

Humboldt County Board of Commissioners
Special Meeting
Minutes
Monday January 22, 2001
Winnemucca Convention Center-West Hall

1. 9:10 a.m. Call to order

Question from the audience to move up the grass valley issues to this morning. It was discussed by the Commission and decided to stick to the outlined schedule because the morning's issues also have members of the audience who wanted to listen.

Chairman Giordano also reminded the audience that the retreat is for the Commissioners and no activity from the public will be allowed.

2. 9:12 a.m. Commission's Retreat/Planning Session

Administrator's Message/Introduction: Bill Deist outlined the day activities and goals. There are four issues that are a priority for the Commission. The four areas for discussion today are Fiscal/Budget Issues, Economic Development, Road Maintenance and related issues and Grass Valley Water Quality. At times staff will join the retreat to provide technical help on the issues, it is however the Commissions position to lead the discussion. The main purpose of the day is to discuss the four issues and provide direction to Bill Deist as to which road the County is going to take over the next year and into the future. We are at a crossroads, and we hope to get the direction on which to take to guide us in the next year and into the future.

Bruce Brooks attended the government finance officers association meeting and summarized the topics from that meeting. Bruce Brooks discussed the next legislative session, which begins February 5th. The session is going to be devoted to the reapportionment issue. Because of the population increase Nevada is going to get another representative and how that effects Humboldt County is an issue. The rural areas may lose some representation and the representatives will work on the issue diligently. He discussed a new software that shows the boundaries, so they will have the information faster then ever before.

Bruce Brooks discussed new business tax, the teacher's initiative and there is no direction as to where this will go and how it will be resolved. There is a concern from the legislative level that this is not in the best interest of the state.

The other issue is that is a lot of hammering from the rural governments at this time. We are seeing our tax base being eroded, revenues are not coming in, sales tax is down in the majority of the rural areas, and expenditures are growing. We are not at the maximum tax rate, as are others. The pressure on the rural areas is great. Bruce Brooks is a member of a task force that is looking at rural Nevada fiscally. They are considering modifying distribution formulas throughout the state.

Fiscal/Budget Issues:

Tax Rate Information and Issues - Bill Deist summarized the tax rates, 2000-2001 rate. You will note that some rates are not controlled, and they are shown in red. The General Fund at 0.1962, Museum .0150, Cooperative Extension, Building Reserve Fund, 6th Judicial District, Capital Projects Fund, Stabilization Fund and Library Fund are controlled by the County. The voters approved the Senior Citizens .0150 in '86, the Indigent, Accident Indigent and Medical Assistance are controlled by the state.

The Total County Rate is .6362, and the maximum allowed tax rate is .9201. Making the rest of the total tax rate that the people in the county are paying Hospital at .2540, School .85, State .15, City of Winnemucca .97. The combined rate is 2.8602. That is about .78 cents below the maximum allowable.

Graphs of the Property Tax Allocations and the distribution of each \$1 of property tax received were presented. The Humboldt County Tax Rates was highest in 1994-95 at \$.7225 and lowest in 2000-2001 at \$.6362.

Where Our Taxes Go: Bill Deist reviewed the County tax allocations graph, and the distribution of every \$1.00 of the property taxes received. The table gives you the specific expenditures by each fund.

Bill Deist reviewed the percentage of the budget by function area. General Government has .402 percent, Public Safety .344, Judicial .135, Public Works.002, Health .022, Culture & Recreation 1033, Community Support .026, intergovernmental .037 for a total general fund of 1.00. The functions were also defined.

Financial Trends: Bill Deist reviewed the General Fund Balances from 1996-2001. Bill notes that in 1995-1996 we had 7.4 million in the general fund balance, it grows to a high of 10.5 million in 1998-1999 and in 2000-2001 we had 6.8 million.

Ending Fund Balances & Issues: Bill Deist reviewed projections of ending fund balances as of 6/30/01 showing all of the County Funds. Comparison of the projected, actual and the increase/decrease. The detail of the ending fund balances for the fiscal year 1999-2000 was reviewed and these two together show that we are digressing. The amount of loss is growing in all of the funds. This is an alarming trend.

Where Our Taxes Go - John Milton asked to start with the tax rate and work through it with Mr. Brooks. We collect the money for all of the entities every year, and the perception is that the money goes to Humboldt County. Actually 25% goes to Humboldt County that the Commission has discretion on using, we have about 51 cents.

Chuck Giordano questioned what revenue would be generated by every cent increase in property tax. Bruce Brooks said based upon the current years budget a penny will generate \$59,700.

Bill Deist commented that we are receiving less each month in the CTX as compared to the same month last year.

