

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

SS March 30, 2010

The City Council of the City of Elko, State of Nevada met for a special meeting beginning at 6:00 p.m., Tuesday, March 30, 2010.

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
Councilman Chris Johnson
Councilman John Rice

City Staff Present: Curtis Calder, City Manager
Delmo Andreozzi, Assistant City Manager
Alan Kightlinger, Fire Chief
Don Zumwalt, Police Chief
Shanell Owen, City Clerk
Dawn Stout, Administrative Services Director
Eric Howes, Parks & Recreation Director
James Wiley, Parks Superintendent
Trent Moyers, Airport Director
Rick Hofheins, Airport Security Manager/Assistant Director
Ryan Limberg, Utilities Director
Dennis Strickland, Public Works Director
Mike Hecht, Deputy Chief/Fire Marshal
Jared McEntire, Facilities Superintendent
Fritz Sawyer, WRF Superintendent
Mike Haddenham, WRF Assistant Superintendent
Antonio Mendive, Water/Sewer Superintendent
Darren Skelton, Public Works Superintendent
Joel Vega, Fleet Maintenance Superintendent
Mike Hess, Landfill Superintendent
Ted Schnoor, Building Official
Dawn Leyva, Recreation Services Manager
Scott Wilkinson, Development Manager
Ed Wynes, City Planner
Jeremy Draper, Civil Engineer
Tony Ferguson, Sr. Engineering Technician
Karen Walther, Animal Control Supervisor
Lorraine Martinez, Accounting Supervisor

I. RESOLUTIONS AND ORDINANCES

- A. Review, consideration and possible approval of Resolution No. 6-10, a resolution concerning the financing of street projects for the City of Elko; directing the Clerk to notify the Elko County Debt Management Commission of the City's proposal to issue General Obligation Street Bonds additionally secured by pledged revenues; providing certain details in connection therewith; and providing the effective date hereof; and other matters related thereto. **ACTION ITEM**

During the March 9, 2010 Council meeting, Staff was directed to move forward with a General Obligation (Limited Tax) Various Purpose Bond (Additionally Secured by Pledged Revenues) for the financing of the Idaho Street Rehabilitation Project. Approval of this resolution directing the City Clerk to notify the Elko County Debt Management Commission of the City's intent to issue the Bonds is the next step in this process. DS

City Manager Calder advised by approving the resolution we will be in a position to go before the Debt Management Commission.

- ** A motion was made by Councilman Elquist, seconded by Councilman Johnson to approve Resolution No. 6-10, a resolution concerning the financing of street projects for the City of Elko; directing the City Clerk to notify the Elko County Debt Management Commission of the City's proposal to issue General Obligation Street Bonds.**

Motion passed unanimously.

II. FISCAL YEAR 2010/2011 BUDGET WORKSHOP

- A. Review, consideration, and direction to Staff regarding the Fiscal Year 2010/2011 budget, inclusive of all funds, including the following Action Items:
1. Possible allocation of total transfer amount to General Fund, including the identification of the source and amount of transfers, and matters related thereto. **ACTION ITEM**
 2. Possible inclusion of a proposed inter-fund loan between the Sewer Enterprise Fund and the Airport Enterprise Fund, and matters related thereto. **ACTION ITEM**
 3. Possible inclusion of a proposed Storm Water Management Utility Fee, and matters related thereto. **ACTION ITEM**
 4. Possible inclusion of a proposed Sanitation Charge-Out from the Street and Parks Departments to the Landfill Enterprise Fund, and matters related thereto. **ACTION ITEM**
 5. Possible inclusion of a proposed Water and/or Sewer Franchise Fee, and matters related thereto. **ACTION ITEM**

6. Possible inclusion of proposed Business License Fee increases, Park/Cemetery Fee increases, and Police Department Fee increases, and matters related thereto. **ACTION ITEM**
7. Possible modification and/or termination of the “Cooperative Agreement for Ambulance Support Services” between Elko County and the City of Elko, and matters related thereto. **ACTION ITEM**
8. Possible partial restoration of previously reduced services & supplies within the Street Department Budget, and matters related thereto, **ACTION ITEM**
9. Possible direction to the City Manager to initiate the reduction of personnel costs through layoffs, wage reductions, or a combination of both, in accordance with the various collective bargaining agreements and applicable City policy, and matters related thereto. **ACTION ITEM**

Mayor Franzoia noted following the last meeting council members received an email from the Finance Department with eight different options for consideration; those options are included on tonight’s agenda.

