

Chairman Thaler speaks:

So, just, I've always seen this account is a pass-through expense account. So we have a revenue on the, what we just saw, what you just walked through, and in order for you to distribute, which we have total control over, by the way, because we control the expense in this line item. So this is kind of a pass-through; it's our way, it's actually fairly transparent. The hardest part is you have to follow the money. This is kind of like the first level; so we decide how much money's gonna move out of County Construction into those projects that we're then going to fund, whether it be in Community Development, whether it be X, Y, and Z departments. So this is kind of like a pass-through, so you gotta know where the money goes next in order for this to make sense, but this is the account that we have control over. So if we say instead of \$600,000 we're gonna reduce that down to \$400,000, somewhere on the expense side in another department they're gonna see a reduction in that, correct?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Kaiser speaks:  
Within this fund, correct.

Chairman Thaler speaks:  
Any questions that may have generated? Commission Walsh?

Commissioner Walsh speaks:  
So, Kathy, the five items that are listed here under Capital Improvements, they could theoretically end up on the Capital Projects line, is that correct?

Ms. Kaiser speaks:  
On a Supplemental Request? That is correct.

Commissioner Walsh speaks:  
And that's what your spreadsheet?

Ms. Kaiser speaks:  
That's, yeah, and unfortunately, I have to keep track of them on a spreadsheet because five different projects could be using the Capital Projects line items. There's no way to really tell in this report, which expense is going to which project because they all utilize the same line item; same with Professional Services and same with maybe Maintenance and Repair. I am hoping in the future there is a way and our computer system, that we can actually, when we set up a Capital Project number, we can actually put the budget together with it. So when we run a report, that project is actually tied with the bucket of money and that would make it a lot easier for departments and right now, just really haven't figured out a way to do that within our New World systems, but I'm hoping that in the future...

Commissioner Walsh speaks:  
A lot easier for us.

Ms. Kaiser speaks:  
A lot easier for me too: hopefully we'll get there.

Commissioner McDermid speaks:  
Have, you have not on the ability to oversee this but to determine what money is coming in from where and going out to whom for what.

Ms. Kaiser speaks:  
Exactly; that's correct.

Commissioner McDermid speaks:  
Okay, so what project, are these just Capital Improvement Projects that you do? Because you said something about the contract for Martin Slough and contract for Community Development for Master Plan Update. Well, Martin Slough has probably got Capital in it but the Master Plan Update is not a Capital Project.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Kaiser speaks:

Correct, some of these projects, they may have been just set aside so they're held for specific use because a lot of these projects may not necessarily be capital in nature. I'm not sure if I have an example, but I do believe...

Commissioner McDermid speaks:

Well, the Master Plan Update would be an example; that is not what I would consider a Capital Improvement Project.

Ms. Kaiser speaks:

Exactly, and at that time. I know it's been in this fund for some time. I believe maybe, and I'm not sure exactly the history, but if the money was set aside, 410 was used to put those monies aside so that they had that money for that specific contractor or whatever.

Commissioner McDermid speaks:

So where did the money for the Master Plan Update come from?

Ms. Kaiser speaks:

My guess and this can be corrected later if I'm wrong, but I would say that if there was budget, amounts budgeted that were over, sometimes we can capture that money. Say if a particular line item is over budget, we can augment those over anticipated revenues and transfer them into for a specific project for County Construction.

Commissioner McDermid speaks:

Yes but the Master Plan is an important product but it is not Capital Improvement Project. I mean, am I the only one who's seeing that this is kind of goofy?

Ms. Kaiser speaks:

No, I understand and I don't have the answer of why that particular...

Commissioner McDermid speaks:

But I mean, where did that, so you're saying, let's say, some project you're overseeing financially; they have money left over, so you take that money and squirrel it away into the fund that's going to go for the Master Plan Update?

Ms. Kaiser speaks:

Only if it's been approved.

Commissioner McDermid speaks:

Well, no, I mean, it comes to the Board. But you're saying, take the money from here that wasn't used, put it in here where it will be used.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Kaiser speaks:

Exactly, if they wanted to set it aside for a specific use, they could transfer it into the fund.

Commissioner McDermid speaks:

Do they do that with things like, Transportation Plan or, because that's ongoing right now too or the Area Plan for the rest of the County in the Tahoe Basin?

Ms. Kaiser speaks:

Those two are also funded or housed in 410.

Commissioner McDermid speaks:

They're housed but where does the funding come from?

Ms. Kaiser speaks:

It could come from different sources. I could look at the history to see where these particular projects are funded, but most of them, I would say, would come from the General Fund, if there were greater than anticipated revenue sources or from adjusted opening fund balance and they were transferred into fund 410 to be used for projects that are approved either by the County Manager or by the Board.

Commissioner McDermid speaks:

Okay I think, I think you have been given kind of like a pot of everything that didn't fit everywhere else. And that's kind of lumped in here and I think that, that it is, these things are vital. We have to do these, Master Plan Update and all of that, but they really are not Capital Improvement Project and so that's, I mean, we know we're going have to do a Master Plan Update every five years, okay? So money needs to be set aside into a specific fund for that, correct? Wouldn't you think that would make life simpler? I'm just asking you, would that...

Chairman Thaler speaks:

So the County Manager has a response for that, not necessarily Ms. Kaiser and I always call, throw up the flag that says, "I need help for a minute." So, Mr. Werner?

Mr. Werner speaks:

Yes, thank you; what you're saying, Commissioner McDermid is correct, but that's where the Board approved to put it. So another words, what happens is, is that in the past, as Kathy suggested, probably adjusted opening fund balance was made available for this project. You, as the Board, agreed to put in the 410 fund to fund that. It's all done through board action; now, what you were given and what you were told, I can't tell you that. But once it's there, then it is monitored. It's a better place to monitor, even though it may not be traditionally capital, it is something that is totally under your control and nothing gets spent out of there, nothing gets moved around there unless this Board approves it. So, it's one way to do it, but yeah, there's a lot of noncapital

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

items that have gone into the 410 fund through the adjusted opening fund balance process. That's one of the things I inherited here a couple years ago that raised some questions but fell to the bottom of the list of trying to fix it at that time. It doesn't hurt anything, there is nothing wrong with it, it's a good way to protect the money, to make sure that it doesn't get sucked away someplace else. It may not fit the title quite right. But there's nothing illegal or wrong.

Commissioner McDermid speaks:

No, I'm not suggesting that, I'm saying that, you know, we have a Capital Improvement Program that usually goes out five years.

Mr. Werner speaks:

This is in addition to that, this doesn't impact that at all; you have all of that in here too.

Commissioner McDermid speaks:

But I mean, couldn't we, in Community Development's budget, we know there has to be an update every five years to the Master Plan. We know at some point, we have to have the Transportation plan done. It seems to me money into their budget for what they know are coming makes more sense. And then at some point, if Community Development isn't gonna oversee that, you could then transfer it in but right now there's no, there's no nexus.

Mr. Werner speaks:

This is the best way to account for it, though. This truly is the best way. Otherwise, you're putting all this stuff into multiple departments and this way, we know we've got one central point to go to, to look at major projects, major capital, major, like the stormwater program is in your, it's the way to do it.

Commissioner Walsh speaks:

Thank you. To make it simple for me, okay, if these were the only Capital Improvement Projects in the entire County is that up to \$655,000? We approved all those, okay. We have \$300,000 in this fund to pay for \$300,000 of that \$655. It is up to us where we fund the other \$355,000 from whatever the difference is?

Ms. Kaiser speaks:

Kathy Kaiser, for the record; the \$300,000 that comes in every year is already designated to split between IT and its split between Building Maintenance. So that every year if that it is not spent, it does carry over to their particular budgets every year. Additional expenses above that are from one-time money that has come into 410 from other funding sources, either the General Fund Adjusted Opening Fund Balance.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

Okay, I think it would help us if you were able to create a more descriptive subaccount like you have for the radio maintenance, like you have for the gaming technology that we're gonna get to here shortly. So if this were a project management account and then subaccounts would be Community Development or wherever, that would be more descriptive, not only to us, but I think to the general public and we could then see that the moneys going into that. I think the question goes to how is that managed and that money, for instance, if it went to Community Development, is managed by the Community Development Director and we could see a nexus then. You're actually just approving the bills to be paid because you're trying to make sure they stay within the account criteria or monies. But she is reconciling the bills to the account, correct?

Ms. Kaiser speaks:

That is correct. Each department or project manager oversees the actual expenditures that are attached to each project, so they are approving the invoices or the contractor.

Vice Chairman Penzel speaks:

You're just balancing against the revenue and make sure the two equal.

Ms. Kaiser speaks:

Basically I will let them know if they're coming up short or if there's an expenditure that that has come in that wasn't approved to be in 410, I will let that department know or verify that they have approval from the Board that they were able to use the 410 fund.

Chairman Penzel speaks:

I think that the following question to this though is when we look to the Community Development Manager to say, "Okay, how much has it cost you to date for your consultant?" We would expect them to be able to say X and they should have within their budget that amount and we know and then they would be able to tell us how close they are to expending those monies. They get that information from you as you do your reconciliation, is that correct?

Ms. Kaiser speaks:

That is correct. I do send each department a reconciliation of the 410 fund for the projects that they have in the 410 fund every month.

Vice Chairman Penzel speaks:

Okay, so that kinda closes one of the loops on the nexus, but I think clear identification of those and I don't care with those are called planning or whatever in the subaccounts, I think would be more helpful for us to break that Professional Services down and retitle it, in my view.

Ms. Kaiser speaks:

I agree.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

So, the simplest way and I agree because we don't want to pull that revenue and then just ship it straight over to the department because by doing that, we need to have some control and what we've always said, at least since I've been on the Board, that 410 is kind of like a bank within a bank or a separate place because we get to control and it's usually money from unanticipated ending fund reserves and all that stuff, so as you look at the revenue side, that changes on a year-to-year basis, depending on how we finish out the year and so that's why that number changes. If you look, when we transferred in \$4 million, almost \$5 million last year, that's not gonna be a transfer in this year because we know we're gonna expend it on the construction side, so it's easily confused and something, I think what confuses people is we call it County Construction and that construction, because I think that's the way we're supposed to call it, but that confuses people because everybody thinks this has to be used just for construction. It's our bank and where we have control over how we disperse that money to all the different departments and we will, as we start walking through some of these other subaccounts, we'll start seeing how that money is then distributed, correct?

Ms. Kaiser speaks:  
That is correct.

Vice Chairman Penzel speaks:

Okay, so one final question; we've been talking about the County Manager is trying to come up with the \$1.8 million as we directed that to be \$2.5 million for infrastructure. This account indicates a tentative budget of \$1,883,000, does that include some of those monies or is that the fund?

Ms. Kaiser speaks:

Kathy Kaiser, for the record; that is the reserve balance. So basically from three subdepartments within the 410 fund, part of that is the Valley Vision of \$85,000, part of that is the radio reserves which, I have that amount somewhere and that makes up part of that and there is an additional \$400,000 that has been earmarked for projects in the past that haven't yet been utilized. So basically, some of that money is just sitting there waiting for the project manager to get started on the project or what have you. Some of those date back a couple of years, so one of the things I wanted to do for next year is to maybe clean up some of those projects that have been sitting around for a couple years to see if they're still gonna take place or whatnot that are sitting in that other reserve.

Vice Chairman Penzel speaks:

Maybe we should do that for this year too, so we know we can do that with those funds. So I was just curious because it seems to be on-going, but it's only on-going if we put the money in it.

Ms. Kaiser speaks:  
With the exception of the \$300,000, that's correct.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

And I see Ms. James is ready to pounce on this. The other point I was going to get to was we don't have to have a reserve in this, other than to pay the bills that we have already committed monies to, so this is more, I would look at this as committed money as opposed to just reserves.

Ms. Kaiser speaks:

That is correct; the funds that are sitting in the 410 fund are committed.

Vice Chairman Penzel speaks:

And we don't have, we don't have a way of saying they're committed as opposed reserves.

Ms. Kaiser speaks:

That's correct. So even the reserve money is committed for specific purpose like radio reserves are for Technology Services and the other projects sitting in reserves are projects that were earmarked for a specific use that haven't been started yet for lack of...

Vice Chairman Penzel speaks:

But unlike the other accounts where we have reserves...

Ms. Kaiser speaks:

That is correct; that would be correct.

Vice Chairman Penzel speaks:

And so this money can be spent regardless of when it came in. It can be spent that year, is that correct?

Ms. Kaiser speaks:

That's correct, for other accounts, yes, as long as it's in capital.

Tammy James, Technology Services Manager, speaks:

Good afternoon, Tammy James, representing the radio user fee at this time. I just want clarification on how that radio user fee is collected, why it sits in the reserves? In 2007, if you remember, we had a restructuring of the IT division and the radio and the 911 center separated. They were both funded under the same funding mechanism and at that time we created the radio users group, which consist of East Fork Fire, Tahoe Douglas Fire, the Sheriff's office, the Tribe, 911. At that time, we knew that we potentially might need to build a new radio system. So in addition to the fees that they pay for maintaining today's current system, they all collaboratively contribute \$50,000 a year to a reserve account so that in the future, should we have to go out and do maintenance, rebuild our radio system, that money sits there. My account, the 190 is a general fund; it can't sit there because it would fall through at the end of the year, so this 410 fund allows us to reserve it. If I have a site fail, \$50,000, we would go to this reserve account and spend money from there. So I just want to

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

make sure it's clear that's why it's kept separate, just because those fees in reserves are paid by outside entities also.

Vice Chairman Penzel speaks:

You're referring to the expense side, the 759 fund, specifically, 625.202?

Ms. James speaks:

I think \$615,000 is the total now.

Vice Chairman Penzel speaks:

Oh, the number is \$614,000.

Ms. James speaks:

That's the total in our reserve account as of today. On the other side where she showed the revenue was the \$50,000 transfer in, because when we collect the user fee, it all comes into the General Fund to support that 190 account, which is the General Fund account.

Chairman Thaler speaks:

So, it's almost like an enterprise. We have to look at it like an enterprise fund because you're collecting it from your user fees, somewhere that money has to be earmarked or it gets sucked back into the General Fund, correct? Which you don't want to do because that's, you're not saving for the future.

Ms. James speaks:

Correct and because that is, the fund itself doesn't qualify for an enterprise fund, it had to be done separately.

Chairman Thaler speaks:

You just have to look at it like an enterprise fund. If not, it gets sucked back every year into the General Fund and you don't, and it's, it just wouldn't be fair.

Ms. James speaks:

This is true; correct.

Chairman Thaler speaks:

Commissioner McDermid, did you have a question? Or anybody else? Thank you for enlightening us, Ms. James. Okay, continue on Ms. Kaiser, whoever else wants to go?

Ms. Kaiser speaks:

Well, we just finished up with 751, so we want to move on to 757, if we can. So, 757 entitled Gaming Technology. So this is where the \$200,000 gets budgeted every year and projects within this department are approved by the Steering Technology Committee from year-to-year. Are there any questions regarding...

Commissioner McDermid speaks:

So its collected from gaming, but it's utilized by technology? IT?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Kaiser speaks:  
That is correct.

Commissioner McDermid speaks:  
And you said there is committee?

Ms. Kaiser speaks:  
The Technology Steering Committee approves projects within this department.

Commissioner McDermid speaks:  
And then those come to the Board to be approved?

Ms. Kaiser speaks:  
That is correct.

Commissioner Walsh speaks:  
Okay, I'm lost.

Chairman Thaler speaks:  
So we're on the tab number 757. So as you're catching up, why don't we have a reserve in this account?

Commissioner Walsh speaks:  
It's the \$200,000 she talked about.

Chairman Thaler speaks:  
It's at the bottom line. So the very bottom, you got the 149 and then 51 but my question is why do you not have a reserve in this account?

Ms. Kaiser speaks:  
That would be a good question. I don't believe this particular department has ever had a reserve.

Chairman Thaler speaks:  
And the only reason I say that is we know technology doesn't come in \$50,000 increments; it comes usually in big increments. This is for technology to make a big purchase because it looks like we're spending it just to spend it instead of saving it for projects. Just more of a curious question, why you wouldn't have a reserve here or not?