John asked what the total income was last year. Bruce Brooks said property taxes generated were 4.4 in 1999, and this year was 4 million. Bruce commented that property tax is not the main

source of revenue; sales tax is the main resource of revenue. Bruce said that 64% equals salaries and benefits. Some entities are in the 80%.

John Milton questioned if 2 cents on the stabilization fund was a maximum. It is not, it can be used to lower/increase the rate.

Bruce Brooks said that the fund could get increased or decreased. John stated that the committee SB253 is looking at some of the counties. Not all have established a stabilization fund. If the tax rate is maxed it cannot be done. Mineral county economy is stagnated, they are already at the max tax rate, and cant put in infrastructure because can't get bonds. HC is not in that position. Bill Deist is asking what we are going to do to not get in that position. To maintain good fiscal health, Bruce Brooks said we need to be at 8.8%.

John asked about the bonds on the jail. They have two more years, paid by sales tax or CTX tax. Those can be redirected.

John Milton questioned how the Library Fund is doing. Bruce commented that we are seeing a continued problem. This year the Commission committed to making up the difference. Next fiscal year is a worry. They need to find additional revenue for them or reduce expenditures.

Buster Dufurrena, what % are they behind? Bruce Brooks said forecasting, June 30 2001 they will be 15,000 in the hole. Assuming they spend 100% of budget.

Bruce Brooks discussed according to state law, a formula that is used to calculate the maximum allowed tax rate for an entity. It considers a number of things including assessed value, net proceeds, tax overrides, and you can grow at a 6% rate. Humboldt County has never taxed itself at the maximum allowed. 92 cents is the max and we tax at 63 cents. It was set equal to the resources and the overall plan to fund that fiscal year. Recall that the Hospital has been taxing at their max, they did lower because they had extra.

You have the ability if you so choose to increase the tax rate up to 92 cents, included in that at the far end, \$3.64 cap is the maximum that Humboldt County, the School District, City of Winnemucca, and the State.

When one of us increases the rate it affects the ability for the other entities to increase their rate in the future. This is what happened in other counties. Bruce Brooks stressed that it is going to become much more difficult in the future, the school hospital state and city can increase, and that effects our ability to raise the rate as well. The state is not even considering increasing that cap. We have the 3rd lowest in the state for counties, taxpayers get that benefit.

Bill Deist commented that he has experience working in a 3.64 community and it doesn't lead to good working relationships.

John does the 318 districts have a cap. Each has a max that they can tax. Several are at the maximum.

John asked if there is a max cap per year for raising the rates. Bruce Brooks doesn't think so, just up to the maximum allowed by the state.

Chuck Giordano asked Bruce Brooks to discuss the 6th Judicial District. Bruce said that he feels that it will continue to grow.

Bruce Brooks recommends increasing the rate, the county perspective is during budgets; everyone needs to be put under the microscope. The Commission can concur with staff recommendations or not. Bill Deist stated that staff needs direction to give to the departments before budgets so that the goals are met.

John Milton suggested moving the courtroom from the jail to make storage and communications and possible expansion of Dispatch. Judge Wamboldt needs to be approached regarding this matter. Don Wright commented that they could use video arraignments.

Bill Deist said Communications task force is meeting soon. Item will be put on the agenda.

Dave commented that NRS requires arraignments within 48 hours. Don Wright wants it broke down, in details what the costs are for video arraignments.

Management Team meeting, participation varies. Juvenile does attend. The theme is times are changing and you need to look at operations from that perspective

Bill Deist said that a year ago they spoke to management team members that staff recommended cuts. Going in to budget process, that they would know what was being requested to be granted or not. Areas in any budget that is not being expended or is fluff it will be questioned.

John Milton discussed, the court reporter salaries and that they keep going up, and separations of powers are an issue. Young vs. Humboldt County was remembered and Bruce Brooks reminded the Commission that they set the budget.

Bruce Brooks said that the fundamental question is do you want resources coming in to be matched against expenditures. Bill Deist stated if not, then where do you want those additional resources to come from. Do we continue to erode fund balance or do we raise taxes.

John Milton suggested changing the format of the budget forms, and list the fund balance. Don Wright suggested showing a 5 year history. He believes everyone can make cuts to their budgets. Don questions requests for services where they were. Don wants to know what the activities are for all of them. Don suggests personnel should be cut by attrition, and of course on a case-by-case basis.

Buster Dufurrena discussed what the benefit is to not fill a position and he wants to know what the savings is.

Don again stated that he would like to have a 5-year comparison from each of the departments/offices to justify their budgets. The Comptroller usually gives a three-year history.

John Milton made it clear that if a department gets in a bind, the Commission can help. But budgets should be bare bones.

Bill Deist commented on the Attrition issue, is it across the board or are there certain departments or positions that you fill. Don said that with his experience attrition has worked

We need to know in the justifications what is really needed. Bill Deist commented regarding bare bones and augmenting that it needs to be made plain that it must be justified as unanticipated expenses or legitimate ones for example an unexpected large criminal case.