Mayor Franzoia advised each option would be discussed separately following the presentation.

Prior to beginning the presentation Administrative Services Director Stout advised January sales tax receipts were down 11.3%. The impact to the General Fund for this year is an additional \$155,000 decrease in revenues; the presentation slides have been changed to reflect that. Ms. Stout indicated these are the most up to date figures at this point in time, see Exhibit ‘A’.

Ms. Stout informed the council she stacked the slides; each one builds on the next one.

Option #1:

The beginning fund balance is now \$1.6 million instead of the previous \$1.8. Additional required resources are \$467,240 which equates to 5.5 positions in the General Fund or a 5.8% wage reduction across the board for General Fund employees. The only change to Option #1 was the beginning fund balance which resulted in additional required resources of \$155,000 to reflect the change in sales tax numbers.

Option #2: (Not shown)

Implements the \$375,000 Inter-Fund loan between the Sewer Fund and the General Fund and is taken into consideration on all slides presented tonight.

Option #3:

Implements the \$1.00 per month surcharge for the Storm Water Management Utility Fee and is estimated to generate \$100,000. This option reduces the additional required resources to \$367,240 which equates to 4.3 positions in the General Fund or a 4.56% wage reduction across the board for General Fund employees.

Option #4:

Adds in the charge out for sanitation services that the parks and street department do around town; estimated cost of that is \$55,000 per department. This option reduces the additional required resources to \$246,323 which equates to three positions in the General Fund or a 3.06% wage reduction across the board for General Fund employees.

Option #5:

Includes the 2.5% Water and Sewer Franchise Fees; if implemented this would generate approximately \$75,000 from the Water Fund and approximately \$125,000 from the Sewer Fund. That reduces the additional required resources to \$46,323 which equates to ½ of a position or a 0.6% wage reduction across the board.

Option #6:

Includes various different fees previously recommended by staff and includes cemetery fees, police fees, park use fees and business license fees. Staff estimates those various fees would generate about \$100,000 for the General Fund thereby providing additional available resources of \$53,677.

Ms. Stout noted Business Impact Statements were sent out for the building permit fees and business license fees; Staff recommended a 20% increase as we haven't looked at those fees in over twenty years; that averages out to a 1% increase per year. The cost of sending out the Business Impact Statements was \$5,500; a 1% increase in the business license fee generates only \$3,300 so if we don't increase the business license fees at all we have a loss of \$5,500 on top of everything else we are discussing.

Option #7:

Includes the ambulance fee revenue that would be generated if the contract with Elko County was renegotiated or discontinued; estimated revenue is \$200,000. This would give additional resources in the General Fund of \$253,000.

Option #8:

Takes everything into consideration and adds back \$150,000 in restored expenses to whatever department the council so chooses; possibly in the Street Fund. That reduces the ending fund balance down to \$88,790 available.

Ms. Stout noted, as previously mentioned the current budget within all departments is a very tight shoe string budget; there is no wiggle room.

John Carpenter requested clarification on the reduction in the General Fund from last year to this year.

Ms. Stout advised overall there was a \$1.2 million cut in the current year and going forward for 2010/2011 another \$841,000 was cut; for a total of over \$2.0 million.

Mr. Carpenter believed if you add all the increases the city wants to put in this budget it totals over \$1.5 million. So in reality, if the city does all those increases they are only reducing by \$500,000 which isn't a great deal. Mr. Carpenter was opposed to a parade fee increase from \$50 to \$500; most parades are put on by regular citizens and it is not fair to charge that amount. Mr.

Carpenter questioned the \$55,000 charge out for parks and streets; where does that money come from?

