

City of Elko )  
County of Elko )  
State of Nevada )

SS March 24, 2009

The City Council of the City of Elko, State of Nevada met for a special meeting beginning at 2:00 p.m., Tuesday, March 24, 2009.

This meeting was called to order by Mayor Michael J. Franzoia

## ROLL CALL

Mayor Present: Michael J. Franzoia

Council Present: Councilman Jim Conner  
Councilman Jay Elquist via telephone conference  
Councilman Chris Johnson  
Councilman John Rice arrived @ 2:43 p.m.

City Staff Present: Curtis Calder, City Manager  
Delmo Andreozzi, Assistant City Manager  
Don Zumwalt, Police Chief  
Shanell Owen, City Clerk  
Dawn Stout, Administrative Services Director  
Trent Moyers, Airport Director  
Rick Hofheins, Airport Security Manager/Assistant Director  
Eric Howes, Parks & Recreation Director  
Dennis Strickland, Public Works Director  
Darren Skelton, Public Works Superintendent  
Antonio Mendive, Water/Sewer Superintendent  
Joel Vega, Fleet Maintenance Superintendent  
Jared McEntire, Electrical/Facilities Superintendent  
Evan Dodson, Landfill Superintendent  
Fritz Sawyer, WRF Superintendent  
Brian Mickels, Golf Course Superintendent  
Mike Hess, Lead Equipment Operator  
Dennis Price, Equipment Operator II  
Scott Wilkinson, Development Manager  
Jim Echanis, Human Resources Manager  
Nikki Moore, Swimming Pool Manager  
Lorraine Martinez, Accounting Supervisor  
Karen Walther, Animal Control Supervisor  
Ted Schnoor, Building Official  
Ed Wynes, City Planner  
Linda Buffington, Recording Secretary

## PLEDGE OF ALLEGIANCE

### I. FISCAL YEAR 2009/2010 BUDGET WORKSHOP

- A. Review, consideration, and direction to Staff regarding the Fiscal Year 2009/2010 budget, inclusive of all funds, and matters related thereto. **ACTION ITEM**

Administrative Services Director Stout gave a presentation on the City of Elko FY 2009/2010 Governmental & Enterprise Funds, see Exhibit 'A'.

Ms. Stout noted, per the Council's request, the Governmental Funds would be reviewed again briefly at this meeting prior to the Enterprise Funds.

Ms. Stout reminded those present the General Fund is \$1.5 million out of balance. Staff was advised by the Council to use excess sales tax monies to balance the fund as opposed to cutting additional expenses. Based on that General Fund projections for FY 2009/2010 are as follows: Revenues are estimated to be \$14.8 million; Expenditures are estimated at \$16.8 million. Ms. Stout noted a ten-year history of each fund was included in the packet.

Mayor Franzoia questioned the transfers in.

Ms. Stout advised there is a transfer of approximately \$236,000 from the Recreation Fund that helps fund the General Fund Parks and Recreation facilities; we are also anticipating a \$250,000 transfer in from a residual equity transfer from the health insurance fund as we no longer have that obligation; also a \$43,000 transfer in from the Municipal Court Administrative Assessments Fund.

Ms. Stout advised beginning fund balance is estimated at \$3.5 million; with an ending fund balance of \$1.4 million; which is 8.3% of the total expenditures for the General Fund as recommended by the Department of Taxation.

Ms. Stout expressed concern over the final property tax revenue projections from the State; their assessed valuation for the City of Elko is less than what it is for the current fiscal year. Ms. Stout noted property taxes represent 15% of the total General Fund revenues, licenses and permits 10%, other taxes approximately 15%; charges for services 4%, court fine fees 2% and miscellaneous revenues represent 1%.

Mayor Franzoia questioned the decline in revenue sources.

Ms. Stout advised our charges for services and other fees stay flat; they don't fluctuate year to year; Sales and Property Tax are the only things that fluctuate. We are currently reviewing the Parks and Recreation areas; we are re-evaluating some of the fees we charge at the pool and comparing them to other pools around the state to see if we are comparable and if we need to revise those. We are looking at the Fun Factory program as well to see if those fees need to be adjusted as well.