Buster Dufurrena questioned if this comes up in management team. And feels that there shouldn't be any surprises.

Bill Deist said, there has been two occasions of red flags. The Sheriff's Office recognized that OT was a problem. The other was 6th judicial and it was worked out, they did need the money and it was given to them.

Chuck Giordano questioned what is in the building reserve. \$5 million with the communications expansion is \$225,000, Cultural Arts Center \$900,000, Museum \$30,000, Paradise RV Park well \$26,000, Records Retention \$30,000, Indoor Event Center 2.6 million, and some remaining.

Chuck Giordano asked for the Comptrollers recommendation on the 5 1/4 cents. Bruce Brooks says that you need to continue salting the building reserve fund. The 5-¼ cents could be reduced. \$300,000 is what goes in a year; most came in mid 90's when net proceeds were much more. For the health of the county in the future, he would reduce beyond 4 cents. A time will come when you want to build and you will need the money.

We are required to develop a five-year capital improvement plan each year. It might be reasonable to reduce that rate, if we don't see building happening the next few years.

Bill Deist addressed his specific questions that he wants direction from the commission.

1. Property Tax Increase/or stay the same - John Milton, Don Wright, Dan Cassinelli want to keep the same rate for one more year. Ending fund balance that we have accumulated is everyone's money in Humboldt County, the best way to get the money back to the taxpayer, is to not raise his or her taxes.

2. Do we juggle dollars around? - Don Wright wants to leave the option of moving it around open. Dan Cassinelli thinks it can be moved around. John Milton suggested a priority system of how the money is allocated. We need to evaluate, and compare requests and prioritize and see what is a priority.

Buster Dufurrena wants to balance it out when the budget comes around and not make any decisions today. All agreed that it should be left flexible to change at budget time.

3. Ending Fund Balance - Bill Deist stated that and end of year, 6.8 fund balance at end of year, almost a 3 million less than 2000. If we continue using that level of ending fund balance we will get into trouble. As other counties have

Bruce Brooks said this year, 2.7 million more than we are bringing in, and will escalate in the next fiscal year. So if we reduce the reserve on average 2.7-3.5 in the following, the 9.7 will be eaten up. Again, the revenue is declining and expenditures are going up we are doing a deficit budget.

Bill Deist said we used the reserves by \$800,000 and it was projected to be 2 million. Bruce Brooks commented that this year we are going to spend 2.7 million more than we are bringing in. That is escalating in the next years so reserves will be eaten up.

Chuck Giordano commented that we need to look at this year and every other year. Don Wright wants to tackle it now, rather than wait. Buster Dufurrena questioned raising taxes again.

Chuck Giordano said we can combine question #3 & #4, and stick to a plan. Bruce Brooks said it is a strategic plan, if we don't do something now, we are going to lose that ability in the future. This is the start of planning for the future. It will be difficult, the decisions and the dialog. It is easier to deal with the difficulty now that looking at cutting services in the future. We need to maintain the level of services that we have now.

Chuck Giordano says look at question #4 first, and stay close to balance, and then set the fund balance at 50%.

John Milton stated that even raising taxes, revenues would not exceed expenditures. Reducing staff is the answer no matter what direction is taken by at least 25%. Don Wright said that attrition is the place to start, and Dan Cassinelli agreed. We need to examine the request for service in each area of the County.

Buster Dufurrena discussed population. Bill Deist said that the rate of growth has declined, the 2000 census haven't come in but last year we were at 18090.

Buster Dufurrena said that the services haven't changed if the population hasn't. Bill Deist said when you have an economic downturn the elderly, retired stay and the cost go up in the indigent and other related areas.

Buster Dufurrena said there are two areas, the library and the Sheriff's Office. They take care of the most amounts of people.

Don Wright said that budget time is where the discussion will help. The activity on Law enforcement has significantly decreased.

5. Priorities - Bill Deist summarized that what he is hearing is that the ability to provide service to the public is a priority over aesthetic items.

John Milton, thinks we have to reevaluate who is critical staff, and if they can share a staff person among offices.

6. Changes in the process - Bill Deist stated that more information is needed from a department to justify requests.

John Milton said we need to know the projections of each fund, the ending fund balance, and expenses.

Bill Deist summarized the Fiscal/Budge Issues

- Court Room Communications Issue at the detention center
- County Staff reduction through attrition
- Five year comparison required for justification on each department/office
- General message for budget preparation is "bare bones"
- Any unforeseen issues occur the Commission will be willing to augment with justification, not necessarily automatic
- No tax rate increase this year
- Want to retain the option to move tax dollars between areas if needed
- Minimum of 50% of general fund equals ending fund balance
- Revenue projections equal expenditure requests or at least as close as possible
- Public service is a priority over aesthetic items and public safety is a priority over mere convenience
- Process issues more information is needed to justify requests and revenue projections including fund balance vs. expenditure should be included in information provided.