Ms. Stout advised the monies would be charged directly to the Landfill Fund as trash pickup is typically a sanitation function rather than a General Fund function.

Mr. Carpenter then questioned if in the future the Landfill Fund becomes short we will have an increase in landfill fees.

Ms. Stout indicated that was a possibility.

Mr. Carpenter referred to the proposed money to be taken from the Water Fund and put into the General Fund to pay for the suit at airport. Staff is saying it will be paid back within one year; where does that come from and do you believe the suit will be settled in one year?

Ms. Stout advised it was up to the courts as to how fast that process goes; once it is settled the loan would have to be paid with interest. The longest we can go with an inter-fund loan is twelve months; it would be a rolling twelve month period. The monies needed on a monthly basis would be transferred and borrowed from the Sewer Fund; per NRS interest and principal would have to be paid back within twelve months.

Mr. Carpenter questioned if the suit went six years or longer we could be looking at an increase in the water fees to pay for this.

Ms. Stout advised the monies would be coming from the Sewer Fund; the Sewer Fund has a cash balance that can cover that amount of money without jeopardizing the fees in that fund. Fees would not be raised in that fund to cover the inter-fund loan.

Mr. Carpenter questioned what was currently in the Sewer Fund.

Ms. Stout advised approximately \$7.5 million.

Mr. Carpenter believed it was poor business; the taxpayers shouldn't have to finance this lawsuit.

Mr. Carpenter continued and expressed concern over franchise fees; that has never been done and it should be called a tax increase because that is what it is. We are already paying a lot for sewer and water and now have to pay another 2.5% and \$1.00 per month for a Storm Water Management Fee. Mr. Carpenter believed what is happening here is the budget is basically balanced; it is only \$500,000 out; you are balancing the budget on the back of the people in tough economic times.

Mr. Carpenter requested clarification on the resolution and the statement of how it would be additionally secured.

Mayor Franzoia advised there are two different revenue sources; RTC and Consolidated Tax.

Ms. Stout clarified the issue further; the RTC taxes currently generate a little over \$500,000 and the \$0.075 tax generates approximately \$290,000 on the City's side; those are the two sources of revenue.

Mr. Carpenter questioned if there would be a shortage of revenue later; do you have to put these other taxes into it.

Mayor Franzoia advised if we combine the two together into one bond instead of getting \$10 million we could accumulate another \$2.9 million additional.

Ms. Stout corrected Mayor Franzoia's estimate; we would generate \$10.5 total.

Mr. Carpenter questioned why the City is putting the 15% in.

Ms. Stout advised the pledged revenues are the C-Tax monies and are additionally secured by the RTC funds as well as the \$0.075 tax. We are using the C-Tax as pledged revenue but they are being paid from the \$0.075 tax.

Mayor Franzoia advised we have to have a one year backup.

Mr. Carpenter again asked why the city is putting these funds in there.

Ms. Stout advised it is just a method of financing the bonds and getting the coverage we need to make it \$10.5 million as opposed to \$7.0 million; it is a financing method. The pledged revenue is the C-tax.

Mayor Franzoia advised Mr. Carpenter this was discussed and suggested by Bond Counsel.

Mike Lattin agreed with Mr. Carpenter; the city is balancing the budget on the back of taxpayers. Down the road we are going to have to change things; government is going to have to stop growing at the rate they have been. We are going to have to spend our money more wisely; we aren't going to be able to do some of the things we have in the past and we need to work towards that in the future. Mr. Lattin stated the one thing that bothers him the most is the franchise fees; it is a rate increase or another tax and how you can justify that. Why don't you call it what it is instead of trying to confuse the public; it is just an increase in water and sewer rates.

Mayor Franzoia clarified when it was brought forth as a concept there was no inclusion of any rate increase.

Mike Lattin believed the city was charging the residents of the city a franchise fee higher than what is charged other utilities.

Mayor Franzoia advised the maximum utility fees are set by the State of Nevada and they can't be exceeded.