Ms. Stout referenced a ten year history of the General Fund expenditures, by function, which shows public safety as the largest portion of those expenditures.

With no further questions pertaining to the General Fund Ms. Stout continued on with the Recreation Fund and noted room tax is estimated at \$2.3 million.

Mayor Franzoia questioned how that was estimated?

Ms. Stout advised it is with a decrease of 3%; room taxes are down approximately 7% for the current fiscal year; Staff is estimating another 3% decline for next year. Staff would rather be conservative and have it come in higher than have it go the opposite direction.

Ms. Stout noted at the previous meeting Council was presented with last years Parks and Recreation Priority List; some projects those projects were not completed for various reasons. At Council's request the list was forwarded to the Parks and Recreation Advisory Board for their input. Their recommendations are; remove the splash park, budget \$75,000 to fund design for various parking lot projects, \$100,000 for the golf course clubhouse renovation, Phase 1 of the picnic shelters at \$75,000 and the swimming pool boilers at \$100,000.

City Manager Calder commented in speaking with Parks and Recreation Director Howes and based on the recommendations from the advisory board the swimming pool boilers are something Staff would like to address; but we are working with a limited budget. Staff conducted an historical analysis of what has been spent on the pool in the last five years; outside pool replastering, chlorine regeneration system, pool electrical upgrade, heat exchanger upgrade, outdoor water slides, new water softener system, roof rebuild and another pool replastering, for a total of \$424,629.00. Of the two boilers one is non-operational and one is; however the parts are obsolete. Staff also recognizes the boiler is a backup system to the geothermal. Taking into consideration the improvements to the geothermal system over the last few years and the amount of money being invested into the geothermal users group i.e. up to 2006 the City was contributing \$5,000 per year; in 2006/2007 we doubled that contribution to \$10,000 per year; in 2007/2008 we tripled that and our contribution now is over \$30,000 annually. Because of those increases in funding for the geothermal users group we have been able to take care of some of the larger maintenance projects such as replacing the wellhead at the well and most recently replacing one of the return lines that was systematically breaking all the time. There have been improvements and Staff feels the geothermal system is more dependable now than in the past. In addition Great Basin College has submitted a grant application for a complete upgrade to the system which could include additional wells, the complete piping system etc. so it would have enough capacity to serve the college; it would be part of a renewable energy grant; the status of that application is unknown at this time. City Manager Calder did not believe it was a good expenditure at this point in time to spend the money on the boiler when there are so many other projects out there that could use the attention; we have some time on the boiler.

Mayor Franzoia noted the priority list showed "boilers".

Parks and Recreation Director Howes stated \$70,000 would be the replacement cost for both boilers; just the equipment, not the installation cost.

Mayor Franzoia questioned how long only one boiler had been in operation and had been any instances where both boilers were used simultaneously.

Mr. Howes indicated both boilers were operational until this past year. Both have been used in the not too distant past when the geothermal was down; upgrades to the geothermal should make it a more reliable system. If the geothermal goes down we can maintain the temperature with one boiler for the indoor pool; Staff is aware it is a luxury to have a backup heating system; we don't have to close the pool while repairs are made.

Mayor Franzoia indicated if you look at the generation of income against the cost of operation, having two is a huge luxury; it may need to be revisited at a later time. There are other projects the monies could be well used for i.e. the parking lots are critical due to the liability associated with them.

Mr. Howes agreed the boilers bump many needed projects that were previously on the list.

City Manager Calder stated his primary concern is when you look at the history and the expenditures of the pool; it is an old facility and at some point we have to decide how much more we are going to continue to invest in that facility. We are trying to keep it operational and safe but the boilers are a significant expenditure and the Parks and Recreation Advisory Committee, when they made this recommendation were not privy to the previous expenditures made at the pool. By replacing the boilers other projects on the priority list last year are not even on the radar screen now. If we can make the current boiler stretch another year or two perhaps we can get some of the other liabilities taken care of.