Economic Development: Bill Deist summarized Hi Desert was created in 84 and revised in 93. Gave the purpose of the agreement and summarized happenings regarding Pershing's membership and change in name. Minutes of the discussion re TCDA are included in the packet. In addition Bill Deist has provided a letter from Sierra Pacific regarding an infrastructure analysis, Commission needs to say what they want in ED and what it means to them. Change, or not or refocus.

John Milton asked if the agreement is between the counties, or does it include the City. The present funding level is 15,000 from the county and the city is 7500 and Lander is 10000.

John Milton said we have a line item of 69000 for Economic Development. We put it for net proceeds; it is an accumulation of 2 years, spent on the airport.

There are no expenditures to date; the money was committed to pay for part of the pipe on the water system. We also committed to build an access road.

Chuck Giordano discussed the letter from Jim Kracaw and questioned how we do it now. Bill Deist said that Sierra Pacific will help us develop the information that is needed, what services are available on the properties. An example was brought forward of Carson City. A technology campus and a chip manufacturer were examples.

Don wright said that we can't discuss infrastructure unless we know our capabilities, power, natural gas and what we can accommodate.

Terri Williams discussed that during the boom stage interest from outside interests increased, and she used to get 15 leads from the state, now she may only get 5 or 6. Dan Cassinelli said why did they not want to come here when we were in a boom. Terri said a company from the east was interested but the land wasn't ready, it was bare so they went elsewhere, to Idaho.

Terri also stated that many are reluctant to build at the airport because it is owned by a governmental entity. People are reluctant to put a building of government land and sometimes can't get a loan because of that.

John Milton said we need discussion on the Hi Desert organization and it is time to have Lander and Humboldt split up. There are too many differences in John Milton feels that it is time that the county, city, and local businesses formed their own development authority and did the work for Humboldt County. Pershing seems to be having their own success going on their own.

Terri discussed the grant that they receive being joined with Lander. She presented an article from Elko County where they tried to do it. The CED is telling Elko that they need to come up with a match. Terri questioned how important the \$55,000 grant is to Humboldt County? Don Wright questioned what of the \$55,000 goes to Humboldt. Terri said the majority. John Milton said you have to know the costs of doing this through a county employee, we are eligible for grant funds from others funding sources.

Terri said that we lost \$25,000 when Pershing dropped out. If we dropped Lander, we would be at \$25,000. Don Wright questioned what return we have received. Terri said that we receive the most in contributions, which are leveraged with the Small Business Development Center.

Don Wright asked what businesses have been brought in with the money? Terri said that Bill Deist's comment on defining Economic Development is important. Economic Development by the forefathers of the Commission was to promote public facilities including water, sewer, streets and power. In addition, encouraging County participating and self help development programs. So her time went towards writing grant application for Covered Events Center. Multi County planning in order to get EDA dollars, support of human service projects and she serves on the Rural Nevada Development Board, provide information to member Counties regarding grants and financial assistance, and recommend legislation. Most goes towards my salaries to be able to do these things.

Don Wright asked what have we received in grant money and what has been spent. Terri said that she has a laid out budget that she provided to CED and she will mail a copy to the Commission including a three-year history.

Chuck Giordano asked how many jobs the Authority has created. Terri said that primary and secondary combined is a huge number. Primary is 112, Diamond Plastics.

There is question as to the Authorities participation in bringing in Diamond Plastics in 1995. John Milton commented that he questions Tri County bringing that in, and Terri said that it was a team effort.

Hi desert organized the meetings, but John Britton the president met with commission, chamber and it is questioned who was responsible for Diamond Plastic

Patti said that regional efforts are the best for our area, and remember ED should be open to a regional effort.

We need to explore, the fact that Diamond Plastic was in 1995 and that isn't ED for a community. We need to look at the options,

Don wright questioned if we haven't brought anything in since 1995 there needs to be a change, and the avenue needs to be explored.

Buster Dufurrena said that not very much has went on in the last five years, the companies we have are related to the mine and we need stand alone businesses.

Bill Deist questioned if we go on our own do you want to look at this in conjunction with planning, or not. Refer to the draft class spec that is in your packet today.

John Milton commented, planning and ed person are contrary positions, planning has the job of enforcing the laws and making recommendations on what businesses come to town. John Milton reminded us that at the NACO conference a presentation included the biggest stumbling block for Economic Development is the local government. Lander has been looking for someone to fill the position for \$22,500.