Ms. Stout advised the maximum that can be charged in franchise fees is 5%; we currently charge 2% for everything with the exception of the TV franchise which is 5%. We could increase everything to 5%.

Councilman Elquist noted we have eight options and that fee is on two of them. The question was; what is the job of the General Fund and what is being subsidized by it. Staff was asked to come up with what it costs to do various functions that are outside the General Fund and the Council will need to decide what they want to subsidize. Right now we are looking at everything. We charge 2% to the other utilities; should we do the same for water and sewer as enterprise funds. It is just a concept. That is the discussion on all of these fees, should we subsidize them.

Mike Lattin acknowledged Councilman Elquist's statement; it makes sense. Mr. Lattin then commented if we can fund the arts and culture then we can help the parades.

Mayor Franzoia advised just because the council approves some of these does not commit the city outside of having it included in trying to get something done for the tentative budget. Any of these can be revisited and are only going to be considered in the budget.

Councilman Elquist believed Option #1 seems like something you would do last depending on how we decide on some of the other items.

Mayor Franzoia commented other items they haven't discussed before include the storm water fee. The storm water fee is a specific fee. Mayor Franzoia felt it is a good proposal and has merit.

Councilman Elquist questioned how that fee will be collected.

Ms. Stout advised it would be a \$1.00 fee on the utility billing each month. It would be distributed to the General Fund.

Councilman Rice referred to option #6 as an example of a place to start; there may be some wiggle room in those numbers to balance the budget. The ambulance revenue is not on the table right now and can be looked at in the future as can some items from the police department that could generate some additional revenue. They aren't tools we can use now to balance the budget but they are things we could use in the future to offset some fees we may need to charge i.e. franchise fees.

Mayor Franzoia advised if option #6 is approved there are still several steps necessary to make it happen i.e. fees and processes etc. It could change even further in the year if sales taxes don't stabilize; we could be revisiting other portions of the budget we have approved. We need to determine if we need to do the business impact statements for the franchise fees and the storm water fee.

Ms. Stout believed a Business Impact Statement would be necessary on storm water management; it would affect businesses.

Councilman Conner requested clarification option #6; does it includes all fee increases recommended by Staff.

Ms. Stout verified that was correct; those fees would generate approximately \$100,000 total.

Councilman Elquist believed option #6 is a good starting point. Do we have enough information in front of us to get to a balanced budget?

Ms. Stout advised the fees have been going down for this fiscal year so it was difficult to estimate what we think we will generate in revenues should all these go into effect.

Councilman Elquist believed the question we need to be asking is; are they justified?

Mayor Franzoia questioned the fees associated with storm water; what are they really?

Development Manager Wilkinson advised currently the Department of Environmental Protection is in the process of rewriting the permit; it is going to be a lot more onerous than the current one. We pay 25% of our Environmental Coordinator wage out of the General Fund and this fee could go towards that. We are going to have a lot more permit requirements in place; right now we do a lot of sampling which is expensive and that could also be paid with this fee. Right now the agency is looking at post-construction runoff control and trying to place limits on the water being discharged from i.e. subdivision or larger development; we will have to sample for that and determine if we are meeting water quality limits; not at the outfalls at the river but at development sites. The costs are going to go up but it is hard to determine what those costs are going to be. Additionally with this fee we are trying to provide some additional money to the street department for maintenance of our storm water infrastructure. Mr. Wilkinson believed \$100,000 is probably reasonable at this time; as the program matures the city may need additional revenues to cover the costs.

City Manager Calder commented not only is money to be used for permitting and maintenance of the system; our current system is old and when there are failures the street department is having to pay for that and it is an unbudgeted expense; happened a couple of years ago and that is not cheap. The City could budget \$500,000 a year just to replace aging infrastructure; staff believes \$100,000 is a reasonable start; if there were several failures in a year that would be a significant hit to the General Fund.

Councilman Elquist believed that type of fee sounds like it is a water function; maybe that department belongs in the water/sewer department and we treat it like a utility.

City Manager Calder advised staff envisions it as a utility but whether or not you could combine it and make it a legitimate part of the water or Sewer Fund that has individual users paying an actual rate for a service received, we are not sure.