Ms. Kaiser speaks:  
I'm not sure of the answer to that question. But that's, I'm sure, something that we can look into in the future because, I agree, that's something that's probably needed.

Chairman Thaler speaks:  
I say that because it's similar to what Ms. James was just talking about is, that this money is earmarked, so it's \$200,000 per year and it's earmarked and I

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

know Technology does a good job of spending it, but if you really want to save for that big project, why wouldn't you have reserves? I'm just throwing that out there, so okay.

Commissioner McDermid speaks:

So I see \$100,000 for Professional Services. What's that about?

Vice Chairman Penzel speaks:

You're talking about 521?

Commissioner McDermid speaks:

Yes, 521.100 Professional Services \$100,000. In 2017, we only spend \$73,000, actual was \$47,000. So there was some money left over there. Then in 2018, the amended budget is \$115,000 but the actual amount to date is \$5000. I'm confused; what are Professional Services?

Ms. Kaiser speaks:

Kathy Kaiser, for the record; historically, when this particular department is budgeted in 410, since we may not know the projects that are identified. We currently disperse the \$200,000 usually between two line items; Professional Services is one of them, Small Equipment is the other one. Throughout the year, once the projects are identified, as you can see from the actuals for 2018 under the actual amounts, we have \$87,000 in Capital Projects. We may not necessarily know that's going to be a Capital Project during the budget process, so when we set that \$200,000 aside, currently we put it in two line items until those projects are identified and then we can move the budget if we need to, to the proper line item, once those projects have been established.

Commissioner McDermid speaks:

But if in 2018, you only spend \$128,000 of the \$200,000, what happens to the \$87,000 difference? Where would you put that? Because that's money that is restricted to this particular fund, so why wouldn't there be carryover?

Ms. Kaiser speaks:

There is, so if this particular department does have a carryover, if they do not spend their entire \$200,000 and basically that follows like with the General Fund to fund balance and then in the beginning of the year when we do the adjusted opening fund balance, whatever that difference is will be replenished back in 757 in the amended column.

Commissioner McDermid speaks:

But I agree with Commissioner Thaler. It seems odd they wouldn't go into the possibility of reserves.

Mr. Werner speaks:

I was just going to say Mr. Chairman, if you look at the total budget, though, they've always spent more than \$200,000. So there is no need for a reserve because they're borrowing money from other places in other parts of the Capital. I mean, if you look at the expenses of \$400,000...

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

So this is a classic example of if they did have a reserve, they would be limited to that reserve and what they could spend and this is where we're drawing from the General Fund to balance out over expenditures in this fund.

Mr. Werner speaks:

No, this usually comes from the reserves of the Capital fund, of the fund itself.

Chairman Thaler speaks:

But if this revenue, this specific \$200,000 per year in revenue, that budget should be expended \$200,000. Now granted, we have a history of spending more, look at it, spending more than \$200,000, so, and that moneys coming from someplace.

Mr. Werner speaks:

It's all coming from this fund unless you do an adjusted opening fund balance to replenish. So, for example, if IT were to come in with the project and it was more than what they had in here and they wanted to use the adjusted opening fund balance, you would move that money into the revenue side, it in turn would be transferred into this fund. So the 410 department 757 really uses the 410 reserve if it needs it with your doing transfers.

Ms. Kaiser speaks:

Kathy Kaiser, for record; anything above and beyond \$200,000 for IT would have a funding source from somewhere else, it would come from another source.

Vice Chairman Penzel speaks:

And the question is who approves that, but before you answer that question, it seems to me this fund is going to have \$200,000 at start of the year and I didn't see in the presentation of the IT department how they were going to use that money to offset the things that they have as Supplemental Requests. So is it fair to believe that this money could be used to offset their Supplemental Requests?

Mr. Werner speaks:

If the, if the money is there but...

Vice Chairman Penzel speaks:

It's gonna have \$200,000 when it starts.

Mr. Werner speaks:

Also what you see in there is there's just a ton of stuff that goes on in there on a daily basis; equipment, small computers, all that kind of stuff comes out of here. Any kind of programming, programs, things that the IT Steering Committee working with the IT Director determine needs to be done for the

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

overall, anything that relates to new programs or software or different kinds of things, comes out of here.

Vice Chairman Penzel speaks:

Well, I think we already know that they want supplemental monies.

Mr. Werner speaks:

Yeah, that's in addition to what we're doing here.

Vice Chairman Penzel speaks:

What I see this as is this is a contingency fund for them and I'm saying, "Whoa, wait a minute. They want us to transfer additional General Fund monies in." I want to make sure they've spent their funds before we go and spend General Fund money. So I would say that they need to say how much of their Supplemental Request they're going to cover out of their fund cuz we can't spend it on any other thing. It would seem to me that we get a commitment from them that they're going to fund their Supplemental Request to whatever level out of their fund, then we'll go on and talk about the additional supplemental requirement is the General Fund. Make sense? Look at all the requests, I mean, they had, I think we totaled up as close to \$480,000 in additional things that they want, minus the personnel requests which are on-going, yeah that included the personnel requests. So if you take those out...

Commissioner McDermid speaks:

Not only that but the lease for the building.

Vice Chairman Penzel speaks:

Okay, you take those out.

Commissioner McDermid speaks:

\$300,000 was for two employees and the lease on the building.

Vice Chairman Penzel speaks:

Okay, so you take those out, then they could, they could fund their Supplemental Request balance out of this fund and we don't have to add anything from the General Fund in there. That make sense? Understand what I'm saying? Not yet. Thank you. You give it a shot.

Commissioner McDermid speaks:

Okay, if I could. So what I think he saying is if you take out the on-going costs of the two employees and the leasing of the building, that leaves approximately \$184,000 in one-time outlays, which if you're getting \$200,000 in this fund, technically that could go towards that. My question is that Technology Steering Committee. They are the ones who oversee this and without finding out from them, how they see is \$200,000 being spent, it may not be available to meet that particular need. The other thing is if you look historically, they have overspent and my question is why they overspending? What are they spending it on? We don't have that, we don't have that information. So my question is, is the \$200,000 from gaming, is that sufficient for Technology, given the change,

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

everything changes so rapidly in technology and I just have no idea what, I'm sure the Board approved these things but I have no idea what these, and as far as the overspending, as understood it, the additional monies come out of the reserves of the Capital fund, is that correct? Not out of the General Fund, am I correct on that?

Ms. Kaiser speaks:

Kathy Kaiser, for the record; the funding source above and beyond the \$200,000 can come from any source, it could come from the adjusted opening fund balance, from the general fund, it could come from wherever that funding source is identified and then it's transferred into the 410, so it can be a variety of places.

Vice Chairman Penzel speaks:

What gives them the authority to overspend their budget the first place?

Mr. Werner speaks:

Generally what happens, it's usually a project that will come in and you've had them, some of the different stuff that IT has brought before you used for projects. I'm trying to think of the one that just came through where the Board approved it within the last couple months. It shows as a funding source where the money is coming from and where it's going to but those are done by the approval of the Board.

Vice Chairman Penzel speaks:

Everything is done by the approval of the Board.

Mr. Werner speaks:

You'll see the actual amounts in the projects but what you won't necessarily see is all the details of how the money flows through the system.

Vice Chairman Penzel speaks:

Well, then we should change that, because obviously we're allowing them to overspend their budget.

Mr. Werner speaks:

No, you...

Vice Chairman Penzel speaks:

Well, who's allowing it?

Mr. Werner speaks:

Well, true, if they've come in without a project, for example, if a supplemental project doesn't get approved but then something breaks and we need to fix something with IT, particularly, then there will be an action brought before this Board, stating that either the money has to come from the 410 fund that wasn't committed to another project or just it has to come from somewhere,

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

like opening fund balances, adjusted opening fund balance and then it is augmented into the budget for them, to allow them to spend it.

Vice Chairman Penzel speaks:

Then it would seem to me that the reserve for this ought to be the \$200,000 and that should not be allocated for any expenses until the end of the year.

Mr. Werner speaks:

Again, I was going to go back and double check there but I believe that they do not have within their actual budget any kind of small capital stuff. So, for example, if computers break or they're redoing the lease stuff, if they're doing small purchases...

Vice Chairman Penzel speaks:

They have Small Equipment in their budget.

Chairman Thaler speaks:

Real quick, maybe what might, and you probably don't have this at your hands, but if you go back to 2017 actual amount, and obviously, we know that there was \$200,000 starting but they spent \$233,000. Do you remember, I know you don't have that but that might make sense if you tell us how that went from \$200,000 to \$233,000 just to use as an example. That might make sense.

Ms. Kaiser speaks:

So from the actual to the amended?

Chairman Thaler speaks:

So they started at \$200,000 and then they spent, they overspent by \$233,000; that was the actual. So to understand how this stuff happens, you would have to go in there and tell us how or what the 197 was for and what the 36 was for, unless you remember.

Ms. Kaiser speaks:

Correct, and I don't remember the exact projects off the top of my head but why it looks like they have overspent, they also did get \$162,000 amended in midyear. So basically they had the \$200,000 plus the \$162,000 and it looks like in Capital Projects too, they had an additional, so basically \$405,000 was amended midyear. So they're technically not overspending because they did get a budget amendment through midyear. So basically each month when I monitor 757, it's, a lot of it's carryover.

Chairman Thaler speaks:

And that could have occurred through an augment and most likely it probably did occur through an augment. That's how you get midyear new money.

Ms. Kaiser speaks:

Correct. Exactly. So that's part of, that would be from those budget augments.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

So the appearance of overspending, and I constantly have to remind myself, it's over, it's only an over expenditure, if you're going beyond what you got augmented because we approved augments and so if we add in that extra money or I don't want to call that extra, that new money that becomes like your new budget and that if you go above and beyond that, and yeah, seriously have a problem, but I don't think that's the case. And Ms. James, I think you're gonna help us out here right, cuz why else would you come up?

Ms. James speaks:

I'm gonna try. I ran all the way across the street after I heard the conversation. Tammy James representing IT, now. The \$200,000; so there's a total of \$300,000 that comes into this fund, \$100,000 is allocated to Building Maintenance, \$200,000 for Technology projects. This actually rolls over also, so if we don't spend the \$200,000, if there are open projects, that money can continue to roll and that balance grows. Some of the projects that we have funded was the New World systems, the evidence vault for the DCSO (Douglas County Sheriff's Office) and all their data that they collect. These are huge capital projects that we should be funding out of this line item. So I hear when you're discussing what Ms. McGee has asked for in supplemental, some of those don't meet capital projects.

Chairman Thaler speaks:

So my question earlier is why don't we then just have a reserve in here so we can see that rollover so, to save, for what I would call for those big projects? We end up taking it from someplace else. I get, I'm just trying to talk about following the money and if you have, this is in my opinion, a classic case. If you have reserves, then we see that reserve go up, you have that big expenditure, that goes down but that's just me.

Ms. James speaks:

That probably would be appropriate, but like I said, some of the items that we're asking for in the supplemental are for positions; you wouldn't fund that one-time funding out of that supplement or from this gaming revenue. These are larger projects. Sometimes it's the card access that we've put on all the buildings, you know, to make sure it's secure. So these have a project that really encompasses something that's globally for the County; the New World systems, the payroll, you know, any of those projects that rollout that affect everybody not just the IT side of the house.

Commissioner McDermid speaks:

Thank you, Tammy. So the Technology Steering Committee (TSC), who sits on that?

Ms. James speaks:

So it's recently been redesigned and it's a smaller group. So what Ms. McGee does is any projects that maybe some of the departments actually have, they would fill out a form, they would make a request and then they would take it to

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

the TSC, kind of the IRC (Internal Review Committee) now and they vet out those projects and say, "Is this project that we can do? Is the funding there? What do we see on the horizon for money that might already be spent out of that technology fund?" So they kind of look at it, "Can it be can be funded this year? Can it be funded next year?" And actually, that, all the input comes from staff, also. What is it that we need to do? Our storage, do we need to increase our storage? So this is, these are the projects we're talking about now to fund out of this account. The other items, the software and all that should be in our regular budget maintenance.

Commissioner McDermid speaks:

So then, whatever is decided by the TSC, Tech Steering Committee, that ultimately goes to the IRC, is that correct?

Ms. James speaks:

It does, yes.

Commissioner McDermid speaks:

So then we see that report. Okay, okay, alright, do, is \$200,000 adequate?

Ms. James speaks:

That's a difficult question. \$200,000 is probably a lot of work on staff to fund a project so there are some, there are times when we could spend that whole \$200,000 just upgrading say, our storage environment or the New World systems was like a \$200,000 project funded over two of those fiscal years, so it just depends on what we're trying to fund, truthfully.

Commissioner McDermid speaks:

A lot of what comes out of this particular Gaming Technology fund has benefit beyond IT, it benefits countywide etc., correct?

Ms. James speaks:

Absolutely. It's usually infrastructure that encompasses everything we do for the County as a whole.

Chairman Thaler speaks:

You know, we could use you about an hour ago so, next year when we do this, come on over, because we would've saved ourselves an hour.

Ms. James speaks:

I apologize. I didn't know we were discussing this.

Chairman Thaler speaks:

It's not your fault. Seeing no further questions, do we want to talk about the CIP (Capital Improvement Projects) here in this account? Or no, are there supplementals?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Kaiser speaks:

Kathy Kaiser, for the record; the Capital Improvement Projects for the Supplemental Request, the first one is the Floor Covering Replacement within County Facilities for \$40,000, Minden Inn Rooftop HVAC Replacement an additional \$210,000, the Admin Building Roof Replacement for \$30,000, County Facility Parking Lot Maintenance for \$25,000 and the Lake Tahoe Admin Building Boiler Replacement for 350,000.

Chairman Thaler speaks:

So, question I have, are these carryovers? Because if I'm not mistaken, I thought at our last Board meeting, we approved these, or some of these, as far as, as part of the ending fund balance from last year. These projects, so I want to make sure we're not duplicating this stuff. Maybe my memory doesn't serve me right, but I remember a couple of these, yeah, definitely that one. That was the big that I remember. I remember the boiler replacement and I remember the rooftop HVAC, if we had Glenn here, he could probably answer that. But, so I just want to make sure we're not duplicating it because I know last month we probably did this and it was probably caught in the mix.

Ms. Kaiser speaks:

Yes, some of these projects are carryovers like the HVAC replacement.

Chairman Thaler speaks:

So they probably don't need to be carryovers because they're going to be done this year, right?

Ms. Kaiser speaks:

I'll refer to Julie.

Julie Andress, Budget Manager, speaks:

Julie Andress, these projects here are listed as part of the five year CIP plan moving forward. Yes, they were accounted for in 17-18, however, we have new information from the departments that these particular projects have additional funding requests associated with them. So these are the new amounts that you're seeing for these projects.

Chairman Thaler speaks:

Why wouldn't that have come up a month ago and you might not have the answer to that? A month ago we just talked about because we augmented a month ago and unless I'm, we augmented at least two of those items into our current budget so that these guys, these projects could be done in this current Fiscal Year. At least that's my memory, so my guess is that Glenn was probably trying to get both of those projects done before June 30<sup>th</sup> but now I'm hearing that they need more money than what we approved a month ago, and if you don't have the answer, that's okay; you can get it and I don't want you to say anything you're just guessing. Do you feel comfortable answering or do you want to wait?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Andress speaks:

No, I'll have to wait. I need to look into that further. Thank you.

Chairman Thaler speaks:

Thank you, yes. Because eventually, I know because I looked ahead, these items also show up on tomorrow so it would be really nice to know before we go and put, earmark money that we really don't need to earmark because there's a half a million dollars right there that's on tomorrow's agenda that we probably don't need to be on tomorrow's agenda. See, I just saved a half a million dollars. Well, if you want to be exact, thank you, Commissioner.