Terri williams said that the planner set the ordinances; there are two different positions. It was agreed to separate the planning Community Development Director position.

Buster Dufurrena added that we need to go out and find industry to bring in. John Milton thinks that we should act upon this power problem of CA and utilize it to our benefit; we have a lot of fiber optics coming through Winnemucca. We need to go in a different direction, and we need to go out and find them, cant wait for them to call us. John Milton suggests building on the idea of power generation and working on that.

Terri commented that it has been done, and only Lone tree has enough water to do it. Terri discussed the Piute and costal pipeline.

John Milton commented that power availability is a key issue. John said as a county we need to be involved, what could we do to help them. John explained that a power generation facility would be a plus to our community. Golconda is a good example; they have excess power because a sub station was built to service Diamond Plastics.

John Milton commented that a pipeline was discussed, and the Commission wasn't informed. Terri williams explained that it was the

coastal gas pipeline. The pipeline would run east to west and serve Elko.

Buster Dufurrena said that another power line is the one that goes through Jungo, that is a source of power 30 miles out of town.

Dan Cassinelli asked if it is the County's job to build the infrastructure and buy the ground. John Milton said that the City of Winnemucca is in the infrastructure business.

Buster Dufurrena is hesitant to build an industrial park and take the chance that no one will move in. Dan Cassinelli reminded the group about the example in California where they built a building and it is still empty but development has filled up around it.

Patti said that the Sierra Pacific study would make Winnemucca in the spotlight with Sierra Pacific. They can refer those that can't develop in the Reno area to us.

Bill Deist summarized the Economic Development Issues

- Proceed with Sierra Pacific Analysis as soon as possible
- We want to continue to discuss this and we want to keep the options open, such as funding, process (do we do it in house or not)
- The combination of Planning and Economic Development is not an option at this time

Road Maintenance and related issues: Bill Deists summarized the road issues from his reports.

Buster Dufurrena discussed the importance of the transportation to the rural areas. That is how they get their product to market. The graders are paid for by the month and they should be used more often, and he thinks it is cheaper to contract. He wants to see the comparison between contracting and not. Buster thinks they can be utilized better through out the year and not parked so much.

Bill Deist questioned if Buster Dufurrena means contracting the crew, or the area of blading or do you mean the rock crushing? Buster said the rock situation is what is referring to. Buster thinks that the cost of the graders can't be competed with but the rock can be. A lot can be contracted, culverts, rock hauling he wants a pricing and especially the crusher, could be hired out.

John Milton questioned to go in to the privatization and if prevailing wage kicks in for maintenance. Are we in trouble if we split them to stay under 100000? Bill Deist stated that Russum is looking into what jobs could be contracted. Russum stated NRS requires that we identify roads by classification; the policy was done ourselves if we don't have a lot of resources, there is a state law about fugitive dust, and so we get a call from EPA.

Buster Dufurrena said that the Denio roads are good, they are rocked well and they don't have much traffic and no big truck traffic when we go from four tens, Chuck Giordano suggests five eights instead for the extra day. John Russum said that that is up to the

Commission. Dollar wise, Buster Dufurrena questioned what the difference is between paying overtime and paying for the water truck.

Don Wright wanted to know how the road are prioritized now. John said we do them all.

Don Wright asked if there is a problem on a certain road who do people call? John said they get a few calls with complaints and they get to it as soon as they can. It is up to the operators how many passes they make on a road.

Bill Deist pointed out that the policy states that it is the intention of the policy to improve all of the County roads is proportions to their travel and the needs of the County.

Buster Dufurrena diesel truck bring s product that we depend on. Bill Deist summarized that the economic impact should affect the schedule of the road maintenance. John Russum said that the road classification needs to be reviewed again because it has been over 6 years, and a new commission is also here.

Chuck Giordano commented that he wants to get the state to share one penny from diesel tax. John Russum said the bigger impact is going from gas to diesel in the rural areas.

John Milton M said there are 24 people in the Road Department, 5 mechanics, 2 admin, 2 crusher, 6 grader operators and 5 on the road crew, 2 crusher operators and an extra at Denio, two graders in town and a water truck in town.

John said we have eleven graders in the fleet, 9 graders in the fleet are running every day.

Chuck Giordano asked who does the snow remover around town, and John R said that the crew does that not the grader operators. Dan Cassinelli questioned chimney road and didn't think that snow was taken off. He didn't see it taken off.

John Russum said we have been crushing rock since 93, Buster Dufurrena doesn't think that we can make enough rock to keep up, there is also a lot of equipment tied up in the crusher. Don Wright questioned what the cost is per yard. John Russum said it is in the 30 cent to \$3 range.

Buster Dufurrena said that he doesn't think we can crush enough rock to keep up. There is a lot of equipment involved in the crusher that sits most of the time.

