

**EUREKA COUNTY BOARD OF COMMISSIONERS
BUDGET MEETING
January 12, 2009**

STATE OF NEVADA)
 :ss
COUNTY OF EUREKA)

CALL TO ORDER

The Board of Eureka County Commissioners met pursuant to law on January 12, 2009. Present were Chairman Jim Ithurrealde, Vice Chair Leonard Fiorenzi, Member Mike Page, District Attorney Theodore Beutel, and Clerk & Treasurer Jackie Berg. The meeting was called to order at 1:03 p.m. and began with the Pledge of Allegiance. The interactive video conference system was connected and utilized between Crescent Valley and Eureka; however, the conference system automatically turned off due to inactivity in Crescent Valley.

APPROVAL OF AGENDA

Commissioner Fiorenzi moved to approve the agenda as posted. Commissioner Page seconded the motion. Motion carried 3-0.

PUBLIC COMMENT

The Chairman called for public comments and open discussion. There were no comments.

INVESTMENT POLICY

Update of Investment Policy: Mike Rebaleati, County Auditor & Recorder, informed the Board that the Investment Policy was updated November 6, 2008. The changes to the policy reflect the County's current investment practices, which are very proactive in monitoring the investment funds. Mr. Rebaleati requested that the Investment Policy be reaffirmed because of the new Board members that took office in January 2009. Commissioner Fiorenzi made a motion to accept the current Investment Policy. Commissioner Page seconded the motion. Motion carried 3-0.

CAPITAL IMPROVEMENT PLAN

Fiscal Year 2009-2010 Capital Improvement Plan: Mr. Rebaleati provided the Board with a list of the County's capital improvement projects organized by various budget areas. The five-year capital improvement plan was summarized and discussed. Projects may be removed, added, or moved to different budget years.

Mr. Rebaleati explained the status of various capital improvement projects, fiscal year timelines, budgeted amounts, and year-to-date expended funds. Items discussed were: the County Courtroom repairs and upgrades; Eureka County Airport upgrades; computer network upgrades; Public Works utility truck; fire department equipment; Eureka Senior Center vehicle; public parks improvement; swimming pool upgrades; Road Fund projects and equipment; JD Ranch Bridge; Regional Transportation Commission (RTC) funds; Cooperative Extension; buildings and maintenance; Eureka Volunteer Fire Department project; various building repairs and remodels; tax rates and distributed funds; Justice Facility remodel and lock upgrades; sidewalk replacement; County car pool; Sheriff vehicle replacements; new ambulance purchase; radio repeater upgrades; data processing equipment; general equipment replacement; Ruby Hill sidewalk project; and the Eureka sewer project.

Eureka Town Improvement Projects: Mr. Rebaleati described the projects for the Town of Eureka. Projects in the budget for the Town of Eureka are: the million gallon water tank project; water booster station; Eureka water telemetry system; Diamond Valley well back-up generator; Ruby Hill sewer line replacement (which will be in conjunction with the Ruby Hill sidewalk project); town springs refurbishment and associated project phases; flood abatement program; and culvert replacements. The Board discussed fiscal year timelines, expenditures, and budgeted projects.

The Eureka town projects are generally associated with water and sewer projects. Ron Damele, Public Works Director, explained that the town springs project will be spread over two fiscal years and will be constructed in phases. When completed, the town springs will provide supplemental water via gravity flow. Many of the projects associated with water supply and treatment are expected to be completed within the next year. Mr. Damele clarified which projects are included with the booster station and tank project. Associated plans include the million gallon tank and related plumbing on Tank Hill, duplex booster station, 300,000 gallon tank at the booster station, telemetry upgrade to the entire Eureka Town water system, and back-up generators for the booster station and Diamond Valley wells #1 and #2. Initially, these projects were considered separate, but as the projects evolved they became intertwined. The intention is to bid the entire project together, but the environmental assessment needed for the booster station footprint is causing a setback. The project may need to be phased to avoid large delays. Commissioner Fiorenzi explained that being prepared for inspections throughout project construction phases will expedite progress to ensure timely completion of the projects.

Arsenic remediation in the Devil's Gate General Improvement District (GID) and in Crescent Valley is an issue that needs to be addressed soon and made a top priority. Commissioner Page explained that the arsenic problem in Crescent Valley is a compliance issue and needs immediate action. No non-arsenic contaminated water in Crescent Valley has been found; therefore, treatment is the only option at this time.

In Eureka, the Main Street water and sewer lines have not been updated in years and are in dire need of repair. This subject has been on the County's agenda for at least eight years. Associated paving of Main Street due to the sewer and water line project was discussed. Jerry Machacek, a Main Street business owner, expressed concern with the disruption of traffic to his business during construction. Mr. Damele stated that the project would be done in phases in order to allow access to businesses.

Capital Improvement Priorities: The Board discussed prioritizing projects by need rather than by cost. The Board agreed that the projects requiring priority status are the arsenic treatment for Crescent Valley and Devil's Gate GID, Eureka Town Main Street water and sewer systems, and the Eureka Town springs project. These will be top priorities for the coming fiscal year. Mr. Rebaleati suggested leaving the other priority decisions for later, when hard figures are presented in order to account for the funding that will be available. Mr. Damele and Mr. Rebaleati will obtain the figures for the Board's evaluation.

Items such as the waste water treatment facility upgrade will be reliant on General Moly's contribution. If the Mount Hope Mine project is successful, then many projects may be added to the Capital Improvement Plan, and funding available will be affected. An example is the mine's subdivision. If the subdivision provides housing for the amount of people expected, then a new town well will be needed.