Vice Chairman Penzel speaks:

That's alright, we could save \$31 million because the JLEC is on here too. I do have a question about the expenses; we've kind of jumped to the Capital Improvement but we skipped over \$85,000 we keep carrying forward to the Valley Vision for Gardnerville and Valley Vision for the County. We just keep carrying that money forward; do we have an on-going requirement to fund Valley Vision? This is in 410, this is 760 expenses, Valley Vision, but we jumped to the five-year CIP.

Chairman Thaler speaks:

Just a point of record so, we're moving through each department, so you're...

Vice Chairman Penzel speaks:

This is 410.

Chairman Thaler speaks:

That's the account; the department is what we're working through each, there's four different departments here, so you've skipped ahead. Hold that thought. We might be there really quick. You want to move to the next department, which is, let's see here 758.

Ms. Kaiser speaks:

758 is Gaming Maintenance. This is where the \$100,000 is set aside for any type of small projects or facility needs throughout the County; that is usually something that Glenn Radke oversees.

Chairman Thaler speaks:

And again that's chipping away at the \$300,000, correct? So now we're at \$250,000.

Ms. Kaiser speaks:

That is part of that \$300,000 to \$100,000 does go down 758.

Chairman Thaler speaks:

759?

Ms. Kaiser speaks:

759 is the reserve that Tammy James just spoke about.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Okay, any questions? Okay, looks like we're at 760. Any questions in regard to 760? Commissioner Penzel?

Vice Chairman Penzel speaks:

Mr. Chair, you're way too generous. So my question still stands. Why are we still carrying this?

Mr. Werner speaks:

I can try to answer that. Basically this was put in when they did the Valley Vision projects, so Lisa came to me a some time ago saying they weren't sure where the towns were with this stuff, should we zero it out or should we leave it there in case there is still something pops up through that process. I suggest we just leave it there, we can take it out; there is no commitment for right now, but if that Valley Vision comes up with something that they wanted to do...

Vice Chairman Penzel speaks:

You're gonna put it in their budget.

Mr. Werner speaks:

Well, we agreed to fund this portion of it; if it goes forward, we have a commitment to fund a certain percentage of it. So if it goes forward, we'll have to come up with the money at the time. Looking at the dollar amount, I just suggested we just leave it there and kind of see where it goes. It's been carried forward two or three years now.

Commissioner McDermid speaks:

I believe they will come back; now, we don't increase this? We haven't increased, we've just maintained it.

Mr. Werner speaks:

That's correct.

Commissioner McDermid speaks:

There will probably, at some point, be a revision or a change, especially for instance, an update, because if the park family Dangberg Ranch project is accepted as a Conservation Easement, they are putting in a mile and a half to allow Minden and Genoa to be connected. Do you remember that? Plus reserving 32 acres that could be on the river, off of 88. So my suggestion is this could come back with a revision so I think it's, we don't have to add to it. It's just there and you either believe in the Valley Vision or you don't.

Vice Chairman Penzel speaks:

But this is general taxpayer money that we're going to fund for town, specifically. They get real objective about the fact that we have to fund them from general taxpayer money and I think it's only fair that we use that money for general improvement of the general population as opposed to the specific

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

vision. Let them come back and justify it. I think this money could be better utilized on infrastructure programs.

Chairman Thaler speaks:

If you look at this, there's \$20,000 set aside for Gardnerville, the rest is for the Valley Vision. So this was set up years ago to offset the cost because they're all in it for the same reason. It's to assist them in a bigger number, this is a huge number. I don't really think we want to go down that road yet because then we'll get into that, this for that; what the Towns do for the County and what the County does for the Town. This was something that was set up years ago that just hasn't been expended yet. So, absolutely 100%, we could zero these out, but a commitment made is a commitment honored and the commitment of a previous Board was made. We have to decide as a Board of five today whether we're gonna honor that commitment and we could zero these and we could obviously go to contingency when either Gardnerville or whoever comes to us and asks for these money. We could go to contingency because we zeroed the account out. What we have to decide today is if we zero it and they come back and say "Okay, I'm ready for my Valley Vision money", we would probably have to go to contingency because it's not budgeted. Right now it's budgeted, so...

Vice Chairman Penzel speaks:

They would have to come back and justify why they need it. It isn't their money; it's the County's money.

Commissioner McDermid speaks:

We agreed to a certain funding formula. The other thing I think is important to recognize is you're going to have to Bentley Heritage Distillery coming online, isn't it coming online in June? There could be some need for the County and Minden and Gardnerville to look at the impacts of what is going to mean, so I think it's appropriate to leave it there and see where we are after we get the Bentley project coming online.

Chairman Thaler speaks:

So real quick, Commissioner Walsh or Commissioner Nelson? You guys want to weigh in? Like I said, there's two options here. We could, you could zero it out but a commitment made is a commitment honored and unfortunately the County sometimes gets caught the jam and I will go back a couple years, let's go back to 2011 when the County was in a jam and they asked the Towns to reduce their tax rate and they did. That was a commitment made by the Towns and a commitment honored by the Towns. They reduced their tax rate. The County then recaptured that tax rate and there were some trade-offs in all of this. So anybody else want to? I'm not forcing you guys to either, so whether or not you want to put anything on the record.

Commissioner Walsh speaks:

I'll put it on the record that I think we ought to leave it where it's at right now. Commissioner Penzel, you have a comment?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

It's not about a three to one; come on, we as a Commission, we as a Board make a lot of decisions on a daily basis and if we can't stand by our word, okay, then everybody, we're gonna change everything every year.

Commissioner Walsh speaks:

That is exactly the same thing with Muller Parkway. We give our word, there will be no truck traffic.

Chairman Thaler speaks:

Unless this Board changes it, you're absolutely correct.

Commissioner Walsh speaks:

It's the same thing.

Commissioner Nelson speaks:

Yeah, I'm always in favor keeping our word if we've made a commitment like this, even for the previous Board.

Chairman Thaler speaks:

We've beaten that horse up, I think, where would you like to go to next? We finished those four departments?

Ms. Kaiser speaks:

Yes, that's all the departments within 410.

Chairman Thaler speaks:

Do we want to go to County Debt?

**Julie Andress, Budget Manager**, presented the following regarding the County Debt Budget:

- Budget
- Budget Worksheet

Julie Andress, Budget Manager, speaks:

Julie Andress, for the record. Okay, County Debt; this is for specific debt obligations incurred by other funds. Each debt obligation has specific dedicated revenues. These revenues are transferred to this debt fund where debt service payments are made. So in here, in the Other Financing Sources is the transfer in from the other funds for their debt payments and interest.

Chairman Thaler speaks:

Any questions on this so far? Commissioner Walsh?

Commissioner Walsh speaks:

392.000, just says transfer in; what is that from?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Andress speaks:

Sure, that particular one there is the transfer from the Road Operating fund for the Vac truck contract lease as well as the transfer in from 911 for the Motorola 911 console.

Vice Chairman Penzel speaks:

Just a little clarification; we're buying the Vac truck, we aren't leasing it.

Chairman Thaler speaks:

So maybe help out, can you just walk through each one of these and identify what they're for? Now we know the first one is the Vac truck.

Commissioner McDermid speaks:

And the 911 Motorola console, right?

Ms. Andress speaks:

Correct. Okay, the next account is 392.298, the transfer in, that is for, from Room Tax; excuse me, I'm sorry, I skipped ahead one line; transfer in from the highway bonds to...

Chairman Thaler speaks:

Okay, don't get ahead of yourself; that one we zeroed out. So you're probably talking about the Community Center, which is next.

Ms. Andress speaks:

Thank you. Yes, that one is zeroed out; I was looking back in our history from 16-17, sorry. Okay then the next one 392.316 is transfer in from Room Tax fund for the 2012 Community Center. The next one is the transfer in from Transportation from fund 236 for the 2012 Transportation Bonds. 392.318 is the transfer in from 405 Ad Valorem for the 2013 Community Center. We have an abbreviation MTF, I'm sorry; I do not know what that's for. 392.319 is the transfer in from fund 204 for the 2014 Airport Revenue Bonds. 392.320 is the transfer in from the Regional Transportation and then we have the Opening Fund reserves for the revenue.

Commissioner McDermid speaks:

What is the transportation RTC (Regional Transportation Commission) transferring in for? Is that for the bond? Just wanted to make sure.

Ms. Andress speaks:

That's correct.

Chairman Thaler speaks:

That's the 13, the \$13 million bond. So real quick on the backup to the 392.318, can you, where does that come from? The revenue side, in order for us to pay that bond?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Andress speaks:

I have a note here that it's from fund 405 from Ad Val; that's correct. So if we have no further questions with the revenue section, each follow-up...

Chairman Thaler speaks:

Well, we do, hang on one sec. Commissioner Penzel?

Vice Chairman Penzel speaks:

I understand the RTC one and thank you for giving clarification, Commissioner McDermid. The highway, \$222,513 bond is what?

Ms. Andress speaks:

That one's completed.

Vice Chairman Penzel speaks:

What highway bond was it?

Ms. Andress speaks:

It looks like perhaps 2003.

Commissioner McDermid speaks:

That was before my time, so it would've had to have been in...

Chairman Thaler speaks:

Well except for that bond, there was a bond something done in 2017 because we seen expense all the way up to and through 2017. But then we don't see anything else getting transferred out.

Commissioner McDermid speaks:

I think that bond from 2003 would've been paid for in 17-18.

Vice Chairman Penzel speaks:

And the other part of this is that we are limited; our bond cap is 10% of our Ad Valorem, 10% of our assessed value which we just saw \$3 billion, so we're way below that. Is that correct?

Mr. Werner speaks:

The other factor you can use; I'm sorry, Larry Werner, County Manager, the other thing you can use, that's a voter approved, is the 10% of the Ad Valorem. The other one is you can have Board approval that, I believe, is 15% of your C tax (State Consolidated Tax) receipts that can be Board approval for bond issuance. There's two limits. One of them is a voter approved bonding and that, I believe, is 10% of your assessed value but there's another one that's 15% of your C tax receipts that can be just Board approved without voter approval.

Vice Chairman Penzel speaks:

That's really good to know; I've never heard that before, not that we've even approached on our limit.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Whoever wants to go? Any questions? Okay, so that takes care of, go ahead, Nancy.

Commissioner McDermid speaks:

From the RTC, I know that from the TDTD (Tahoe Douglas Transportation District) fund at the Lake, they pay off the bond, they're paying the bond for the parking garage, which I believe is due to go out in 2020, somewhat, very short timeline, and I'm curious why that isn't on here, I mean, I realize it's at the Lake. It's collected out of the Room Tax generated at the Lake and it goes to pay off the parking garage bond.

Mr. Werner speaks:

Yes, that's the TDTD, they have their own budget authority under the statute

Commissioner McDermid speaks:

Because it's the RTC, the TDTD fund?

Mr. Werner speaks:

It's like the RTC.

Commissioner McDermid speaks:

It's in the RTC.

Mr. Werner speaks:

But its a TRPA...

Commissioner McDermid speaks:

That's why I'm asking, because it was the County that bonded it, not the RTC.

Mr. Werner speaks:

Yeah, it is not a debt to the County, though, which is bizarre, but it is a debt to the revenues of the Room Tax.

Vice Chairman Penzel speaks:

So then that explains why we end up with that money going to the loop road when it's paid off because that money stays up there. Then the \$300,000 gas tax comes back to here.

Commissioner McDermid speaks:

Right. Talk to John about how he's planning to utilize that.

Chairman Thaler speaks:

Anything further on this account? Seeing none, we'll move on to you want to, you want to talk about capital leases real quick?

Ms. Andress speaks:

So, for each associated department in the 541 is for each of the individual bonds that we just discussed, for each of their principal payments and interest

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

payment, so there's several departments within 541 that are housing the expense for the bonds that we just went over. Would you like to go through those one by one?

Chairman Thaler speaks:

Well, I think the question is it jumped from \$47,000 and almost doubled and it's now it's up to \$101,000 so we're just trying to figure that part out.

Ms. Andress speaks:

Correct and that change is for the Motorola 911 console in there, that's for \$55,000. 837 was completed. 838 is for the Airport sewer and this has been completed as well. And that remaining amount that you're seeing there is going to be, the funds are going to be corrected and refunded, excuse me, returned. Return the funds to the corrected parties and right now Finance is working with the Clerk-Treasurer's office to take care of that. 839 is the Zephyr Water Utility Improvement District; this has been completed as well. Again, Finance is working with the Clerk-Treasurer's office to return the remaining funds to the correct parties.

Chairman Thaler speaks:

How do you do that if that's a reserve in the GID (General Improvement District) for our water utilities?

Commissioner McDermid speaks:

That's our water system, but they did a self-assessment and it's paid off.

Chairman Thaler speaks:

But I mean does it just sit in there and expend it over years?

Ms. Andress speaks:

I'm not fully sure; I have a staff person who is working on this. Okay, department 883, 2012 Community Center bonds; this will be completed in Fiscal Year 2032-2033. Department 884 for the 2012 Transport Refunding will be completed in Fiscal Year 2019-20.

Chairman Thaler speaks:

Is that the parking garage? It would make sense. Does your backup material show that that's the garage bonding? My guess is it is.

Ms. Andress speaks:

Unfortunately, my note doesn't specify.

Commissioner McDermid speaks:

I know it. It is the parking garage.

Ms. Andress speaks:

Department 885 for the 2013 Community Center. This will be completed in Fiscal Year 2022-2023. Department 886 for the 2014 Airport Revenue bonds.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

This will be completed in Fiscal Year 2028-2029. Department 887 for the 2016 Highway Revenue bonds. This will be completed in 2036-2037 Fiscal Year.

Vice Chairman Penzel speaks:

Just out of curiosity, do you have a projection with the total amount to be paid, principal and interest, would be on that?

Ms. Andress speaks:

Projected amount for 18-19?

Vice Chairman Penzel speaks:

No, when it's completed.

Ms. Andress speaks:

Sorry I don't have that right now in front of me.

Chairman Thaler speaks:

And that should finish our debt, right? So, everybody good with moving on to Redevelopment Two? Cross that one off my list. Okay, fund 600 and revenue side of 000. Go ahead.

**Julie Andress, Budget Manager**, presented the following regarding the Redevelopment-Area Two Budget:

- Budget – Administrative
- Budget – Capital Projects

Julie Andress speaks:

Okay, Redevelopment Area (RDA) Number Two; Administration, the revenue here is from Ad Valorem. You can see that there is an increase over the 17-18 amount, up to \$360,000 for Fiscal Year 18-19.

Commissioner Walsh speaks:

Julie, didn't we pass a half percent tax or 1%, the TOT (Transient Occupancy Tax)?

Commissioner McDermid speaks:

Yes, but that goes to the TDVA (Tahoe Douglas Visitor's Authority).

Commissioner Walsh speaks:

Okay, thank you.

Chairman Thaler speaks:

So this is a combination this is your Ad Valorem and then, I've got to imagine that if you've carried that over a couple more years, you'll see a giant spike. I'm not sure if anybody's done that yet, but my guess is the next year, you're gonna see a giant spike because it's based on property values at the Lake in the Redevelopment Area, which is gonna spike.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner McDermid speaks:

I want to make this perfectly clear; what the County and all other entities had been receiving, they continue to receive that. This reflects only the incremental portion of assessed value or Ad Valorem after the private sector has put the capital in, so it's incremental after the private sector puts money into the ground, so to speak.

Chairman Thaler speaks:

Well and to add on that, the theory is, as you redevelop your area, your property values go up, and that's the increase in the value of the tax.

Commissioner McDermid speaks:

Yes but the reality is most of it is by and large commercial property. The only residential property is the Beach Club. The rest is commercial property, so as there, as they put capital into the commercial property, the assessed value changes and so, but like Sierra Colina is not in the Redevelopment Area and that's 54 new homes going in and any of the, if we're really good children, TRPA (Tahoe Regional Planning Authority) allows us nine allocations per year; if we're bad children, they deduct from that. We only have a little over 100 parcels left to be developed within the Tahoe Basin. There will be no additional parcels; TRPA set that and that's how it will be. So, in essence, in 10 years, the Tahoe Basin could be completely built out, as far as Douglas County's concerned. So I just want you to understand it's not like down here where you have potential for development, south, north, west and east.