Councilman Johnson indicated there are multiple options; Council needs to determine what the majority decision is. He would not support option #6; he does not like water/sewer franchise fees, is not sold on the park fee and having the landfill charge for it. He was unsure if the street side was included in option #6. If there is support to go down that route then that it needs to be discussed; it can be decided by a majority. Councilman Johnson believed Option #6 is not a good budget; the budget is a plan for the rest of the year and the plan for years to come. The economy is in bad shape and government needs to react just like any other entity; increase in rates is not the answer. A change of business is the answer; it is a tough course and that is what will have to happen.

Councilman Conner agreed it is a tough decision; the biggest thing he doesn't want to see is wage reductions and layoffs. We have people that work hard and depend on their jobs; the City of Elko doesn't run on a bunch of people, they work hard and we don't have extra people to throw out. Councilman Conner stated we haven't hired a lot of the people we laid off previously; he is willing to pay a little more so that someone keeps their job. Option #6 is a reasonable way to look at this; we need to try to keep our people.

Councilman Elquist agreed with Councilman Johnson but was unsure if we need to be so black and white. Make sure we are not subsidizing and possibly cut some of the fees that are suggested or throw some out altogether if we don't believe they are legitimate or the right way of doing business; whatever dollars are left we have to make up either through layoffs or wage reductions. We can discuss each item on their merit and see where they balance. We can reintroduce revenue stabilization to lessen the impact on the employee issue. Councilman Elquist stated he was not in favor of just going with option #6; he wants to discuss each of item.

Councilman Rice indicated he looks at option #6 as a place to start. We can look at all of them but he wants to prevent any layoffs; not only for staff but also for the service levels. Maybe they will have to consider wage reductions but there are other items to look at.

Ms. Stout stated the General Fund has one hundred twenty-five employees; the same staffing level as in 1997.

Mayor Franzoia acknowledged we have the same number of employees we did twelve or thirteen years ago; the economy we are in today is quite different than the last layoff. Our unemployment rate is substantially higher at 8.1% and we don't see that changing in the near future. Last time we had a balanced approach to the issue and did a little bit of everything; we may end up doing the same this time. Mayor Franzoia noted there is also the idea that you don't raise fees when businesses are struggling.

Councilman Rice noted many of these fees haven't been looked at for 8, 10 or 30 years; fiscal crisis or not, it is time to look at them.

Mayor Franzoia believed you should look at them when times are good.

Councilman Elquist stated we have to look at the subsidies. If we are looking at the fees and trying to bring them inline and we charge for what we think is the right way it doesn't mean we have to grow government; we can reduce how much we are subsidizing and still have wage reductions. It should be our goal to get the fees and charges coming from the right spot; if we think cleaning up the streets belongs as a sanitation function then we should get the dollars from there and correct it on the other end; if we don't then let's get rid of it because it is a General Fund function; accept it as that. We need to make those decisions.

Councilman Johnson stated he was not in favor of the amount of rate increases proposed; but if that is the majority of the council let's start establishing that majority so we can fix it. Any motion that is made and voted on doesn't mean it is set in stone; it can be changed; it gets council focused on one topic; do you want it or not and then you move on to the next one. At least make some decisions on each item and then we can go back for further discussion.

Mayor Franzoia advised we are in a situation that is unpredictable. New sales tax figures show we are not coming out of this. Mayor Franzoia indicated we are down to what we have determined is the minimum staffing levels; that is a major thing to consider in the future. Everything he has read says it will be two more years before we start to see a rebound in the economy; historically Elko doesn't respond as quickly as larger cities. Mayor Franzoia stated wage reductions have to be looked at. Also, fees related to parks we need to address sooner than later but they aren't going to balance the budget; they are too small. The State of Nevada has problems that transcend back to local government; we could survive if we take pay cuts because everyone is still intact. Mayor Franzoia stated the system is broken; there is no question about it. We're fortunate that we haven't done the drastic things that Las Vegas, Reno, Sparks and Carson City have done. We are trying to avoid that because we know it is a bitter pill to swallow. It is tough to be on this level making those decisions; are there ways we could fix it i.e. the ambulance, certainly, but we create other issues that take it away. Mayor Franzoia was opposed to going that direction. Mayor Franzoia believed the sales tax is going to change; February is probably going to be worse than January. Mayor Franzoia was opposed to fee increases knowing that it isn't going to be enough.