Mayor Franzoia questioned if parts from the non-operational boiler could be used for the other boiler.

Mr. Howes believed some of the parts likely could be interchangeable.

Councilman Conner questioned over the past year how often the geothermal was down for more than a day.

City Manager Calder advised the most recent upgrade resulted in the system being shut down for a couple of months; 1,500 feet of pipe was replaced.

Councilman Johnson believed the \$100,000 cost should be complete; new boilers and installation.

Mr. Howes advised the quote Staff received was \$70,000 for the two boilers; the advisory board recommended \$100,000 to cover the installation. At this time it is an estimate; Staff doesn't know how the piping and ducting will match.

Councilman Johnson again stated the \$100,000 should cover the entire cost. Another plan to consider would be to replace one boiler at a time. The geothermal is becoming more reliant but the City needs to be careful as the school district utilizes the pool and what large events would be impacted if the pool was closed.

Swimming Pool Manager Moore advised the biggest impact would be summer swim lessons.

Councilman Johnson noted the City is spending approximately \$100,000 per year on the pool; eventually we will be at the point where it would be less costly to get a new facility in place. Without the geothermal it would be too expensive to have a pool because of the fuel expense.

Mr. Howes stated Staff will follow Council's direction.

Councilman Johnson questioned how often the boilers were needed.

Swimming Pool Manager Moore advised five to six times in the last year; the two large repairs that were for an extended time and then two or three shorter periods. Ms. Moore stated again the critical time is during the summer swim lessons; that is a lot of lost revenue if we can't keep the pool heated. Typically in the summer the boilers are used two or three times, but not for an extended period of time.

Councilman Conner requested verification if the geothermal goes down one boiler can maintain the heat if detected in time.

Ms. Moore verified that was correct.

Councilman Johnson questioned if the boilers were not replaced this year thereby freeing up \$100,000 what would Staff's recommendation be for those monies.

Mr. Howes supported an overlay of the Johnny Appleseed Parking lot; we need to work on the storm drainage system as it does not have adequate drainage.

Councilman Johnson questioned if there was design for that project.

Mr. Howes advised there is no design and believed \$100,000 would cover that project.

Councilman Johnson referred to the priority list and questioned the \$75,000 for design; what does that do.

Mr. Howes advised the advisory board would like to make another recommendation for those monies following the next meeting and before final budget adoption. Mr. Howes expressed support of using the funds towards development of a master plan for parks, open spaces, trails; that component of the City's master plan so we have a guide to follow and know which areas we should be working on.

*Councilman Rice arrived at 2:43 p.m.*

Ms. Stout advised everything can be brought back at the next meeting on April 14<sup>th</sup>.

Councilman Johnson requested Staff bring back more information on the pool; total number of affected citizens, number of times boilers came on line over the past two years etc.

Ms. Stout requested verification Council did not want any changes at this time; bring the information back at the next meeting.

Councilman Johnson verified that was correct.

Discussion of the general budget now continued.

While discussing the Capital Construction Fund Ms. Stout advised the tax part of this had changed since the previous meeting; currently we have a dedicated \$.15 property tax that goes to the Capital Construction Fund; this will be the final payment year for the debt on our 1989 street bonds therefore we will have some available resources from that property tax we are proposing to shift over to the Capital Construction Fund and use those monies to fund future projects. Ms. Stout stated as with all funds that receive property tax, this fund will not get its first tax payment from the county until October; Staff is being very conservative on the projects we are planning and hoping the projects we have planned we can get out of the beginning fund balance.

Mayor Franzoia questioned what was planned for Spruce and Meadow Ridge.

Public Works Director Strickland advised the planned project for that area will alleviate the drainage problem where the water exits Meadow Ridge subdivision and also give us a nice pedestrian corridor. Mr. Strickland continued and noted College Parkway was partly repaired last year but still has a large section in disrepair; it is a major collector street and Staff would to get the infrastructure in adjacent to it; in conjunction with the Peace Park work. The Railroad Street project will correct the drainage issue in that area as well as the ingress/egress with Roy's parking lot; he intends to co-op with the City on that project.