Chairman Thaler speaks:

So what this doesn't show is TOT, that 1% that we approved a year ago; that will be in, probably our next big item or at the end of the day when we talk about the fund 234. So this is just Ad Valorem.

Commissioner McDermid speaks:

It's in the TDVA; you do not see that money.

Chairman Thaler speaks:

It doesn't come in as a transfer out? Zac?

Commissioner McDermid speaks:

Nope. Well, maybe.

Zachary Wadle` speaks:

Zach Wadle`, District Attorney (DA) office; as you were discussing, there was an additional 1% transit license fee that was put in several months ago. It was directed to go to the Tahoe Douglas Visitor's Authority to be used on expenses relating to redevelopment projects, so there's a relationship there. That money goes to TDVA is to be used on redevelopment or economic vitality type of efforts but does not, it's not accounted for within the County; it's not gonna appear. The State and then it goes to the Visitors Authority directly pursuant to our ordinance.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner McDermid speaks:

Maybe some people don't understand, but all transient, and I could be wrong on this, but what I have been told is all Transient Occupancy Tax is collected, go to the State first, then the State apportions it to the County's and then the County, if there are funds that it goes to that is then transferred out but the State is who receives the money initially.

Kathy Kaiser, Senior Budget Analyst, speaks:

The additional 1% for the TDVA actually does go through Room Tax and then I pay it out to the Visitor's Authorities. I do reconcile those payments every month and pass through that money onto the... that is correct. It is a license lodging fee is correct.

Commissioner McDermid speaks:

Transient Occupancy Tax does go to the State first, correct?

Ms. Kaiser speaks:

A portion of it does go to the State but we, the money that we collect, the 14% goes through the Room Tax fund, it goes through TDTD (Tahoe Douglas Transportation District) and it goes through fund 890 and then we distribute those payments out to the State or to the Visitors Authority, or even Carson Valley Visitors Authority for the Valley.

Chairman Thaler speaks:

Mr. Wadle, you want to add anything there?

Mr. Wadle speaks:

No and thank you, Ms. Kaiser for clarifying that. So, just so we're all clear, the license fee that was put in is one of the things that you can do at the County level and the expenditures of that money can be allocated towards anything that the Board elected to delegate it towards Redevelopment activities within the Basin.

Chairman Thaler speaks:

Thank you for pointing that out. Okay, where we want to go next? I've basked in my glory for a minute.

Ms. Andress speaks:

Okay, I'll move forward to the expenses for the Redevelopment agency. As you can see in Salaries and Wages and Benefits, there was a slight change due to the change in the staff allocation to this fund and the transfer out showing here is to fund 601, the Redevelopment Area Two for Capital Projects.

Vice Chairman Penzel speaks:

Who is being charged against this?

Ms. Andress speaks:

I don't have the individuals here. I don't have that report with me; I'm sorry.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

I see Mr. Wadle's mike on; you have the floor, sir.

Mr. Wadle` speaks:

Zac Wadle`, DA's office; there's a portion of County Manager expenses charged against this fund, there's a portion of my office that's charged against the fund. I would note for the Board that in the past, all of the Professional Services and in particular, legal services were contracted out for the Redevelopment agency. They are no longer, which has saved the County a lot of money, frankly. So that's where you're getting the Professional Services allocation.

Chairman Thaler speaks:

And we're dang glad that we have you.

Vice Chairman Penzel speaks:

So, if you go to compare what's coming in and what's going out, if I'm looking at this correctly, on page one of two, and you go back to what it was earning, you're forecasting that in 2019 that you're gonna spend what you get in, is that correct? And we have done nothing. It's \$364,000 in, \$364,000 out.

Larry Werner, County Manager, speaks:

Mr. Chairman, that money goes from Administrative to Capital, so it gets transferred out into the Capital side. So, 100% of that...

Chairman Thaler speaks:

On page one of two, when you're looking at the expense side, one of the expenses is a transfer out of \$314,000 so that's going into which account? Does that make sense now?

Mr. Werner speaks:

So it's building the capital reserve to build the Event Center.

Vice Chairman Penzel speaks:

I see it's being transferred out but to what account that I can see? Okay, I see the \$314,000 transfer in.

Chairman Thaler speaks:

You're 100% correct, Commissioner. So it's just as we turn the pages, we have to look at revenue, expenses and capital; revenue, expenses and capital.

Ms. Andress speaks:

That's correct. If we move forward to fund 601, Redevelopment Area Two Capital Projects, in the transfer in line item 392.000, this is where you'll see the transfer in from fund 600.

Chairman Thaler speaks:

So to make a long story short, we put this into effect and we already got half a million dollars in the bank moving forward, correct?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:  
Do we need \$20 million?

Chairman Thaler speaks:  
But if anything, this gives us a clear understanding of the revenue coming in, should there be a need for bond, should we need to bond, at least we have a good idea of what our revenue or a revenue sources is, correct?

Ms. Andress speaks:  
Any further questions with Redevelopment Area Two?

Commissioner Walsh speaks:  
I just have a comment. In addition to incremental monies that the Redevelopment agency gets, as redevelopment occurs we get increases in gas tax or sales tax, all that good stuff.

Chairman Thaler speaks:  
It's the stuff we really don't see, you might see in your C tax (State Consolidated Tax) and a whole bunch other places, whether it be TOT or it could be even in employment if they're putting people to work, so all that stuff. So yeah that's all that economic stuff. Any further questions? If not, we'll move on to RDA One, please.

**Julie Andress, Budget Manager**, presented the following regarding the Redevelopment Area-One Budget:

- Budget – Administrative
- Budget – Capital Projects

Julie Andress speaks:  
Okay, fund 605 Redevelopment Area One. This is being closed out, so you can see in the Opening Fund Balance in account 301.000, there's \$17,336 there. On the expense side, you will see that in the transfer out, the expense account is 618.700; in the expense account 618.700 transfer out, this is where you will see the transfer to fund 606 for future Capital Projects.

Chairman Thaler speaks:  
Just trying to find that, I'm looking for the tab and I don't see the tab. So we went from 605, which was the RDA Two, we're on Redevelopment One, maybe I just didn't go far enough. Okay, one more tab. Go ahead.

Ms. Andress speaks:  
Would you like me to repeat what I just went over? I'm talking about 605 and the remaining balance that's in the Opening Fund Balance. There's \$17,336 left in that balance and the expense side is being transferred out to fund 606 for Future Capital Projects. So that goes to fund 606 Redevelopment for Capital Projects.

Chairman Thaler speaks:

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

And the key there is how much we have now in reserves because after all the transfers are done, you're looking at a reserve of about \$3.2 million, correct?

Ms. Andress speaks:  
That's correct.

Chairman Thaler speaks:  
That's all that's remaining; now that we just have to figure out what to do with that \$3.2 because we're closing this out, right? Okay.

Commissioner McDermid speaks:  
But it has to be spent within the Redevelopment Area.

Ms. Andress speaks:  
Correct.

Commissioner McDermid speaks:  
And I should note its one-time money.

Chairman Thaler speaks:  
Any other questions about Redevelopment One? Again, that shows up on our meeting for Thursday so we don't want to get into too much discussion.

Vice Chairman Penzel speaks:  
I do have a question; the \$3.2 and the Capital includes the \$17,000?

Ms. Andress speaks:  
Correct.

Commissioner Walsh speaks:  
And this also was after any money we took out of here for the North Valley plant, right?

Commissioner McDermid speaks:  
Yes.

Chairman Thaler speaks:  
Have we transferred that out yet? We have, so that's already occurred. Okay. Questions? If not, we'll move on to Landscape Maintenance. I think we're done, so we're probably gonna move to, where did our Parks and Rec people go? Let's take a real quick break and we can go find some people because now we're gonna move on to, I know, but we can sit around or he could be running around someplace, so let's take a five minute break or at the most, 10 minutes. and little you little housekeeping.

Chairman Thaler speaks:  
A little housekeeping, we're going to start with Landscape Maintenance District, which is fund 212, so we'll top the revenue and the expense side, and that will be followed up with, we're gonna go back to last week's agenda

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

material and I have us starting out at packet page 57 and we'll see if that matches up when Brian comes up. So let's go to Landscape Maintenance District first.

**Julie Andress, Budget Manager**, presented the following regarding the Landscape Maintenance Budget:

- Budget Worksheet
- Supplemental Requests

Julie Andress speaks:

Okay, Julie Andress, Budget Manager; Landscape Maintenance District, the revenue here is from assessments and the assessments are from Montera and right now we have it budgeted at \$20,324 for Fiscal Year 18-19. This is based on an annual payment per lot.

Vice Chairman Penzel speaks:

And there is only one of these, right?

Ms. Andress speaks:

Yes. If there's no further questions, I'll move on to the expenditures.

Vice Chairman Penzel speaks:

I would point out to Commissioner Walsh this is one district of a Homeowners Association, as opposed to the Homeowners Association.

Ms. Andress speaks:

Okay, for the expenditures for Landscape Maintenance is Contract Salaries as well as Service and Supply costs for maintenance parks and landscape.

Vice Chairman Penzel speaks:

Why is this? Why does this have or do you have another page here? So you would have a transfer out, right? For the salaries, because it goes to Parks and Rec, does it not?

Ms. Andress speaks:

It's invoiced.

Chairman Thaler speaks:

So my guess is, Pete can you come up and I think you know the answer to this, but my guess is Parks and Rec doesn't do it, but it's contracted out through probably some private contractor to do the landscape maintenance? No, do you guys do it? Okay, they contract with themselves. Okay, that was good sign language.

Vice Chairman Penzel speaks:

Do you know how many homes pay into this or properties, I guess?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Ms. Andress speaks:  
For the calculation, we have 118 lots.

Vice Chairman Penzel speaks:  
And they pay monthly? Annually?

Ms. Andress speaks:  
Annually.

Vice Chairman Penzel speaks:  
And it shows the \$20,324 for 17 and then projected in the 19 so I would infer from that that this has been at this level for a while.

Ms. Andress speaks:  
Looking back at the history here on the budget worksheet, it has remained somewhat consistent around \$20,000.

Vice Chairman Penzel speaks:  
And yet they've sold quite a few of those so shouldn't there be either increase or decrease, or is it an increase in the number of lots?

Commissioner McDermid speaks:  
No, they're already paying whether it's developed or not.

Vice Chairman Penzel speaks:  
I see, so that is the total development is 118. Thank you.

Commissioner Walsh speaks:  
How is this, is this billed to the homeowners by the County or how does the County collect the money?

Larry Werner, County Manager, speaks:  
I would suspect it shows up on the property tax bill, just a line item.

Chairman Thaler speaks:  
It's an assessment, not a tax; it's an assessment, so you're gonna have your property tax and it's gonna show as an assessment. It's not part of the 366.

Ms. Andress speaks:  
Any further questions?

Chairman Thaler speaks:  
That being said, we'll move on to, I think we're gonna start at fund 802, correct, Brian? In your tabs?

**Brian Fitzgerald, Assistant Director for Community Services**, presented the following regarding the Room Tax Budget:

- Budget Worksheet

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

- Supplemental Requests

Brian Fitzgerald speaks:

Good afternoon, Brian Fitzgerald, Assistant Director Community Services; I will be talking about the revenue first so fund 234 department 000.

Chairman Thaler speaks:

But, so you're, let me know when everybody's...so where's Julie or whoever, Ms. Kaiser, when we're talking about the tabs now so I know it's gonna differ from what's up there, so now we're on the tabs, correct me if I'm wrong here, we're on tab 802, which is promotional room tax which is actually your fund 234, if we're gonna talk about revenue. But it's your tab, okay, let me know when everybody's there, so we can get caught up. It looks like it's a pink tab, okay, yours may be yellow. Just bear with us.

Mr. Fitzgerald speaks:

If I may, Mr. Chair, Brian Fitzgerald, Assistant Director Community Services; this original presentation was prepared for last Tuesday, so for those in TV land and trying to find where we're at, this is part of the packet and presentation originally distributed for last Tuesday.

Chairman Thaler speaks:

And also what we followed up with since that time, we followed up with our own budget worksheets so you're gonna see us refer probably more to the budget worksheets, which I'm not sure if you have and if you're going to reference anything, just reference to the fund and the department and that'll get us caught up and I'm speaking slow so that we can get caught up up here.

Mr. Fitzgerald speaks:

Very good, and if it's the pleasure of the board, I'm gonna go through several of the slides that were part of that presentation just because Room Tax fund is quite a complex fund. I want talk a little about the revenue sources and how those are distributed and then we can get in the line item budgets. So are we ready to go?

Chairman Thaler speaks:

We are ready, 234.00 is what you're looking for. Got it. Okay. We'll start out with revenues.

Mr. Fitzgerald speaks:

Very good, so, this initial slide is just a quick summary of all the different departments, we are one of those funds that have multiple departments. You're gonna hear me reference everything from department 801-815 and I'll explain which each one of those are, but we do have a Parks and Recreation divisions in here as well as a Library division, which you heard last Monday, a week ago Monday, as well as Promotion that basically is pass-through money that goes out to the Visitors Authorities, both Lake and the Valley. Technically, there's a, through the PALS (Parks, Airport, Library and Seniors) there's some money

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

that goes in the airport but you heard Bobbi Thompson and her budget presentation yesterday from the airport, talking about how proud they are that they are self-sufficient and do not depend on the PALS money. And then there are some transfers that take place within this budget, transferring out to support Senior Services, Economic Vitality, Valley roads and Lake Transit and the General Fund and then this department also due to a lot of the administrative services, have oversight over the Weed Control and Animal Care and Services in the General Fund. So I want talk about the revenue sources because I know there's a lot of confusion and a lot of times when we summarize where funds come from, we just say Room Tax, when actually, it's the Room Tax fund, which is made up of a variety of sources. So not only are Room Taxes part of the Room Tax fund, but there's also a separate Transient Lodgers License (TLLT/TOT) tax that is collected. There's also Sales Tax. There's Utility Operator Fee money that comes into this fund. There are the charges for services that take place mostly through the Recreation division, a little bit from the Parks division. We do have a transfer in from the General Fund, which I can get into that detail a little bit later and then there's Miscellaneous Rents, Leases and Interest that is collected that helps complete the revenue sources for the Room Tax fund. So the Room Tax fund basically goes back to 1969 with implementation of the Douglas County Lodgers Tax Law Act and that is where you see a lot of definition when we come back to what it is allowed to be spent with Room Tax dollars; that is the source, which is the NRS chapter 639, which talks about the creation of the TOT. There have been some amendments and modifications over the years. The one thing I want to point out if you're trying to tie out the numbers on the bottom of the slide with the number at the top, the number at the top, the \$6,403,577 is reflected within the Room Tax budget and when we get in the line item budgets, you'll see that out of all the collections that come into the County, that is the total. However, in preparation for this particular presentation, we do have the actual amount at the top should be \$7,420,470, if you want to tie that out to the percentages that are broken out at the bottom of the slide. For example, you see Promotion for Lake and Valley is 58% of the collections, that \$4.3 million is actually 58% of \$7,420,470. The reason again that the initial number was pulled right from the budget, but what isn't being included in that number are actually represented on the bottom of the slide which is money that doesn't even really come into the County but goes right to the State. And those numbers are the \$278,278 that goes to the State for Promotion and then the Transportation dollar doesn't even come through the Room Tax fund; that's a direct so if you were to add the \$742,000 for transportation, the \$278,000, it's about the difference of what you're seeing between the \$6.4 million that is on the slide in the \$7.4 million that I referenced I know that can be a little confusing, so are there any questions on that?

Commissioner McDermid speaks:

So, you're saying that the State gets a million dollars?

Mr. Fitzgerald speaks:

Correct.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Commissioner McDermid speaks:

And so instead of \$6 million, it's actually \$7 million but you take the \$1 million off that goes to the State before you do you, but you do your percentages based upon the \$7 million?