Councilman Rice stated there are fee increases going on at the college as well. It is evident we need to look at wage reductions.

Mayor Franzoia stated the private sector isn't getting wage increases. If we say to the public, bail us out, then we need a balanced approach and it has to be on the table.

Councilman Rice agreed but we have to consider fee increases and wage reductions; we as a council would also have to take a reduction.

Dan Bledsoe acknowledged everyone is in agreement; we have to do something; everyone sitting here tonight wants to know what that is going to be. Put a number on it so they can go back as bargaining units, fathers and mothers and figure out what we are going to do to get through this. Nothing has been done in the last three meetings that move any of the employees forward to where we need to be.

**** A motion was made by Councilman Elquist, seconded by Councilman Rice to adopt option #6 as the framework; cut water and sewer franchise fees to 2%, reduce park fees for budget purposes to \$1,800.00 and eliminate entirely the sanitation charge outs. Propose a 2% wage reduction to employees. The other fees make sense and that is a compromise of reducing expenses and revenues. That is approximately \$161,000 from reduction in wage and \$152,000 reduction in revenue.**

Councilman Rice proposed an amendment of 1.5% reduction in wage and go into the Revenue Stabilization Fund to pick up that .5%; that is what it is for.

Councilman Rice wanted to emphasize we have good ideas from the entire organization of the City of Elko for revenue generating ideas that could help us going forward.

**** Councilman Elquist amended the motion to fund \$50,000 through revenue stabilization and drop the wage reduction to 1.5%, Councilman Rice seconded the motion.**

Councilman Johnson stated franchise fees isn't fair and isn't the right thing to do. It is one of those things that get people distrusting of government.

Development Manager Wilkinson questioned what happens if the bargaining units don't accept the wage reduction; does the whole reduction in the motion just made fall on to the non-represented staff.

Mayor Franzoia stated he would not answer that; there is a process we go through first.

City Manager Calder advised once we know what the deficit is the Mayor will move us to Item #9 and act on that action item as written so staff has the authority to work through those issues.

Mayor Franzoia acknowledged we never looked at franchise fees on the sewer before. Mayor Franzoia stated because of the franchise fees he would not support the motion.

Councilman Elquist believed the job of a utility is to recover its costs and to fund its build-out so it is a safe, reliable system. The franchise fees come back into our coffers as a city and we use that money to support public safety and roads etc.; if we aren't a fan of those and we don't think a utility should pay; should we be budgeting for those fees. It really is a feed-through tax in essence to rate payers; the question is; is it justified, does it make sense, is there an impact there we should be recovering to help fund streets or public safety or any social cost that comes as a result of that utility. We do it to all the other enterprise funds; we use it and we use it effectively. Councilman Elquist believed if we are going to take the users of other utilities, charge them 2% and bring it back to us it has merit to do the same with the water and sewer and help with the impacts they have on streets and public safety. Franchise fees are a reasonable way to go and have merit.

Councilman Rice also believed franchise fees were a reasonable way to go.

Utilities Director Limberg addressed Mr. Lattin's question and advised Chapter 711 of NRS talks about franchise fees; but doesn't say much to water and sewer. Mr. Limberg noted a franchise fee is also referred to as a right of way toll.