John Milton asked if we take into account the depreciation of the equipment. Don Wright said that the downtime needs to be factored in, and he requested a cost. Buster Dufurrena also wants to know the cost of contracting today. John Russum will get an update.

Bill Deist commented that we fund the road department with funds from the gas tax and pilt. You may want to use some of the pilt for something else, or continue to go into the Road Department. Dan Cassinelli said, he wants it to stay with the Road Department to improve the roads. John Russum stated that the formula for road miles has changed.

John Milton suggested that in the near future we need to do a road inventory, and review the traffic count and maintenance on the roads.

Bill Deist summarized the Road Maintenance Issues

- Review classifications of our inventory
Vehicle County
Economic Impact Consideration
- Keep diesel tax sharing on the table
- PILT to the Road Fund for the time being
- Look at contracting some or all of the following: Rocking, cattle guards, culverts, crushing
- 4 10 hour shifts, verses 5 8 hour shifts in the grader operator area because of the moisture issue
- Maintenance Standard - Pit run verses gravel
- Check to see if Prevailing wage covers the maintenance

Grass Valley Water Quality: Bill Deist summarized the issue, and said that Les Martin has brought up the issue again to the commissioners. Brenda Willey prepared a report to help the commissioner get a historical review of the issues including the Gold Country Water System.

Bill Deist stated that we need direction on this subject from the commission,

It appears that in 1991 that the State Health Inspector did a study in the Grass Valley area, there were some moratoriums and then we start to get into some planning in 1992. The moratorium was lifted; there has been some discussion all along as to who should pay for what.

Chuck Giordano commented on a couple of the meetings the responsibility of the septic and inspections and how they are put in. He said he was referring to the wells (cement caps) not the septic.

John Milton reminded the commission that we are under the agreement with Division of Water Resources to take over those responsibilities of the wells. The building official and the District Attorney are working on the agreement.

John Milton said that in 1993, the moratorium was lifted. The Commission agreed to do a water study, NDEP didn't have any information so the study resulted.

John Milton summarized Brenda's report for the benefit of the commission and the public present. Discussing the studies, testing and results.

Bill Deist said that Ball is going to schedule a public hearing in the spring, related to the technical memo that is left on the contract with him. IT was decided to have the workshop sometime in April.

The workshop is an add on for his proposal. The agenda for the workshop is to consist of what our situation is and the direction to go.

Bill Deist said that

Brenda Willey said that Task 5 of Ball's study is to specifically review what he outlined in his technical memo.

John Milton wants the County to acquire the piece of ground of the BLM's for the treatment plant. It is located by the equipment yard, by the old 76 Truck Stop. We could get in on a RPP lease.

John Milton said that the question of how it will be funded keeps coming up. John wants everyone's ideas on how to fund a sewer plant.

Bill Deist summarized that the total cost is approximately 11 million dollars. We are on the list for the Revolving Loan Fund. User fees are the payment method. Bill doesn't know of any grants that are available.

John Milton said in the past for other systems, the County did pay for some of the up front costs, such as engineering and surveying. McDermitt has a 318 District. Oroville had some grants, and the majority came from the Farmers Home Loan Association. The EPA was giving grants at that time to address such matters and there were other Federal grants and loans. Those are not available now.

Buster Dufurrena said that Battle Mountain is doing it now. John Milton commented that they are getting a \$1 million EDA grant. But they are a direct potential polluter of the ground water basin.

It was stated that Oroville, Paradise, and McDermitt went together as a community for the grants and loans.

John Milton questioned if there are grants to fund the preliminary work. Bill Deist said that maybe CDBG. Brenda Willey stated that low to moderate income might be an issue. Humboldt County as a whole does not qualify. In the Grass Valley area by itself, this could be a problem because of the number of miners living there. You could apply for a Planning Grant. The State Revolving Loan Fund is a fund source for the construction costs. The CDBG is a source for the engineering and administrative costs for the project. Otherwise George Ball's 1998 report has details about other funding sources, such as USDA and EDA.

Chuck Giordano asked about a water system instead of a sewer. John Milton said that a water system would only be a temporary fix.

Buster Dufurrena said that you need to know the number of hookups. John Milton said that it is only a forecast. Bill Deist said in Ball's October 2000 report the boundary is stated to be Grass Valley School, Thomas Canyon, Gold Country and Star City. Bill also said that in November 1999 report it lists some funding numbers.

Brenda Willey commented that the funding sources have been studied, and Don Wright being a new Commissioner wasn't a part of that a year and 1/2 ago when it was presented to the Commission.

John Milton wanted to know the cost that the County has spent on this issue. Bill Deist said that we didn't have the number put together already.

Brenda Willey said that she would put something together that includes, WaterResource's, UNR's Study, Grass Valley Testing, and monthly costs.