Mr. Fitzgerald speaks:

Correct. And so this references the 10%, which is pretty consistent between the Lake and the Valley of what is collected in Room Tax. I'm gonna talk in a little bit about, of course, the Valley Room Tax is 13% and the Lake is 14% and that is where the Transient Lodgers License tax comes in. So this is the breakdown of the 10% and I think it's worth noting that when you look at this 10% and you see the approximate distribution of 58% of every dollar that's collected in Room Tax goes back out in Promotion and so a lot of times when people say, "Hey, Room Tax is up so you guys must be getting a lot more money", keep in mind that what comes to the Parks and Recreation divisions in the Room Tax fund for the County is really only 28% of what is collected. So we're basically getting \$0.25 on the dollar when additional money comes in.

Chairman Thaler speaks:

And a point that always should be made is where does Room Tax come from, Brian?

Mr. Fitzgerald speaks:

So Room Tax is generated in the lodging properties within the Valley and Lake portion of Douglas County; I'm gonna show you a little bit the breakdown between the Lake and the Valley and you can imagine with the hotel and lodging properties at Stateline, that is where the bulk of the Room Taxes are generated, but every lodging property in the Valley also collects and I know you've been talking recently about Airbnb's and other rentals, Room Tax is collected on those as well. So again, I'm, just a quick review before we get in the line item budgets; so here's the Transient Lodgers License tax, there is 3% collected in the Valley, and 4% collected at the Lake. If you recall when this was approved, 2% of the 3% both Lake and Valley go right back out to the Promotional properties and 1% is retained by the County for maintenance for our existing facilities. The additional 1% that was added up at the Lake actually just transpired in the last year. This was in conjunction with the desire for the Tahoe Douglas Visitors Authority for the collection for the new Convention and Events Facility that has been presented to you in prior meetings.

Chairman Thaler speaks:

So I'm looking at the worksheet and it shows the TLLT or the license tax total for next year \$3.2 million. Yet your slide, is this where we gotta differ, we go with the worksheet, not your slide?

Mr. Fitzgerald speaks:

So the \$3.2 million you see in your spreadsheet, there's also line item for the Utility Operator Fee of \$400,000, so that's the difference. I'll cover that on the next slide.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:  
Yeah, but if you...

Mr. Fitzgerald speaks:  
So \$2.8 million plus the \$400,000 for Utility Operator Fee equals the \$3.2 I believe you're referencing.

Chairman Thaler speaks:  
I know but I'm just, so if you look at the spreadsheet and the spreadsheet is cumulative, so you add up all those including the Utility Operator Fee, you come up with \$3.277; okay.

Mr. Fitzgerald speaks:  
So again a correction on the percentage, I believe when we put the slide's together, the 52% for Promotion is correct but the 33% for Park and Rec Facilities should actually be 25%. It didn't add up and then the Lake Center is approximate 23% of the total collection, but I think more important are the numbers that are actually collected. This slide is an internal spreadsheet that is used for directors, Scott Morgan and myself, as we prepare to balance the budget. Again, it's the internal just so that we can calculate each of the different percentages that come in because it's not just one collection account; as we get in line item budget, you'll see there's 1% collected and 3/8 of a percent collected and 5/8 and 7/8 so it can be quite complicated to track and so we have an internal spreadsheet that allows us to break down those different collections. One thing I want to note at the bottom of this sheet is what 1% generates at the Lake and the Valley, so for the projected budget for Fiscal Year 18-19, one cent at the Lake generates and it's at the bottom of this particular slide, \$651,662 and one cent in the Valley generates \$90,385. Again, that's just based on number of rooms between the Lake and the Valley. I did want to share with you that for this new Fiscal Year, and again, projecting what Room Tax will generate is a bit of a science and our department working with Finance trying to look at the trends, you can appreciate that; doesn't take much for trends to fluctuate, but we do have the anticipated about a 17% increase from current year to next year in the Room Tax collections at the Lake. Part of what you're seeing a significant jump in there is because we've got some new properties, Edgewood being one. We've also had a track record of some of the larger properties closing down floors for remodeling and a lot of that remodeling work is completed. And if you were to look at the trend of this even going back further years, when Hard Rock Hotel was in the middle of construction, there were a lot of rooms that weren't available so the trend has been up at the Lake. It's been somewhat consistent in the Valley. We are projecting, however, about a 6.8% increase in the Valley Room Tax collections from current year to next year's

Vice Chairman Penzel speaks:  
Mr. Fitzgerald, do they collect TOT at places like the Zephyr Cove Lodge for their RV parking.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Fitzgerald speaks:

I believe they do and I'm gonna look over to Finance. I'm sure that, are the campgrounds, are they included? I'm sorry, I'm having to refer to the Finance departments.

Kathy Kaiser, Senior Budget Analyst, speaks:

Kathy Kaiser, for the record: off the top of my head, I believe there's an entity up there called Zephyr Cove Presbyterian that does pay TOT.

Vice Chairman Penzel speaks:

But the RV parking for the Zephyr Cove Lodge?

Ms. Kaiser speaks:

I don't recall off the top of my head; I'd have to look into that. But unless it's under a different name, that doesn't ring a bell.

Vice Chairman Penzel speaks:

I don't think they collect it down here and so therefore. I would doubt that they collect it up there. I don't know why they don't but anyway...Thank you.

Mr. Fitzgerald speaks:

So I want to talk again about the other revenue sources. So this slide talks about the Sales Tax. This was the PALS initiative passed a number of years ago and the projections, which have been actually pretty flat for last couple years, is \$1,739,389 so that is what we are projecting for that and authorized uses for that are Parks and Recreation, Airport, Library and Seniors. The P in PALS also includes Recreation because larps or parl's didn't really sound good; PALS was a better way to go. And we have the Utility Operator Fee, which is been quite consistent as well. I think we had anticipated with new development that maybe this number would go up but I think what we're seeing is that a lot of the newer homes are more energy-efficient. So we're also seeing even HVAC (Heating Ventilation Air Conditioning) systems are more efficient. So this numbers been pretty flat over the years but this was approved with this basically is half of 1% generates the \$400,000 and this was presented at the time that we are bringing forward the new Douglas County Community Senior Center and the authorized use for this particular money is operation, maintenance and equipment and construction needs of the community and Seniors Center.

Vice Chairman Penzel speaks:

Brian, this is been expressed to me in terms of five cents or one cent, so is this 1% of 1% or is it 1% or is it one half of one cent?

Mr. Fitzgerald speaks:

One half of one cent. We're gonna be jumping to the line items here shortly but just a couple of other highlights on the revenue sources; Charges for Services, these are the programs that are offered through the Recreation division. Also some of the bigger ticket items that you see in the line item budget are Community Center passes and things of that nature; also, Parks Operations

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

and including facility reservations in the campground down at Topaz Lake as part of this number, but you'll see the breakdown in the line item budget. And then the last one I want to talk about before we go into the line item budget is the transfer in from the General Fund. So this is a big number, but it's certainly part of what helps the Room Tax fund operate. I kind of want to go back in history a little bit where there was a 2% Utility Operator Fee generated. I do want to point out, there might be an error on your sheet in the middle of the slide were the 2% Utility Operator Fee generates \$1.4 million. I made the correction on this slide, but your packet might show \$14 million, so \$1.4 million is what the 2% generates. This was a time when there a lot of cuts throughout the County, and this was actually imposed by this Board to implement and a lot of the language for authorized uses of this fund was basically included. A lot of the Room Tax operations but at the time there was also a need in the General Fund and so this is kind of been traditionally if you dive into the detail within the budget where we break out what this \$876,000 consists of, we figure about \$697,000 of that or \$697 of that \$1.4 million comes from that Utility Operator Fee to support the Room Tax fund. the difference between the sorry the difference between the \$697,000 that comes from Utility Operator Fee and that \$876,000 are Other General Fund Supports which include our cost allocation back to the General Fund for maintaining non-park facilities or Parks division maintains the grounds around other County facilities that are not Room Tax facilities so there's about \$121,000. We'll talk about cost allocation in a little bit but this is kind of a reverse cost allocation if you will, from Room Tax to the General Fund for that service.

Vice Chairman Penzel speaks:

Do you do, for instance around the courthouse?

Mr. Fitzgerald speaks:

Yes we do.

Vice Chairman Penzel speaks:

Why is that not a Room Tax fund operation, because this is the Historic Old Courthouse and it's a visitor...well, at least five of us do.

Mr. Fitzgerald speaks:

Title 13 talks about what qualifies as a park and at this point in time, I think it would be matter of interpretation if the Old Historic Courthouse and it's grounds would fall within the definition of Title 13. So we do maintain other grounds; Minden Inn and there's a there's a list of other things that are involved that are non-park facilities.

Chairman Thaler speaks:

So with the addition of the WAVE (Welcome All Veterans Everywhere) monument that's can go out there, wouldn't that put that in the Title 13?

Vice Chairman Penzel speaks:

Did you say yes?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Fitzgerald speaks:

I didn't. It's something we can look at. I think we'll have to increase our hourly rate. Other things that are covered within that \$876,000, if you recall the, with the creation of the Douglas County Community Senior Center, actually prior to that with Kahle Community Center, there is an opportunity for County employees to have a taxable health benefit to basically pay the tax on the value of the pass. And so when only Kahle was under that program, we probably had about 40 people that were taking advantage of that taxable health benefit; now with the Valley Community Center, there's about 235 County employees that are utilizing that program and so approximate \$50,000 of this transfer is basically to assist in the support of that Wellness Program for employees. That's basically about 235 people times the cost of an annual pass which averages about \$219 for non-seniors. There's also number in here for maintaining US Forest Service operations. We have down at one of the river access areas, there's a facility that we maintain that is technically U.S. Forest Service land and so part of this transfer in supports that. We also house the Environmental Health Inspectors in one of the Parks division buildings and so there's just a \$2,000 that we basically call part of the lease for housing that non-Room Tax fund operation. And lastly, there's about \$5,000 included in this amount that accounts for facility use of the Community and Senior Center by the General Fund. So whenever there is a meeting that's a General Fund operation and they want to come and use one of the activity rooms, it's kind of just covered in a blanket \$5,000 amount that is covered in this transfer in. So all those numbers I just gave you basically equates to that \$876,000 figure. That is a General Fund transfer into the Room Tax for those reasons. Are there any questions?

Chairman Thaler speaks:

So following on our worksheet, where do I see that transfer; maybe I'm just missing it?

Mr. Fitzgerald speaks:

So let's go to the budget line items and I think we can cover a variety of the slides that we just talked about. I'm gonna start with the slide that is the fund 234 department 000, which is the revenue, so page 1 of our revenue at the top is all of the different Room Tax that does come in directly to the County that either is utilized within the County or turned/passed around and redistributed out to Promotion. So looking at the far right, you're seeing the \$6.4 million that is budgeted in Room Tax and those do include the increases I referenced earlier as far as 17% increase in Lake and about a 6.8% increase in the Valley. Going down the sheet is then that section of Licenses and Permits, which is the TLLT; these are the additional 3% in the Valley and the additional 4% at the Lake and then also the Utility Operator Fee is lumped into that category.

Vice Chairman Penzel speaks:

Brian, when you refer to the Valley, do you include Topaz?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Fitzgerald speaks:

Yes. The next category is Intergovernmental revenue which is where the Sales Tax comes in, so you see the \$1.7 million that was referenced earlier in my slides. And then Charges for Services, so this is where we have broken out the different programs, Lake and Valley, that basically we have the ability to track by way of activity codes within our registration system and where the revenues generated. A lot of these revenues are relatively flat, but one that jumps out off the page is actually at the bottom of this first page, which is the Preschool, which is account number 343.200 and this is the Valley Preschool that is held within the Douglas County Community Center here in Gardnerville, and the reason you're seeing some growth with that is because after the facility opened, we went through the process of working with the contractor to come in and actually operate that program under contract and that program has grown tremendously since its first year of operations. So you do. so that's why you see an adopted budget of the current year of \$55,000 with the projection of \$120,000, which quite frankly probably could be a little bit more than that if you see where we're at even to current year-to-date. Keep in mind now, however, there is a offset of this revenue on the expense side because it is a contract, it's kind of one of those things that we started out with, I believe, even a 95% agreement that went back to the contractor and every year it grows a little bit more to where the County does retain more of the percentage of the revenues is generated. So where you see this increase on the revenue side that is actually was one of our Supplemental Requests that the Finance department input because we did require the increase on the expense side to cover the payment that went back out to the contractor.

Commissioner Walsh speaks:

Brian, how many kids are in the program?

Mr. Fitzgerald speaks:

Right now, we have about 75 and she's even looking at maybe expanding services and do an afternoon program so that the numbers can grow even still.

Vice Chairman Penzel speaks:

Where do you show the expense?

Mr. Fitzgerald speaks:

That's gonna be a little bit later in the presentation, but the to reference the fund and department it's 234.815, you're gonna find a Preschool account that basically pays out that revenue to the contractor. So there's additional program revenues if you go to page 2, again, you're gonna see some of the, anything referring to DCCSC is activities that take place at the Douglas County Community and Senior Center. You'll see some that are specific to Kahle and again, this is how we track things as far as how the budget was set up so that we have the ability to give you some numbers and statistics on what revenues are generated within the building, as far as programs that take place outside the building. So you do see some revenue accounts for sports like softball takes

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

place in our Parks facilities, we'll see fairground fees and park fees, park fees is basically facility reservations when somebody wants to utilize a picnic pavilion at one of our parks and so we basically traditionally how we generated tracking the different programs on we have the ability to track that by registration activity codes when people sign up.

Chairman Thaler speaks:

So your bottom lines about \$100,000, almost \$100,000 down on your Charges for Services?

Mr. Fitzgerald speaks:

If you look at the adopted budget for current year, I was \$1.6...

Chairman Thaler speaks:

Okay, but I was going by actual though, 2017 actual; you actually spent or brought in \$1.8.

Mr. Fitzgerald speaks:

So the big difference there is probably going to be from the account 347.221, which is the passes, the membership generated at the Valley. We did see a spike last year and a lot of that has to do with the youth scholarship program, where we've been able to transfer some of the money that was generated through donations and put it into the revenue account to account for all those teens that are basically getting scholarshiped into the facility. So there's a spike there that we didn't budget that and we did increase our budget from \$220 to \$260 for that particular revenue account and again, it's something that we would augment later if the scholarship program were to be as successful, you would see amendment to that budget later on. So, I'm circling back to your question, Mr. Chair, on where you're gonna see some these transfers out. I'm now on the third page of the revenue, the transfer in rather. So again, on the spreadsheets that were part of the original PowerPoint presentation, this is where you see the categories like Miscellaneous Revenue and what that's made up of and that, in particular, is \$10,000 in Room Tax penalties which our Finance department collects believe in their collection of delinquent people aren't paying on time with the Room Tax collections. And then I know this came up during our Weed Control presentation, the \$38,000 in Rents and Leases income, this is from the Weed division which is a General Fund operation and so they do use the property park across from Lampe Park to set up for their equipment and chemical storage. So there's \$38,000 revenue that is coming and that was reflected in the Weed Control budget presented.

Chairman Thaler speaks:

So we charge them \$38,000 a year?

Mr. Fitzgerald speaks:

Correct.

Chairman Thaler speaks:

To rent that space, how many square feet is that?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Fitzgerald speaks:

I'd have to defer to our Parks Superintendent but it's one of the bays that you do see along Waterloo Lane and I do not know off the top of my head what the square feet is.

Vice Chairman Penzel speaks:

Is this a way to obtain General Fund monies?

Mr. Fitzgerald speaks:

That's really not the intent, I mean I think it's part of a lot of these numbers, Commissioner Penzel, are based on a lot of the history of when the Weed division was originally set up in part of the General Fund. It was, the cost allocation goes back a number of years and I'll be getting in the cost allocation a little bit of what Room Tax does pay but it, there is a lot of when you look into the detail, a lot of back-and-forth of things that are cost allocation. And I've heard your conversations in other departments of some services are directly billed, you just talked about the Landscape Maintenance, which is more directly billed rather than handling through cost allocation. So I think this is one of those numbers, it's justified, just like earlier, the detail of the transfer in from the General Fund with the Environmental Health Inspectors paying rent to be in a building. That is a Room Tax.