Ms. Stout advised the remaining monies would be reserved for projects to be budgeted in the following year or for anything that should come up during the year we need to address immediately.

Ms. Stout now addressed the Ad Valorem Capital Project Fund; this fund will be spent down to approximately \$200,000 this year. The bomb building has been awarded; construction has begun and is reflected in the beginning fund balance of approximately \$223,000 with projected revenues of nearly \$162,000 as well as interest income. Currently no projects are slated for this fund.

Ms. Stout called for questions on the General Governmental Funds.

Councilman Rice questioned the time remaining on the bond for the interpretive center.

Ms. Stout advised it was a twenty year bond with seventeen years remaining.

Ms. Stout now directed the Council's attention to the Enterprise Funds and advised she also provided a short history of each enterprise fund for review.

Water Fund; Staff anticipates no increase in water rates this year. Three projects should be funded from depreciation; Ruby Vista tank painting, River Street line replacement and the new utility truck.

Sewer Fund; Staff anticipates no increase in rates this year. Staff is requesting to pay off the 1994 Nevada Revolving Loan; it has a balance of approximately \$1.0 million; we have the

available cash and can save some interest if the Council so chooses to pay this off. The WRF costs are estimated at \$1.7 million and is down from the current year by approximately \$200,000; Staff reviewed various items included in the operating fund and noted they should have been capitalized as they are replacing current equipment in the plant; the life expectancy and cost dictate they should be capital expenditures and not part of the operating budget.

Landfill Fund; no anticipated rate increases but there are some unknowns; permitting for second phase which may increase our post-closure liability costs; currently it is \$92,000 per year and is estimated that could go as high as \$275,000 per year; we don't have a definitive answer on what that cost is going to be.

Mayor Franzoia questioned the potential recycling; is that something you want to go out to bid on to have someone come in and recycle.

Assistant City Manager Andreozzi indicated at this point in time Staff has not worked out any details of what they would like to do; Staff would like to work towards recycling. There are other factors at work and this would put us in a position if one of the factors breaks forth, we would have the location to store some of the recyclable materials.

Mayor Franzoia advised the City went through that process years ago; everyone that provided the service wanted further subsidy which would have increased the cost of operation. There are documents that may provide insight as to that and the associated problems Staff may want to look over.

Ms. Stout continued and stated there are many unknowns associated with this fund; if Staff becomes aware of any additional information they will try and bring it to the Council's attention prior to the final budget adoption.

Airport Fund; this is a difficult fund to predict; the numbers presented for revenue mirror what we have out there for the current fiscal year. The parking fees are estimated at \$108,000; we have seen a decline in recent months in that revenue. Ms. Stout believed for the AIP grant we will only have the entitlement funds coming in; we don't know if we will receive any stimulus monies. City funded depreciation totals \$285,000 and is a small portion of what the actual depreciation is in the Airport Fund; we are not required to fund the FAA portion. The FAA portion of depreciation is \$2.1 million; that amount is up significantly because we have accelerated the depreciation on the failing concrete associated with the airport terminal. Ms. Stout advised there are a lot of unknown factors with this fund i.e. ongoing litigation and the costs associated with that.

Golf Fund; pass player fees were increased in January and is reflected in this operating revenue. Ms. Stout noted funding for the golf course clubhouse renovation is being funded out of the Recreation Fund.

Ms. Stout reviewed the proposed schedule; new sales tax numbers will be presented at the April 14<sup>th</sup> meeting which is also the scheduled date to approve the Tentative Budget. Final budget hearing and approval will be May 19<sup>th</sup>.

Councilman Johnson requested clarification on the formula used to determine increase in cash.

Ms. Stout advised operating revenue and expenses gives you total operating income which gives you a + or – number; you take that number, add it to non-operating revenue, subtract non-operating expenses, add depreciation back in as it is a non-cash expense.

Ms. Stout reminded the Council there will be approximately a \$250,000 residual equity transfer from the Health Insurance Fund back to the General Fund.

Councilman Elquist advised he would address his questions to Staff at the next meeting.