John Milton stated that it is still his opinion that this is no different that Orovada, McDermitt and Paradise. The County's participation is greater here because it is the largest number, but he believes that when the money is borrowed it becomes the responsibility of the property owners that are served by it. They must pay the loan back. The County of course would pay like any other customer on the airport based on their usage.

Buster Dufurrena wanted to know how many people are affected by the hookups. The number needs to include the school.

Bill Deist said the number of users defines the payment. It is better to serve a concentrated area and then expand. It needs the ability to expand in the future.

John commented that we don't have the funds to begin the project; we would have to spend down our ending fund balance or borrow the money. Contrary to what people believe we do not have 10.6 million to pay for this. For example we are paying \$300,000 a year of the jail project, which is a total cost of \$2.2 million over 10 years. A \$10 million dollar loan would use up the fund balance; you need an income to pay for it. You can't raise taxes everywhere in Humboldt County to pay for a sewer plant in Grass Valley. The only solution is to have the County get as many grants as possible, and that doesn't extend past the engineering. Then it is up to the users.

Chuck Giordano said that we need to know for the workshop, how many hookups are estimated, so that the residents have an approximate cost.

John said we are talking about rising nitrate from .03 to .04 over a 5-year period. That is a long way from 10.0 ppm. This could be 50 years.

Chuck Giordano questioned what the terms on the loan are. John Milton said that the water/sewer in Warmouth was a 40-year loan but the City paid it off after 10-15 years. The City borrowed the money to extend sewer/water into the Warmouth Edition. The money is paid back by the users, they pay 1 1/2 times the normal city rates. That is a similar situation. The City didn't extend the sewer/water the people in the area came together, formed a 318 District and paid for it. Keep in mind we have been discussing construction cost, and there is still maintenance costs.

Dan Cassinelli asked how this ever came about, how did it start. John Milton said that it all began with a letter from NDEP or the Health Department, or Division of Water Resources that they can't force the County to zone property. They recommended that because there isn't a study they couldn't approve additional density. Cindy then did a sampling, and gathered historical records. Then the County had a period of a moratorium, and it was in some areas and not others. NO standards were created and then it was reversed. In 1993 WaterResource's came forward.

Brenda Willey said in 1994 NDEP came to the Commission and said that a water study has to be in place in order for additional lots to be approved.

John Milton said that approximately \$3 million goes into the general fund for property taxes. Assessed valuation of all of Grass Valley is about 20%. The money that goes from Grass Valley every year into the general fund is 20% of \$3 million, this is a rough number. That is \$600,000. Chuck Giordano added that 2/3 of that goes to employees, so that leaves you \$1 million to run the County on. John Milton in addition we have to pay for the police and fire protection. The amount of money that the property taxes raised in Grass Valley that wouldn't fund a \$10 loan.

Gold County Water System: Bill Deist said that in 1995 the owners approached the Commission about the sale of their water system. A split Commission favored entering into discussion. In April of 1996, a figure of \$300,000 was discussed. Discussion on water rights and what could be served by the system. Further discussions were held, FCSG was brought on board to look at values and rates and assist the negotiations. In April of 1998 the cost was \$350,000. The connection charge was a little over \$3,000. In May of 1999 a consensus of both sides stated not to continue with the sale. The concern being the number of hookups having the ability to pay at a level to generate the needed revenues.

John Milton stated that the original purchase price was \$300,000 and the County raised that to \$350,000. The County had everything in place including the ordinances. They wanted a will serve letter for a number of hookups. The financial and legal counsel that we couldn't do that. The owners have not contacted us since that time to continue negotiations.

John Milton stated that the purchase of Gold Country was a good idea, and is still. Eventually to own Gold Country Water and Star City. It is his feeling that there is one server of water, the City. It is happening in other places, the City needs to believe it. He would like this to be a goal of the Commission and eventually it will be a reality.

The City may have to spend a lot of money soon if the lower limit for arsenic goes to 5 ppm.

John Milton said that you can put a well and a septic on an acre lot. It is hard to place them keeping all of the statutory requirements. That is why we did away with the 1-acre lot sizes.

John Milton urged that a priority for the Commissioners should be the water system of Grass Valley. Continually talk to the City, continue domestic well protection.

If we are going to create a program to inspect wells the septic should also be inspected. Chuck Giordano said that the wells have to be inspected when they do the cap, to check its depth.

John said that the Public Service Commission will not allow you to purchase a water system and then charge the existing customers. If we had purchased this Gold Country we would have to use Humboldt County

money because the hook up fees would not have covered it. There haven't been enough hookups to meet the obligations for the payment.

Brenda Willey said that at the end of ten years the County would have to make up the difference all at once. The cash payment up front was \$50,000. The \$50,000 extra was to make up for the difference in the hook ups that we could not guarantee. The medium term was already set up.