Chairman Thaler speaks:

So the only reason I brought that up is I go back to 2017 because that's the closest place with go to see an actual amount and your 2017 was only \$31,000, I know you budget \$38,000 and I would think that a lease would be fairly consistent. I'm not quite sure why leases go up and down; I would think that they would be like a monthly charge or something like that but for instance you have budgeted \$38,000 but your actual expenses were only \$31,000 and again we budgeted \$38,000. It's kind of like we're doing the same thing over and over again, but we have a history of it being less than what's budgeted. Does that make sense?

Mr. Fitzgerald speaks:

It does and I'm not sure if that was like one month that didn't get collected or, but I can also, I'm thinking that...

Chairman Thaler speaks:

And you can get back to us.

Mr. Fitzgerald speaks:

I'm thinking there might be a history of also not just Weed control paying into the Room Tax fund for their space, there might've been the cell towers that we have in some the parks facilities, that there was some rent that was being generated from some of the cell service providers that were paying us for that. So I may have misspoke earlier about how much Weed Control pays.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Wouldn't that money come back to the General Fund not Parks?

Mr. Fitzgerald speaks:

No, because the actual towers are on Parks property.

Chairman Thaler speaks:

Is it Parks property or the County's property?

Mr. Fitzgerald speaks:

It's the County's property.

Chairman Thaler speaks:

So why wouldn't come back to the General? Nice try though.

Mr. Fitzgerald speaks:

It's a Room Tax, part of a Room Tax operation.

Chairman Thaler speaks:

So do we charge you rent then?

Mr. Fitzgerald speaks:

For what?

Chairman Thaler speaks:

Having buildings on our property. I'm just being, that's how you split this...

Mr. Fitzgerald speaks:

Wait until you see the cost allocation number that Room Tax gives back. So, Chairman Thaler, this is where you see that transfer in from the General Fund. So that \$872,000 is reflected here. I gave you the, verbally, the detail of what that number but here's where it shows up in the line item. Sorry, there's been a lot of, there's a lot of tweaking to get to the deadline of the tentative budget and as you can imagine \$1 or \$10 adjustment in Room Tax calculation has a snowball effect affecting a lot of different numbers. We will get everything buttoned up before the final budget. So at this point, I want to go to the revenue side, and if I could, I think, rather than going through a lot of these slides, that I'm hearing the desire is to really spend some time on the line item budget, so I'm happy to do that, I just do want to point out to initially one big change is that the difference between Other Financing Sources, which we'll get to in line item budget, was some of the notes here you see on the bottom of this page having to do with some one-time money. Current Fiscal Year, you had some dollars dedicated to some Capital Improvements at the Library, so there's \$730,000 that was made part of last year's budget and began being one-time dollars. That's not gonna be included in your Fiscal Year 18-19 numbers so that's why you're gonna see a significant decrease in Other Financing Sources. But I do think it be better to spend our time on the spreadsheets.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

Brian, I was reading the note and in the note, it's a run-on sentence, so I couldn't... I'm not picking points about the English, I'm just trying to understand the point though. Transfer in reduced by \$25,000, Capital for the Library \$730,000, General Fund for one-time funding. So that \$25,000...

Mr. Fitzgerald speaks:

So the \$25,000 actually is part of...

Vice Chairman Penzel speaks:

... off of that Other Financing Sources.

Mr. Fitzgerald speaks:

Correct.

Vice Chairman Penzel speaks:

And the \$730,000 was for the Library?

Mr. Fitzgerald speaks:

Correct. So the \$25,000 was actually something you spoke about earlier today. This was the Community Grants in the Room Tax fund. We traditionally had budgeted for the \$15,000 that went to the Carson Valley Arts Council and \$10,000 to the Douglas County Historical Society is now being reflected in the County Manager's budget under Contributions and so the transfer in was reduced of General Fund dollars to the Room Tax fund by \$25,000.

Vice Chairman Penzel speaks:

Thank you. The total budget is \$14 million in terms of revenue.

Mr. Fitzgerald speaks:

That is correct; \$14.759 million. So we're jumping into the expense side, and the I'm gonna be happy to answer any questions that you have but the first, again, keep in mind, multiple departments within this fund. We're gonna go from 801 all the way through 815; 801 is the Room Tax Administration. So this is really non-program related but kind of is the category or department number we use for just several items. The first one is \$50,000, which is Rents, Leases and Buildings and this is part of the Room Tax Contribution. Actually, it goes towards the Lake Visitors Center where you hold your meetings, one at the Lake, so there's a portion of that rent that comes from the Room Tax fund and this is where it's reflected in the budget. Next item and I know you love the title of Admin and Overhead, but this is cost allocation. The Room Tax fund is the single largest contributor through cost allocation to the General Fund. So, Commissioner Chairman Thaler, this is where you it get back. What I do want to share with you is that there's been a significant increase cost allocation of the Room Tax and you're seeing budgeted amount for current Fiscal Year of \$468,000 and we're going up to \$616,000. I do have some slides in my PowerPoint that reflect this increase as well as other increases that are out of

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

our control. But this was presented as part of the cost allocation plan approved by this Board; it is something that we've had multiple discussions with the Finance department about. A lot of the reasoning for this increase is frankly, because one of our larger contributors is no longer paying the program and that is the East Fork Fire. When they pulled out, they were paying about \$200,000 into the program and so unfortunately, the number of payers got smaller, but the pie was still the same size, so the Room Tax fund being a larger percentage of payers is now paying more into that. So again, it's something that has been worked into the balanced budget at the tentative budget level. Again, it's something we're looking at routinely; I think it's safe to say that Director Morgan, myself and our Library Director, Amy Dodson, spent a lot of time looking at the cost allocation plan. We have a few suggestions on things moving forward but this is what was part of the discussions and part of what has been implemented and input into the tentative budget.

Vice Chairman Penzel speaks:  
So what's your opinion of the cost allocation?

Mr. Fitzgerald speaks:  
The department has been sitting down with the Finance department over the last few months, and we're in a position where we feel that we've fortunately been able to accommodate this increase. I will state that it, fundamentally there's maybe some concerns that it seems like we're paying more for the same level of service, we're not really getting anything more for this increase and that's something we'd like to have future discussions about.

Commissioner McDermid speaks:  
It sounds familiar from when the State provides a service and charges us; we don't always see a level of service increase. The cost increases but service remains the same. So that's why in the past, we have contracted with Carson City and done things different to bypass the State. But if you're transferring, you said \$872,000 transfer to the General Fund into your Room Tax fund, you are now transferring out \$616,000 back to the General Fund, correct?

Mr. Fitzgerald speaks:  
Correct.

Chairman Thaler speaks:  
But the point is that not all departments do that so, obviously we all sat through the hour long presentation on cost allocation for the first time, maybe second time, we actually had a company come in and explain it in real detail. The hardest part, as we well know, is when East Fork left, it didn't change anything, it just we have less revenue so you're absolutely 100% correct. But the service is still there, it's still required, whether you're in Payroll and Finance, DA's (District Attorney) office, everybody, so I mean, I think every departments gonna have the same opinion as you and your department, every departments gonna have that same but if we reduce that, that means we reduce the General Fund because this is a revenue to the General Fund. So it's

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

easy to say that we charge too much for cost allocation. There's no easy answer, and I would argue that it's not full recovery but it is a good start, but yeah, it's a cost of doing business. So my guess is, if you were to go out there, my guess is if you were to go out there and contract for all the stuff, you'd probably be about the same amount, but that's just a guess; Payroll, employees, Human Resources, not sure how that's divided, but my guess is probably pretty big.

Mr. Fitzgerald speaks:

Well, and with the County Manager's permission, there may be an opportunity where we can at least explore those options and look at the cost allocation plan as a cafeteria plan on things that, I mean, when you look at \$616,000, that's a lot of money, that's an entire division. But again, I get your point, Chairman Thaler, cost of doing business is not is not cheap and believe me, the size of Community Services, we use these General Fund departments a lot.

Vice Chairman Penzel speaks:

\$616,000 is a lot of money, but then again \$876,000 that we transferred to you is a lot of money.

Mr. Fitzgerald speaks:

Absolutely, but it's all positive, Chairman Thaler, all good stuff. Great services, I understand. So I did, the another account I'd like to highlight on this sheet is the transfer out, there's \$390,000 plus that is transferred out of the Room Tax fund and the breakdown for that is \$235,000 approximately goes to the Senior Center or to Senior Services fund, \$75,000 goes to the Economic Vitality department and \$80,000 goes towards the Debt Service which you spoke about earlier today. So that \$80,000, I think, is just one of the bonds that the Debt Service was spelled out earlier today so that is where that transfer out money goes to.

Commissioner McDermid speaks:

I understand the Senior Center and I understand the Debt Service but Economic Vitality, what is that for?

Mr. Fitzgerald speaks:

So if you read the detail of the description of the TLLT money and what it can be used for, the authorized uses of the TLLT, it does talk about Economic Vitality purposes, and so this was a dollar amount that basically, you could say it all goes towards the salary of Economic Vitality Manager or it just goes towards the budget of Economic Vitality department, but the justification was in the wording of the TLLT ordinance.

Commissioner McDermid speaks:

Now does that \$75,000 come from Tahoe or come from the Valley or a combination?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Fitzgerald speaks:

Combination. Again, a lot of these individual revenues, we kind of look at things and as a whole.

Commissioner McDermid speaks:

I'm not certain what Economic Vitality is being provided to Parks & Rec, Library, Community Centers, etc.

Mr. Fitzgerald speaks:

Well, the TLLT talks about this being distributed back to the Economic Vitality department, not necessarily to promote the Room Tax fund. It's to promote all of what Economic Vitality does for the County.

Commissioner McDermid speaks:

This was done when T. Michael (Brown) was Manager?

Mr. Fitzgerald speaks:

Yes, that is correct. So, now I'm going to move on to the next expense slide, which is department 802. This is the promotional Room Tax and again, this is just to identify the funds that go right back out to the Visitors Authorities, both Lake and Valley. There are a variety of accounts here that reference how the Room Tax is collected, whether it's 1% or 5/8 %. The TLLT is also included in here and so this is \$6.4 million that is collected and then distributed for the purposes of promotion. The next few slides are actually the Library, which was presented a week ago Monday.

Vice Chairman Penzel speaks:

Mr. Fitzgerald, before you continue on to that, that money is fenced for Promotion and it's a healthy sum and I wonder, do we have an audit of that to determine that all the money did go to promotion?

Mr. Fitzgerald speaks:

So by way of an audit, I'm going to say no, but by way of regular presentations on progress and activity and events from the different Visitors Authorities, I know that they are before you somewhat regularly, but I am not aware of an audit once the funds are transferred to those organizations. I can tell you that there's an audit of the collection that is made and that they are getting what is planned or projected for them to get, but as far as how they use those funds, I'm not aware that we do an audit.

Commissioner McDermid speaks:

Well, from the TDVA (Tahoe Douglas Visitors Authority), which is created by the legislature, we do an annual audit, we do an annual budget, we have to go through the same process we're going through right here. I would tell you that the bulk of the money goes to promotions, marketing, and you know, for instance, the TDVA puts on Lights on the Lake for the 4<sup>th</sup> of July. We support the celebrity golf event, support Harvey's concerts, the TDVA puts money into the LTBA (Lake Tahoe Business Association) as does the business district in

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

City of South Lake Tahoe and that's where the real marketing comes out of is there. And here in the Valley, the Carson Visitors Authority, they do virtually the same thing. So you know, for instance, TDVA supports the airport Aviation Roundup, they buy, they do a sponsorship, they purchase tickets and things and they put it on their website; they support it. So there is a crossover of promoting, basically Douglas County in every way possible, through whether it's TV, whether it is radio, whether it's billboards, whether it is social media or whatever the promotion of Douglas County, whether it be Lake or the Valley, the entire, including Topaz, all of it is done by the Visitors Authorities.

Chairman Thaler speaks:

My only additional comment that I would have, since I do sit on the Carson Valley Visitors Authority as does now Brian and Scott or either or whoever shows up, anytime, I mean that because it's either one of them, it's not both. Either one of them could show up on any given day but any time anyone of us wants to show up, and as we talk budgets every month; we meet once a month, so that that's certainly open to anybody that wants to come in and listen and see how that's expended. And quite frankly, that's also why we are there is a rep, County Commission representative on each one of those boards, is to, I think, ensure exactly what you're looking or I hope. So, go ahead.

Mr. Fitzgerald speaks:

So if you'll allow me, there's just a couple of slides that I wanted to show before we get into the different departments within the Room Tax fund and those have to do with some of the increases that you're gonna see both in Services and Supplies as well as Salaries and Benefits. So I do, I'm representing a slide here that was in the PowerPoint that talks about some of the increases throughout the budget. The first one we've already talked about, which is the Admin and Overhead cost allocation increase of the net increase is \$147,000 from last Fiscal Year to next Fiscal Year, and I'm not gonna keep beating that drum. But I want to get into the different divisions that we're gonna be talking about; Library 804, Parks Operations 805, Recreation 810, Kahle Center 812, the Valley facility 813 and 815. These are referencing certain accounts where we've seen what we call push down expense and increases; these are increases that are out of our control that need to be absorbed within our budget. So when we get into the line item budgets and if you're looking at bottom line increases in Services and Supplies, this is going to be the reason for most, if not all, of those increases. In the Library, the biggest increase and change is going to be in their Janitorial Services In Parks Operations, you're seeing an increase of \$8,000 in the Vehicle Maintenance, which was reported to you when they presented their budget on how they determine their cost allocation to non-General Fund departments and so it's a three-year average of the Services and Labor and Parts, and so that is what is being reflected for the Parks Operations. The Risk Management piece we're seeing some significant increases in a lot of our divisions and I'm assuming it has to do with the self-insurance way of operating that we're just seeing an increase. I mean, we're not increasing our FTE (Full Time Equivalent) but the cost of for having each of our divisions covered, we're seeing some pretty good increases. Same categories for Recreation, Kahle, and the other parts. The other one I haven't mentioned is

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

the Rents and Leases, the Equipment, which these are increases tied to the Dell Computer lease programs, and again we share these, just as increases that you may see in the line item budgets and I wanted to give you the background for that. The second slide I want to show then, now this gets into the Salaries and Benefits side of things, that the sheet looks the same, but the numbers are different. These are the increases that we're seeing throughout the different departments within the Room Tax fund, really only for COLA and merit increases and again, so out of our control by way of what had been negotiated for what to be built in the budgets but did want to share with you that you look at the bottom line, is about \$195,000 in increases in these COLAs and merits the prior sheet shared with you \$200,000. So there's nearly \$400,000 of increases that are really out of our control and I kinda want to circle back to a comment I made at the beginning when people say, "Oh, Room Tax must be up" but we figured that with the increase in Room Tax, the County's portion of that is probably gonna generate about \$230,000-\$240,000 of new Room Tax revenue but you can see that with these increases it's absorbed without us even touching any existing programs or adding anything new. That's just the point I wanted to make.

Vice Chairman Penzel speaks:

I think you bring up an even more interesting point and that is that with the increases in the cost of labor that we approved, you still don't equal the cost of just doing business other than apart from the personnel cost cuz you're showing \$200,000 for general business things insurance and \$196,000 for personnel costs. So, it's actually in terms of budgeting, it's pretty balanced and I think that's an important part of what we're looking at and what people should take away from this because there was quite an outrage at what we had done previously in taking care the people. So I think that balance is good.

Commissioner Walsh speaks:

I had a comment. For example, in the library, 804 fund, the salaries went up \$37,060 and the current Fiscal Year was what, 821? So the percentage of the \$37,060 divided by 821, that will represent roughly 4.5% increase, 2% of that is COLA and the rest will be merit. Is that correct?

Mr. Fitzgerald speaks:

That is correct.

Commissioner McDermid speaks:

Well, the largest single item increase is in the cost allocation which is 100, almost \$150,000 of the total just under \$400,000. So that is a significant part of that.