Five-Year Capital Improvement Plan (FY 2009-2013): Chairman Ithurralde asked for public comments on capital improvements for fiscal years 2009-2013. Jerry and Trina Machacek, Seventh Street residents, expressed their concern for paving Seventh Street in the five-year plan. The issue has been revisited over the past few years, but the paving has not been carried out to date. Crescent Valley town paving was discussed as well. Mr. Damele

recommended some paving in the town of Eureka, specifically the street that ties into the newly paved parking lot at the elementary school. The Board directed Mr. Damele to work up an estimate for eight miles of paving. After the estimate is provided, the Board can decide if paving is feasible. The Board and Mr. Rebaleati explained to Mr. Machacek that the priorities named in the County's capital improvement plan often change. Many items are discussed for many years before constructed or completed, or they may not be done at all. The Chairman suggested that the Machaceks attend the County's Regional Transportation Commission (RTC) meeting January 20th at 12:00 p.m.

Eureka County Fire Equipment Valuations: This agenda item was deferred until a later meeting.

FISCAL YEAR 2009 BUDGET AUGMENTATIONS

Fiscal Year 2009 Budget Augmentations: Mr. Rebaleati provided the Board with a draft of the 2009 fiscal year budget augmentations. The County's general fund budget for 2009 was discussed. The County's final audit has been filed which allows the general fund to be augmented because the funds available are more than projected. Funds can be transferred in order to cover costs that will be incurred from capital improvement projects. The money can help supplement those projects. Some of the excess funds can be distributed to the Eureka town water and sewer system project.

The Assessor's technology fund also has more money available than projected. The technology fund budget will be augmented to help purchase the AS 400 upgrade. This fund may be affected by legislative changes effective July 1, 2009. The payments of net proceeds to the County were discussed. Michael Mears, County Assessor, will be attending a meeting to gather information on net proceeds payments and will bring that information to the Board. The budget augmentations were presented for the Board to review and action will occur during the February 6th Board meeting.

CENTREX CONTRACT WITH AT&T

Centrex Contract Renewal: Mr. Rebaleati explained that the Centrex contract with AT&T is a yearly contract. Centrex is a circuit in the AT&T building that connects all of the phone lines in the County buildings located in the town of Eureka. Mr. Rebaleati explained that the contract needs to be renewed in order to retain the same low rate until the voice over internet protocol (VOIP) system is in place. Commissioner Fiorenzi made a motion to approve the renewal of the Centrex Contract with AT&T and appoint Mike Rebaleati, County Auditor/Recorder, as the County's liaison for this contract. Commissioner Page seconded the motion. Motion carried 3-0.

ESTIMATED EXPENDITURES BY FUNCTION AND ACTIVITY

Personnel Cost Estimates: Mr. Rebaleati provided the Board with a draft of the fiscal year 2009 County personnel cost estimates. This draft includes itemized lines for: range, step, hire date, estimated hourly rate, estimated merit increase, semi-monthly salary estimates, total salary, cost of living allowances (COLA), estimated longevity, Public Employees' Retirement System (PERS), health insurance, social security, Medicare, and worker's compensation. The various County costs for personnel were discussed.

Eureka County Investments: Mr. Rebaleati distributed handouts to the Board regarding investment and bond matters. Mr. Rebaleati stated that Jackie Berg, County Clerk and Treasurer, has done a good job moving much of the County's investment funds into safer ventures and did so in a timely manner so that the County did not lose money when the economy took a downward turn. Much of the County's investments have been moved to

treasury bonds. These conservative investments don't provide a large return in today's market, but offer a high level of protection for the principal invested.

An article on gold prices was distributed to the Board. The article reflected that gold prices hit a monthly low. Mr. Rebaleati monitors gold prices daily. If gold prices fall drastically, the County's budget will be greatly affected. Fluctuating gold prices are a concern because much of Eureka County's revenues are received from net proceeds of mines operating in the County.

Eureka County Fire Protection District Ordinance: Mr. Rebaleati gave the Board a copy of the information available for the draft Fire Protection District ordinance. This draft contemplates an agreement with the Nevada Division of Forestry (NDF) that will help Eureka County with fire protection. The ordinance must be proposed by the Board of Commissioners, and that would be followed by a public hearing on the subject. An ordinance would formalize the County's Fire Protection District. Commissioner Fiorenzi requested that decisions be made on the size of the various fire district departments in respect to equipment in order for buildings to be built to accommodate future growth. The Commissioner would also like to have a periodic report from NDF that informs the Board about training on particular equipment.

Revenues and Expenditures: Mr. Rebaleati distributed a copy of County budgeted revenues and expenditures. Explanation was given on budgeted taxes, the County's general fund, actual year-to-date fund balances, as well as over and under budgeted revenues. Various funds were discussed in relation to budgets and year-to-date expenditures. The differences in net expenditures and total revenues are made up in the budget. Mr. Rebaleati also explained the trial balance which includes cash, assets, liabilities, accounts receivable, and revenue summaries. Discussion was had on the general fund, Road Department fund, property sales and trust fund, and future reserves fund.

DATE AND TIME OF NEXT BUDGET MEETING

After discussion, the Board set the next budget meeting for Monday, February 9th at 9:00 a.m. Budget discussions for certain departments will begin during this meeting.

PUBLIC COMMENT

The Chairman opened the floor to public comments. There were none.

ADJOURNMENT

At 3:49 p.m., Commissioner Fiorenzi made a motion to adjourn the meeting. Commissioner Page seconded the motion. Motion carried 3-0.

Approved this 6th day of February, 2009.

/s/ J.P. Ithurrealde
J.P. Ithurrealde, Chairman

Attest: /s/ Jackie Berg
Jackie Berg, Clerk