Bill Deist summarized the Grass Valley Water Quality Issues

- Follow-up on Contract/Interlocal Agreement with the state on well inspection (well head protection)
- Set date for public workshop for early April
- If we haven't formally requested RP&P lease on Section 10 do so
- Customers pay off loan for construction
- Sewer system is the first priority for long term addressing groundwater problems. (John Milton said that he doesn't believe this is a first priority, it solves the problem). This was changed to just a priority.
- Work with the City and local water companies for regional water system in long term
- General Information Requests: Dollar amount spent by Humboldt County to date regarding this issue; develop workshop agenda; level of County participation in other area (what did we do to help others)

Bill Deist summarized Fiscal/Budget Issues, Economic Development, Road Maintenance and related issues and Grass Valley Water Quality. Each of the above bulleted items were reviewed.

Public Comment: Les Martin stated that the retreat has been a constructive meeting and very positive. The most limiting thing in Humboldt County is the local government, two entities with two different goals. He said he doesn't believe we will ever get anywhere with the City unless they extend the City limits. The people moved out to Grass Valley because they wanted to get away.

Opposition of the city and the county, sales tax,

On one lot, he did 34 transactions. When you inhibit growth in the County it is an economic burden on the citizens, smaller lots, you keep allowing septic tanks, and more wells. Importance of the water system is what saves the groundwater, if you don't have the system, and encourage connections you get another well, who is contaminating the water. Taxpayers have trust in the Government to address the issue. In Westmoreland you need to allow more lots, the more density the better. If you don't have a water system, you can't encourage hook ups. Who is contaminating the water if you allow another well to be drilled, and another septic put in.

If you don't allow small lots, how can we afford it? If someone wants a 2 1/2 acre parcel, they should pay an additional fee, two of them. Because that is what it is going to cost to serve it. What about impact fees, this is ancient history. The school has pay as you go, why don't we.

Les questioned how the property at the Airport was broke up. John Milton said you can have an industrial park without having any lots. The lots are determined by the need. The state law tells you how to provide the sewer.

Les said the County allowed subsequent parceling. John Milton said that the Supreme Court, and Judge Wagner ruled the same thing that subsequent parceling is allowed. IT has nothing to do with going around.

Les questioned what happens when you allow too much growth, what happens when the County is negligent and causes the problem. IT isn't the resident's fault.

We have a chance to do it right, one time an one time only. That doesn't mean that little high-pressure system. The other is costly, but how can you go in there tear up the streets for the high pressure one. Does the problems stop at the boundaries.

John Milton stated that the STEP system (high pressure) Les is referring to is not under consideration any longer. The Commission didn't agree that it was the best way to go.

Les said to do big lots hurt infrastructure. John Stated yes. Les said do more wells increase potential contamination. John stated yes. Les stated, then why allow big lots. John said the Commission hasn't allowed any lots recently. John feels that small lots won out of big lots overall.

Dan Cassinelli commented that people want the big lots, and that is why they went out there. So they could have their animals.

Les feels that you need to allow small lots to create enough revenue. We are building a town in Grass Valley whether we want to face that or not.

Les said that they have done everything the Commission asked them. Chuck Giordano said you are not talking about this board. We inherited their decisions and that is why we are here to get a direction.

Buster Dufurrena commented that after talking to past Commissioners he was told that the people went to Grass Valley because they didn't want police protection, water, and sewer. They wanted to be their own people. Now they want everything that is in the City. The Commission tried to talk them out of moving there.

Dan Cassinelli commented that lots were available in the City; the people choose to move to Grass Valley. Buster Dufurrena said cost was an issue, like at the sand dunes area. IT was the cheapest because they were not going to stay for long.

Chuck Giordano says he realizes living where he does that he doesn't get the same benefits as living in town. That was his choice and it fit him.

Marla stated that she is ticked off that you didn't put impact fees on. Your excuse was that if you didn't use it in five years pay it back. Pay it back; put the impact fees in separate fund where it can't be touched by anybody. Chuck Giordano stated that we didn't do it and we are trying to solve it. Marla stated, don't give an excuse. Don Wright said that there is no excuse. Chuck said he didn't create the problem; he is trying to work with the problem. There is more to the County than Grass Valley Road.

Marla said that the residents don't want what the City has. They don't want a water or sewer system.

Chuck Giordano said that it is something of the past and we are here today to try and fix it. Les stated that 50/50 is meeting half way. The Commission doesn't agree that that is meeting half way.

Dan Cassinelli questioned why impact fees were not charged. Staff will check into it. John thinks that there was a list of things, including advice from the D.A.

Motion to adjourn by Dan Cassinelli all in favor. Adjourned at 5:20 p.m.