Mr. Fitzgerald speaks:

And how we responded to covering these increases was again the Room Tax increase helps. We also got a little aggressive with some of our program revenue projections and again, if there are additional challenges we can get with Finance and take a look at the Room Tax increase, is there room for more? The challenge with that is, of course, you really, if you get too aggressive and if

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

there's an event that causes the people unable to get to Tahoe, for example, a lot of you will remember the flooding and Highway 50 was washed out those types of events you don't plan for but you know, in the event that something like that happens, your projections are gonna be way off, so I'd say that we're somewhat conservative, even with the increases that we projected those, were tied to additional rooms that are now available, but we've, for the most part, we're pretty conservative with those estimates and if and when additional dollars come in, and you will see it when we're back before you with augmentations at the end of this Fiscal Year, when revenues come in higher than anticipated, that we have an opportunity to capture it at the end of the Fiscal Year. So, let's go back to the line item budgets. Again, the Library Director's here and if you have any specific questions about the Library department, but her presentation was given a week ago Monday before you had a chance to see the line item budgets. But what you're gonna see throughout the rest of the slides having to do with the line item accounts is per the budget directives, as far as trying to keep Services and Supplies flat, I believe each department did its part. I also will share with you that in the debt tentative budget process you'll see specifically in Recreation and Parks, there wasn't a whole lot of movement in changing our budgeted amounts. Knowing that we have the time between now and the final budget to make some tweaks if necessary, that if there's something that we're not spending as much in one line item, there's chances there's another line item that we're overspending, so we'll be moving a few things around between now and the final budget but again, if you look at the bottom lines of these major categories, the increases are tied to the slides that I previously presented. With that, I'm prepared to go into each department, multiple departments in the same fund, starting with the Library, which is department 804 to see if there any specific questions that you like to address.

Vice Chairman Penzel speaks:

If it pleases the rest of the Board, on your Room Tax Park Operations, one of your line items 532...

Chairman Thaler speaks:

Okay, hang on. There would be no questions for the Library? Cuz he's gonna move through and I think that's where he was going so we're gonna move to, well we already did that so, we're gonna talk about department 805. So, we're gonna move to 805, unless anybody wants to redo the Library. You know what, and just so everybody knows, we're short on time so whatever we don't get done today, we're gonna end up doing tomorrow. So okay, Ms. Dodson, you came up to the podium; is there anything you want to add?

Amy Dodson, Library Director, speaks:

No, I'm just prepared to answer any of your questions since Monday's presentations were a little bit different than today and we have more detail in front of us, I'm happy to answer any questions you have about our line items.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

Thank you; any questions for the Library? Seeing none, we'll move on to Parks Operation.

Ms. Dodson speaks:

I like being your favorite department.

Vice Chairman Penzel speaks:

Alright, thank you, Mr. Chair. Just curious because we're looking at Building Maintenance throughout the County and the cost of it and you have in here, as far as I can see you have either major repair as an account or building supplies; do you, in fact, do any maintenance on your buildings?

Mr. Fitzgerald speaks:

We do and thank you for the questions. So a lot of the dollars that ultimately get spent out of this particular account in the Parks division comes from the 1% TLLT that is collected specifically for maintenance and you're gonna see those numbers fluctuate in the history of this particular department, a lot of maintenance or improvements that the fund does authorize expenses on improvements as well. So yes, I guess short answer is yes, we do maintain our own buildings. We also use that account for improvements out in park facilities that are not tied to a specific building budget like the Community Center and allow the dollars that you're seeing spent last Fiscal Year had to do with some paver improvements through Lampe Park, replacing the DG (decomposed granite) pathways with pavers and upgrading our irrigation system actually.

Vice Chairman Penzel speaks:

When Public Works made their presentation, there was considerable emphasis placed on Asset Manager Program; would your buildings be included in that Asset Management configuration?

Mr. Fitzgerald speaks:

I would assume so, yes.

Vice Chairman Penzel speaks:

But you don't know for sure?

Mr. Fitzgerald speaks:

Well, I'm not familiar with the proposal for the Asset Management System. I did see and watch the presentation, I'm aware that there's looking at some positions but we keep inventory just like the rest of the County, and if there is a overreaching program for Asset Management, we would be included and probably cost allocated for it.

Vice Chairman Penzel speaks:

Of course, as well you would, but you're expecting it to be allocated to you, which in that regard, I mean, it would seem to me as we look at a program like that, you gotta also include the outside maintenance; where do you draw the line? Do you just draw the line at yard maintenance or landscaping or do you

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

do, in fact, outside maintenance? Meaning, well, I think that would be Public Works but if you had to have your HVAC system replaced, would you go to Public Works? Would they do it or how does that work?

Mr. Fitzgerald speaks:

So, really, a lot of the facilities are either, because we have the discussion earlier about the Library. The Library is actually a General Fund building so a lot of the Capital dollars that came in for improvements that the Library came from the General Fund. Now if you look at Kahle Community Center, the Community Center here in the Valley, those are Room Tax departments and so when something goes down, we do not involve Public Works. We take care of it ourselves. We have different resources that we go out to if it's something we can't handle internally. And also keep in mind that when we talk about buildings that it's not just about big buildings, its smaller buildings in every single park, restroom facilities and picnic shelters and things of that nature.

Vice Chairman Penzel speaks:

And so you do the maintenance on those and don't charge back to the...

Mr. Fitzgerald speaks:

Correct.

Vice Chairman Penzel speaks:

Thank you for the information.

Mr. Fitzgerald speaks:

So what I think as we're on 805, which is a Parks Operations, Commissioner Penzel brought up the one line item that I really felt needed some explanation, which is that Maintenance, Buildings and Grounds, which is 520.097, you're seeing the actual amount spent in Fiscal Year 16-17 is \$252,000. It's a budgeted line item of normally \$58,000, and again I'm gonna tie this back to that TLLT funding; the collection point for TLLT funding is shown at the bottom of 805's budget in the Capital Outlay/Capital Projects account. So we collect the TLLT funding and its budgeted there, but not all Maintenance projects are Capital projects and so we do transfers and move the money from the Capital Projects account into Maintenance, Buildings and Grounds as necessary. And again, that's the way, this isn't, the TLLT fund hasn't been around that long and that's kinda how working with Finance how we figured that was the best way to capture it in one place and move it when needed. I'll share with you that some of those funds get transferred to department 812, which is Kahle Community Center when we have a maintenance item up at the Kahle Community Center; it does get to a different part of the same fund, but we need to have one place where it's collected and budgeted for.

Vice Chairman Penzel speaks:

One other question, since you brought up the other parts of the maintenance. What do you lease on the Walker River?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Fitzgerald speaks:

That is Topaz Lake Campground \$25,000 a year. It was, I believe a 25 year contract and I believe it expires in 2025 or thereabouts.

Vice Chairman Penzel speaks:

Do you collect TOT there?

Mr. Fitzgerald speaks:

You know what, I'm gonna say no because I think to your earlier question, you're shedding a little light on our own campground that Room Tax does not charge the campgrounds.

Vice Chairman Penzel speaks:

Thank you. Interesting if we could.

Mr. Fitzgerald speaks:

I didn't really have anything to point out in the Operations and Services and Supplies for the Parks division. Are there any more questions for this particular department?

Chairman Thaler speaks:

Looks like none; keep moving on.

Mr. Fitzgerald speaks:

There is a department 806 which is considered Parks Development. It's not typically a part of the budget that we budget anything in so we do have zeros for this projected Fiscal Year. The history that you see in the dollars for that is that when we created the project of the Community and Senior Center, there was a project specifically set up for the furnishings and fixtures and equipment of that facility, so this was one of the accounts that we had set up that expenses would be tied to as we equipped the building so that's why you see a history of some expenses as we finalize furnishing that particular facility, but we are not budgeting any dollars for the upcoming Fiscal Year.

Vice Chairman Penzel speaks:

Do you receive monies from the foundation to do that and if so, do you account for them as transfers in or straight grants?

Mr. Fitzgerald speaks:

So some items they pay for directly. Other things are transferred and we capture them through donations primarily. Again we had gone through those revenue sheets but there is a donation line item for some those dollars or it may be a reimbursement that the County had made the expense upfront and then it's reimbursed by the foundation. There's also reimbursements revenue account and those dollars are captured through augmentations. I'm gonna move on to 807. This is just personnel. These are the positions within the Parks division that are temporary or seasonal employees. Again, the bottom line is more reflective of an increase having to do with COLAs and merits. We

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

do fill a lot of these positions at base pay, but the merit increase that is coming July 1 will increase that base pay by 2%. We've also changed a few things; if you're looking at the retirement account when the requests...

Chairman Thaler speaks:

Let me stop you real quick. There are no merits that are coming July 1; they would come on their anniversary date, correct?

Mr. Fitzgerald speaks:

I'm sorry, I meant COLA; thank you for the correction.

Commissioner McDermid speaks:

Brian, I was just curious, in 2019, you are projecting Salaries and Wages at \$28,000 down from \$55,000 but then you have an increase in Salaries Other; what's that?

Mr. Fitzgerald speaks:

So this has been evolving conversation with the Finance Department and how we identify FTE's (full-time equivalent employees). If they are a regular employee, traditionally, they are recognized as an FTE and captured within the budget under Salaries and Wages. There's been a shift in that in this particular division where, because these employees are temporary and seasonal, they are not considered an FTE. So rather than budgeting them in Salaries and Sages, we've been directed to budget them under Salaries Other, so that's why you see a difference from prior Fiscal Years to the proposed.

Vice Chairman Penzel speaks:

And how many employees does that represent?

Mr. Fitzgerald speaks:

We have about 10 temporary employees in this particular division.

Vice Chairman Penzel speaks:

And I would assume the \$28,000 is one FTE? Well, that's what we're paid so we're an FTE. work.

Mr. Fitzgerald speaks:

That might even be two you and again, there's a there's two ways that we fill these positions and that's why you also see a difference in the amount budgeted for retirement. Traditionally, we would have employees that are PERS-able (Public Employee Retirement System) because they would exceed 1039 hours in any particular year. And when you do that, they are eligible for PERS. We decided to make a shift in that and that the employees will work less than 1039 and truly be seasonal employees working more or less 6-7 months. We're in that process right now of hiring for this upcoming season. So, whereas in the past, we did show some individuals earning PERS, we're actually scheduling them differently to avoid that expense; we're shifting what had been budgeted in Retirement back into Salaries so basically we're not looking at much of a significant increase from adopted budget from one fiscal year to the

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

next if you look at the bottom line. We're kind of changing how we fill the positions and work these individuals.

Vice Chairman Penzel speaks:  
That's a great explanation too.

Mr. Fitzgerald speaks:  
Are we ready to move on to 810? So, 810 is the Recreation Division outside of buildings and this is also where we accommodate most of our administrative personnel, so the Salaries and Wages reflected here have to do with a lot of the management throughout the division is a big chunk of that. So keep in mind, however, that there is a distribution amongst the different divisions that Director Morgan and I have oversight of. So, for example, 25% of my salary may be reflected here in this number as well as Director Morgan's, as well as our Administrative Services Manager, Liz Baumgartner and then you see in the other divisions, whether it's Social Services, they're different funds, Social Services and Animal Services and Weed Control, there's a distribution of our salary that goes into all those Salaries and Wages.

Chairman Thaler speaks:  
So I would call that you cost allocate within yourselves?

Mr. Fitzgerald speaks:  
Yes, sir. So the 310 makes up a variety of employees. I do have our list; I could identify every name and FTE if you want to get in that level of detail. But again, these are mostly our coordinators and up within the Recreation Division; so Coordinator, Supervisors, Assistant Directors and Director.

Chairman Thaler speaks:  
Any questions before he moves on? So real quick before you move on, so now that we're line item budgeting, I will disclose because you're about ready to go into a line item, my daughter is a part-time seasonal employee of yours, so I must disclose that she is an employee but it doesn't weigh in on any decision I may or may not make on this department.

Vice Chairman Penzel speaks:  
So she may or may not be a seasonal employee. So in it in the line items, in the Supplies and Services of the 810 fund, your Risk Management is \$30,000. That's what you are paying your share of, correct?

Mr. Fitzgerald speaks:  
Well I'm seeing that it's budgeted for 60, it's going to increase to \$60,000 in the next Fiscal Year, but it that's based on the employees only paid for out of this particular department number.

Vice Chairman Penzel speaks:  
I think overall we're seen they're increasing the cost of this when we went to self-insurance, which was an overall decrease for us. How's that work?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Werner speaks:

Essentially what happened is that when we were paying POOL-PAC, it was coming out of the General Fund and as we start doing and there was a cost allocation to employees so I don't know why Community Services got jumped up, but I think they weren't paying on a per employee basis for the ones there from there so I'll have to go back, they must've been because there were some from before. I don't know why they went up; everyone else went down so we'll have to look at that and see.

Mr. Fitzgerald speaks:

I will comment to that; I believe are some of our benefits did go down. The Worker's Comp. has been reduced because of the self-insurance as well. So there's been a little give-and-take but yes, I don't have an explanation for why the increase in Risk Management. It is a number we were given to put into the budget.

Chairman Thaler speaks:

And we'll have Finance look into that because I notice in each one of the following accounts, each account went up so that may be a way to get money back to you, so we'll look into it.

Commissioner McDermid speaks:

So, Brian, I'm looking at the 810 and I'm looking at the 550.100 Bank Fees and Credit Card Processing and I'm seeing \$20,000, whereas this year, it's \$31,000; it's been as high as \$41,000. What's that about?

Mr. Fitzgerald speaks:

Thank you; I had a feeling that one was going to come up. So, when we opened the Douglas County Community Senior Center, we actually transitioned into a new program for capturing payments and set up our own merchant account and so these are the credit card fees and if you look at our, if you recall our Charges for Services, we generate about \$1.7 million in revenue. A lot of those transactions, a lot of those payments are made with credit cards and so we are making substantial deposits each day and a lot of them through credit cards. I know that in prior presentations, especially with the Clerk Treasurer talking about how certain fees are passed along to the payees, frankly, we haven't quite gotten to that although looking at our revenue generation, there's certainly enough revenue that covers this part of the expense. I will share with you that this is been an ongoing discussion about how we can implement the convenience fee or another fee that covers the cost of these convenience fees or credit card fees. My plan is a as the County is implementing its update to the County website, we're going to be providing some new online payment opportunities and with that we will be implementing a new transaction convenience fee or something that will help us recoup these costs.

Commissioner Walsh speaks:

Brian, will that fee be a separate charge on their invoice?

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Mr. Fitzgerald speaks:

I believe it will; we're still working out the details, Commission Walsh, but it is substantial, yes. But again, as a percentage of the total revenue generated, and especially through credit card transactions, I mean, it's something we're seeing grow and we will need to transfer or augment to cover that for this current Fiscal Year. I believe we've already exceeded our budgeted amount. Just a general comment, then, on department 810; again, because we have specific departments tied to facilities, that's why you see a lot of different expenses tied to different sports leagues that take place outside of the building. So our football programs and youth sport activities and then some of the larger ones have to do with our daycare services, Kids Club program, which is held at each elementary school throughout the County, as well as summer activities so you do see some Kids Club expenses. You also see some Recreation Supplies, which fund those daycare services, but again, every one of these expenses or most of them are tied to a revenue on the revenue side.

Vice Chairman Penzel speaks:

And what's hard to determine from the way it's presented because there's so many line items and you have a one line item for revenue and then so many line items that don't even decoding into kids club, for instance. How do you determine whether you're breakeven, below or above the line on those programs?

Mr. Fitzgerald speaks:

So we do have periodic program cost analysis done internally. Actually I have in our PowerPoint at least some of those types of numbers that has been shared with you before specific to the operations of the buildings, the Kahle Community Center and the Valley Community Center to show cost recovery but we do internal reporting. I do ask our coordinators probably more quarterly to take a look at how we're doing with different activities, to see if how we're doing, by way of revenue versus expenses.