Councilman Johnson requested more information on the master plan.

City Manager Calder advised the master plan we currently operate under has not been redone for a number of years; with the exception of the update on Mountain City Highway; it should be reviewed every five years. The thought process was to get a complete update eventually of the entire master plan but realistically the City can't afford that right now. There are a couple of segments of the plan that really need to be updated in advance of the RDA getting some of their more specific items. When the master plan was created it did not envision redevelopment so the land use component of the master plan is the section Staff would definitely like to focus on. Staff would like to have an outside consultant come in and provide guidance and direction. Staff would like the master plan updated reflecting the redevelopment area and the redevelopment plan. Another area of the master plan that does not have current information is the cultural plan; it has been the focus of the Arts and Culture Advisory Board to create an Elko Cultural Plan which should be worked into some area of the master plan. Mr. Calder noted \$10,000 has been set aside in the tentative budget for hiring a consultant to guide the advisory board and City Council through the creation of that document. The final component Staff would like to look at is Parks and Recreation portion; we don't know what direction we are going and where we want things; we are basically maintaining what we have. We have lots of ideas from people that are good i.e. recreation center; but we don't have a cohesive master plan that would address something of that scope.

City Planner Wynes advised from the planning side, the land use plan is the most critical; the transportation element also needs to be addressed.

Councilman Johnson questioned if the \$100,000 included the cultural and the parks.

Mr. Wynes stated the \$100,000 was for transportation, land use and RDA land use plan.

Councilman Johnson questioned what has not happened that this expenditure will solve.

Mr. Wynes advised in the transportation area it would indicate where we want to put money for future road development; how do we want to see our community develop land use wise.

Assistant City Manager Andreozzi stated the master plan provides guidance for the processes we go through as the community continues to grow; everything from a building permit to what comes before the Planning Commission. The master plan is the backbone and basis for what guides the decisions; we have outgrown the current master plan; we need to get the master plan out ahead of us so as we continue to grow we can apply the principles and action strategies that

will be identified in that master plan to the further development of the community so our uses are not in conflict with each other as the community develops.

City Manager Calder advised there are issues right now that ideally the master plan would help us to address i.e. the City has been working on the BLM land withdrawal with the Indian Colony for close to ten years and is coming to completion; we have submitted our right-of-way applications to BLM so we can acquire our right-of-way on East Jennings and get the loop connecting back to 5<sup>th</sup> Street; all Staff's decisions have been based on the current master plan. It would have been nice if five years ago the master plan had been updated to account for some of these items; we are behind the curve and will get more behind with each year we delay this. Monies were proposed in last year's budget to start this process but the budget was tight and it was pulled; this year we need to get the money back in there and get that process started. Elko will continue to grow and there are many things to be factored into the planning process. We may not have sufficient funds to get an overall complete master plan done this year but we should be able to get several key sections of that plan completed; in subsequent years we update the remainder.

Councilman Johnson noted there were WRF projects hitting fiscal year end.

WRF Superintendent Sawyer advised the Secondary Digester Dome Project is scheduled for May/June. At the April 14<sup>th</sup> meeting Staff hopes to obtain approval to solicit bids for a slip lining and concrete repairs for the Primary Digester Overflow Project which they want to start in July. Staff may come back seeking permission to solicit bids for the Primary Clarifier; there are five projects out there all stacked up and inter-tied that if not done sequentially will have a delay and possible cost over runs. Staff is hoping for approval at the time the final budget is approved.

Councilman Johnson questioned if all funds for all the projects next year would be expended within that fiscal year.

Mr. Sawyer verified they would be.

## **II. PUBLIC COMMENT**

### **A. Public comment period. ACTION WILL NOT BE TAKEN**

This agenda item is to provide time for the general public to address the City Council regarding items of concern. Action cannot be taken at this time, but a matter can be set on the agenda for a future meeting, as appropriate.

There was no public comment at this time.

## **ADJOURNMENT**

There being no further business, Mayor Michael J. Franzoia adjourned the meeting.

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Mayor Michael J. Franzoia

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Shanell Owen, City Clerk