Vice Chairman Penzel speaks:

So that's rolled in the front since the one on Kahle, all their programs are rolled into the budget you gave us on Kahle?

Mr. Fitzgerald speaks:

Correct. So I will share with you that a lot of our program analysis are done for direct costs; when you talk about administrative time and administrative expenses, that's kind of where the priority-based budgeting was, had a tool that allows you to break down every dollar of every position into different programs and so one tool that that did provide was, you know, covering not just the direct costs, but the indirect cost of any activity as well. And so part of that process, which I know we're gonna be talking about more, at least it did provide a breakdown of revenue versus expenses for any given program that we offer.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

So that sounds like you're kind of in favor of keeping the priority based budgeting?

Mr. Fitzgerald speaks:

If that is the impression I got, I gave you, then no.

Commissioner McDermid speaks:

Well, regardless whatever accounting thing you're going to use, you're going to have to determine the level of service and what does that entail in terms of employee, etc. and so on, correct?

Mr. Fitzgerald speaks:

Correct.

Commissioner McDermid speaks:

So, priority based budgeting just had a formula or a way for you to put in the activity that cost or revenue and then what you had to put towards that terms of staff time or management or whomever, correct?

Mr. Fitzgerald speaks:

That is correct.

Commissioner McDermid speaks:

So that's why this was a valuable tool because you could factor that out and in a, in this particular department, that's, there's a lot going on, a lot going on.

Mr. Fitzgerald speaks:

I will say that it was very labor-intensive to prepare the priority-based budgeting sheets and I question whether the value is there for the result that we got. Frankly, I prefer, if we want to look at any particular program on whether it's cost-effective or not, we could just do that internally.

Chairman Thaler speaks:

Okay, we beat PBB (Priority Based Budgeting) up quite a bit today. So keep moving on.

Mr. Fitzgerald speaks:

So if there are no further questions on 810; 811 is a lot like 807, but only on the Recreation side. This is our Recreation temp and seasonal staff. So again, these are employees that are not assigned to a building. So, primarily, these are to be the staff that are assigned to Kids Club as well as our Adventure Camps. Again, the difference that you may see between Salaries and Wages and Salaries, Other is just how we fill these positions. However, most of the part-time staff that work in the Recreation division are not seasonal. They work year-round. They just happen to work part time. We've got different classifications of employee; anyone that might just work 10 hours a week, or we may have someone was working 25-29 hours a week and so that's why you

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

do see some amounts budgeted for Retirement because those classifications of 20-29 hours are eligible for some benefits, and so that's why you see some amounts reflected here that you didn't see on the Park side. Again, bottom line is relatively flat, just based on COLAs and merits that are anticipated. So, we're gonna move on to Kahle and I guess I just wanted to share what I just referenced by way of cost recovery. This is something that is been shared with you before and this is going back to the PowerPoint now, but we can jump into the Kahle budget, which Salaries and Wages, these are staff, part-time staff that are employed at that facility as well as operations and expenses specific to that facility operation. This is a spreadsheet showing the actuals from Fiscal Year 16-17 to give you an indication of our cost recovery of that particular facility and though Commissioner McDermid has talked at length about the recovery of that facility and how that was the template for us when we planned the Valley facility, there was a time when we were probably the upper end of 70% to 80% recovered. I will say that that particular facility is dipped a little bit just based on some declining population up there and frankly, when we opened the Valley facility, I think revenues are captured wherever they make their purchase. So even though our memberships are good at both the Valley and Lake facility, some people might be buying their passes in the Valley and using it at Kahle, so there might've been a dip in that revenue. But this is the detail at the front of the sheet again, captures things by the categories that we usually look at by way of total revenues and then expenses which again, just taking the pieces out of all expenses for department 812, we kinda look at our facilities by way of what is the gym do, what do our activity rooms do and then what are they combined? So at the bottom of the spreadsheet, you're seeing that our actual revenues generated just at Kahle gymnasium was \$325,000, our actual expenses was \$393,000, so the gymnasium part of Kahle is cost recovered at 83%. The meeting rooms which include contract classes and the preschool, things that nature, revenue generated there was \$120,00 versus \$262,000 on expenses, so the meeting room side of the facility is 46% cost recovered. And at the very bottom, if you combine all those numbers, you're looking at a cost recovery of 68% for Fiscal Year 16-17 for Kahle operations. So, I wanted to highlight that before we get in the line item budget for Kahle and I have a similar sheet for the Valley, if you want to look at that first.

Chairman Thaler speaks:

Yeah, let me stop you. This is more of a housekeeping thing. So we were supposed to end at 4pm and obviously we didn't. I know there are Commissioners here that have prearranged meetings. I'm trying to get an idea from, because obviously we're not to finish you guys. So what's your pleasure on how much further do we want to go? I'm understanding, I don't know there's any Public Comment out there, but how much longer do we all want to go, because I know some of you have two-on-ones that you have to do right after this; I have a meeting that starts at 5pm. Mr. County Manager?

Mr. Werner speaks:

So we don't have to worry about that tonight. I think they got moved to tomorrow.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Chairman Thaler speaks:

So, well, the problem is Brian, you have to make a decision where you want to cut this off at and I'm gonna say about another 10 minutes. I apologize because there's no way, I don't want you to rush through this because this is way too important but I guess I'm gonna lean on you to say where you want to cut us off because obviously, we could probably go on for another couple hours, the way we like to talk, not necessarily you, but I don't plan on going there. I do have a meeting that starts at 5pm but it's fairly close by. So if you want to make a decision where you want to cut off, just don't go any more than 10 minutes. How's that?

Mr. Fitzgerald speaks:

Understood; depending on the questions that are generated on the line items for the Community Center, we might be able to wrap up TOT.

Chairman Thaler speaks:

Okay, that's up to you.

Mr. Fitzgerald speaks:

Very good. So, if I may, again, this is just a quick look at the cost recovery of the Valley Community Center. The gym is separated from the activity rooms and so we are looking at 132% cost recovery from the gymnasium operations, a 45% cost recovery from our activity rooms. So right now we're looking at about a 79% cost recovery of the Community Center here in the Valley and again, I wanted to highlight that before we got in the line item budget. So, without further do, I'm going back to the line item budgets where we were looking at the Kahle Community Center, which is department 812. Again, for the tentative budget, we basically took prior year Services and Supply amounts and applied them for the next Fiscal Year, but we will take a look in greater detail if there are savings in any particular line item that can be moved to another line on where we're seeing a trend of higher than budgeted. But bottom line for the Kahle operation, the Service and Supplies we're looking at adopted budget of current year of \$225,000; we're actually seen a reduction to \$219,000 on the expense side, and I'm gonna point out the one line where that probably is reflected is Utilities. We've been tracking the expenses of Utilities, which is 520.088; we've traditionally been budgeting \$55,000 we only spent \$26,000-\$27,000 last Fiscal Year. Again, I've been conservative in my cut but I've reduced it by \$10,000 and there might be little more wiggle room there but again, you never know at the Lake how severe your winter's going to be and what you're gonna need from your Utilities. So that is where the biggest change has been as far as a bottom line for Service and Supplies and I'm happy to answer any other questions of specific line items.

Vice Chairman Penzel speaks:

Real quickly, Brian, there's no way by looking at these that we could compare the total operation of the Valley's Community Center to that of Kahle. If you just looked at this, you'd say Kahle's budget just for personnel is very high but that is the actually camouflaged somewhat because you've broken the Valley

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

system into so many different budget numbers or whatever the programs, departments; am I correct in that analysis?

Mr. Fitzgerald speaks:

Yes, I guess whether you have 83,000 square-foot facility or one that's the third of the size up at the Lake, you still need similar number of staff because, again, the way we designed the Valley facility, we're not really having more people throughout the building. We have the security systems in place, you still have 2 to 3 people behind the counter and even though Kahle's smaller, there's still a need for at least two people with every shift and sometimes three, depending on the activities that are taking place. So if you were to combine 813 and 815 and look at the total personnel, yes, there are more in the Valley but not much. That's why you do see the Salaries and Sages for Kahle is somewhat similar, cost of doing business.

Vice Chairman Penzel speaks:

How many total employees do you have?

Mr. Fitzgerald speaks:

I knew you were gonna ask that and I have a breakdown of every division; I can give you total for each division but if I were to combine them all, we're probably about 60 or so. And that's just for recreation, I guess, yeah, if you are talk about all the other divisions with Parks and Social Services and Animal and Weed, we're more probably closer to 100.

Vice Chairman Penzel speaks:

I would think. One final question so the Chairman can leave. On your Supplemental Request, I'm going to skip to that, okay with the Board? Skip to the Supplemental Request? You're asking for part-time driver US DOT (Department of Transportation) Grant, \$20,055. I do not see that on the combined list that's published for tomorrow in the Supplemental Requests unless it's camouflaged as a wild driver.

Mr. Fitzgerald speaks:

It is, I printed out the Supplemental paperwork it's towards the bottom of the one sheet that summarizes all the Douglas County Supplemental budget requests. This is for Senior Services. If you went to the very end of our PowerPoint which we'll need to talk about Senior Services another day, but that Supplemental Request is a potential grant funded. This is just the match, the County match for the position and I do see it on the sheet prepared for tomorrow.

Vice Chairman Penzel speaks:

Where? Parks services? Rec?

Mr. Fitzgerald speaks:

Senior Services. It's about five up from the bottom , I only have a single page.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**  
**MEETING OF APRIL 3<sup>RD</sup>, 2018**

Vice Chairman Penzel speaks:

I just want to make sure that we've accounted for all the Supplemental Requests, that's all.

Mr. Fitzgerald speaks:

And if you're willing to go there, if I may, for the Room Tax funds, Supplemental Requests, there was a recommendation to Director Morgan about adding an Open Space and Trails Coordinator. We don't know how we would go about funding that within the Room Tax budget, considering where we're at. It's not something that is a high priority, not from a staff level but based on the recommendation that we got, we felt it was the something we wanted to submit. We did have a couple of Supplemental Requests that is already been approved by Finance and this goes and is circling back... thank you, Chairman Thaler. There was a supplemental request was approved that increased the expenses for the preschool which was offset by the revenues. And also in Weed Control, we had a Supplemental Request that we talked about the other day about weed killer expense, but again captured in revenue. What is gonna be on your list for discussion tomorrow, there was a Supplemental Request having to do with consolidating some of our seasonal park staff to create a full-time Park Ranger. We are still attempting to rebuild the Parks division to staffing levels that we had 10+ years ago and so we did have a request that is cost neutral that basically eliminates seasonal staff to add another Park Ranger and I think that's it for Supplemental Requests and I realize we did fast-forward through some of the other line item budgets. I'm not sure if you want to circle back to those of since we're gonna conclude today or if you're fine with the budgets that been presented for the Community Center here.

Chairman Thaler speaks:

So it looks like if I'm following you correctly, the only thing we really didn't address was 813 and 815? Everything else goes into Community Development. Let me just throw it out there, just looking at 813 which is the Valley Community Center, than 815 was the Gym and Fitness, and that would be the end of TOT for you guys, just not Senior. So we're obviously gonna have to do Seniors later, not too long and Social Services. So any questions on the Valley? And we certainly could follow that up when we do Seniors, just to backtrack a little bit, unless anybody's got any really hard-core questions right now, why don't we stop here, Brian, and then start back up tomorrow where our regularly scheduled items are and then I'll have the County Manager, as we've been doing all along, fill in these gaps of these departments so at least we can get a tentative approval by tomorrow, late tomorrow afternoon. So, I know there's no way and we're still gonna have to figure out a tentative, so the tentative may be, I don't know, we'll just have to take a look at it.

Vice Chairman Penzel speaks:

Mr. Chair, while we're doing that, I'd like to take a moment just thank you for what you've done, you and Capt. Morgan, I mean Scott Morgan, are doing an excellent job of explaining your own budget and the fact that you as his Deputy can come here and pick up for him, tell him first of all, we miss him but you

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

did an excellent job. You represented him very well and you represented your knowledge of these outstanding matters and I thank you for that.

Mr. Fitzgerald speaks:

Thank you, Commissioner Penzel; I appreciate that.

Chairman Thaler speaks:

Okay, so there's really not much we can do other than fit the stuff in at a later date. So, thank you Brian.

Mr. Fitzgerald speaks:

I have just one last comment and forgot about another Supplemental Request that is on your list and again will be discussed tomorrow. When we talk about cost allocation and experimenting with another way to do things, one of the Supplemental Requests was actually hiring our own Fleet Services Technician for the Parks Division. A lot of the Vehicle Maintenance budget, we're about 15% of what is cost allocated from Vehicle Maintenance for the Parks Division. It is on your list. There is a cost to do that with the assumption that one of the technicians at Vehicle Maintenance could just move from one department to another, but it is a new way of thinking. Just something we want to get out there, again, looking at the expense and the amount of equipment that we do have in the Parks Division, having our own dedicated technician would be ideal, but we understand that that is a new way of looking at things and appreciate any consideration for that when the time is right.

Chairman Thaler speaks:

That may be, you're right, we'll probably have to take that on is just as a project or figure out how to do that is outside of the budget. I mean, it could be discussed tomorrow as we work through that or we could save it for a separate time, so, yeah, separate time. Keeping that in mind, I'm gonna close down at least TOT, okay, go ahead.

Commissioner McDermid speaks:

That technician, would that individual also take care of your DART (Douglas Area Regional Transport) buses?

Mr. Fitzgerald speaks:

Well, again, trying to do it in baby steps. There would be an opportunity if the direction was for us to look at that because DART and Senior Services is another 10% of the

Vehicle Maintenance cost allocation that combined, I think that one technician, I'm not your if that would even be enough, considering the number of vehicles that we have both between Parks and Senior Services.

Commissioner McDermid speaks:

Well, it's an interesting idea and I think it's innovative and looking at things in a way, you do have a lot of, do you have to take them to the Public Works yard?

Mr. Fitzgerald speaks:

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

Most vehicles do make it to the yard; there some small equipment that the technician will come out to the Parks Division.

Commissioner McDermid speaks:

Well, just in time savings alone, because you have your equipment stored and so your technician could work on it while it stored where it is, whatever and so forth, correct?

Mr. Fitzgerald speaks:

Yes, and we welcome the discussion.

Commissioner McDermid speaks:

I like it.

Chairman Thaler speaks:

Okay so let's, I really tried to move this to a separate time to do it justice, but obviously that's not working. So, do we want to just talk about this item and keep going or do we want to move on?

Mr. Werner speaks:

Mr. Chairman, I'd prefer the opportunity to look into this before we get into detailed discussion here. There are lots of issues that we need to discuss; it's not that cut and dried.

Chairman Thaler speaks:

Right, hence why we probably should set up a separate time just for this.

<b>RESULT:            FOR PRESENTATION ONLY.</b>
--

**CLOSING PUBLIC COMMENT**-none

Chairman Thaler speaks:

So, okay, keeping that in mind, I'm going to open this up for final Public Comment; Public Comment is now open for anything that you want to put on the record. Seeing none, Public Comment is closed and I'll bring it back to the Board for any final comments other than talking about moving County Maintenance from Parks and Rec out to some other place, but seeing none, we're going to adjourn and wait for tomorrow. We'll see everybody back here at 1pm tomorrow, I believe, so take advantage of that morning off and get everything done that we haven't done yet. So the meeting is adjourned.

**DOUGLAS COUNTY BOARD OF COMMISSIONERS  
MEETING OF APRIL 3<sup>RD</sup>, 2018**

**ADJOURNMENT**

<b>RESULT:</b>	<b>APPROVED [UNANIMOUS]</b>
<b>MOVER:</b>	Steve Thaler, Chairman
<b>SECONDER:</b>	Barry Penzel, Vice Chairman
<b>AYES:</b>	Thaler, Penzel, McDermid, Walsh, Nelson

There being no further business to come before the Board, the meeting adjourned at 4:54pm.

Respectfully submitted:

\_\_\_\_\_  
Steven J. Thaler, Chairman  
Douglas County Board of Commissioners

ATTEST:

\_\_\_\_\_  
Kathy Lewis, Clerk-Treasurer