Mr. Limberg addressed Councilman Elquist's question of not subsidizing and stated it was his personal opinion the General Fund is not subsidizing the water and sewer. If water and sewer are charged franchise fees he believed water and sewer were subsidizing the General Fund. That is the case in Sparks, NV, 40% of the franchise fee goes to the General Fund and the other 60% goes to the road fund. Carson City charges a right of way toll; that started in September 1, 2002; that is 1% for water and 1% for sewer. Reno is paid 3% by Truckee Meadows Water Authority; Sparks is paid 5% to have the water lines in that right of way. Chapter 711 does talk about a twenty-five year life of the franchise fees as well as the 5% cap. Mr. Limberg believed if you own a hundred acres of land and the power company wants to run a power line across it they need to give you something for occupying your ground; however if you want to run your power line across your own ground you wouldn't pay yourself. In considering franchise fees Mr. Limberg advised the storm drain needs to be included for considered; it is also a utility in the public right of way the same as water and sewer.

Mayor Franzoia requested staff bring back more information on other communities that charge a franchise fee; include how much they pay monthly on their bills.

Councilman Conner questioned the amount of funds in revenue stabilization fund. How much is being considered for use.

Ms. Stout advised the revenue stabilization fund has \$460,000; \$50,000 is being considered to help balance the budget.

Ms. Stout advised Option #6 has been updated to reflect the motion; water and sewer fees now total \$160,000, park fees are \$1,800, \$50,000 has gone to the revenue stabilization fund, charge outs for sanitation have been removed from both parks and streets; we need \$60,000 to make it a balanced budget.

Councilman Elquist questioned if the 1.5% wage reduction was included.

Ms. Stout advised that would equate to approximately \$120,000; it was not included with the changes but would bring the budget into balance.

Councilman Elquist acknowledged franchise fees are controversial fees but believed if water and sewer are private this is an expense they would have; it is a matter of trying to get the revenue from the right spots.

Councilman Conner preferred rather than doing a wage reduction take \$150,000 from the revenue stabilization fund.

**** Mayor Franzoia called for a vote on Councilman Elquist's motion.**

Motion failed 2 to 3.

Mayor Franzoia, Councilman Conner and Councilman Johnson voted against.

**** A motion was made by Councilman Conner to keep the same motion as before but take away 1.5% in wage reductions and put in \$150,000 from the revenue stabilization fund.**

Motion died for lack of a second.

Following the motion Councilman Elquist commented we have to change the way of doing business and we need to share the pain. It is not unprecedented; you are seeing wage reductions in the private industry, in the school system and in the state. Councilman Elquist was not sure as managers of tax dollars we should exempt ourselves from that entirely. We need to get a budget passed and we need to compromise as we attempt to put something together.

City Manager Calder reminded everyone the city council has contracts, collective bargaining agreements that are in force and effect. He did not want anyone to have the misconception that if you say a 1% wage reduction that no one will end up losing their jobs; it will be up to the unions to decide what they want to do. Mr. Calder asked them to keep that in mind and to note that

option #9 is worded very specifically and he will need that specific action taken when the deficit is determined.

**** A motion was made by Councilman Rice, seconded by Councilman Elquist to keep the same figures presented in the original motion by Councilman Elquist with the amendment to take \$75,000 from the revenue stabilization fund and \$80,500 in wage reductions.**

**Motion passed 3 to 2.
Mayor Franzoia and Councilman Johnson voted against.**

Under further discussion Councilman Johnson questioned if option #6 still has streets cut as originally proposed.

Ms. Stout verified it does.

**** A motion was made by Councilman Johnson, seconded by Mayor Franzoia to allocate \$250,000 to be funded toward streets.**

After the motion and before a vote was taken Mayor Franzoia questioned the impact on the budget.

Councilman Johnson advised it will knock it back \$250,000 plus a \$63,000 deficit. Councilman Johnson qualified his motion by stating the City of Elko has not funded streets for many years. The trend in economics is going to be pretty much what we are seeing; we need to make part of the solution that we maintain basic services for the city; street maintenance and repair is one of those required services.

Councilman Elquist agreed we are responsible for all of our assets; to fund and keep them up to provide a nice legacy for future generations. Councilman Elquist believed we are doing our job with streets; with this budget we aren't taking a year off; we just aren't funding it fully. Councilman Elquist stated he felt okay about the budget due to the two capital street projects we will be undertaking.

Police Chief Zumwalt advised all department heads he has spoken with realize the revenue stabilization fund is a one-time fund. They would prefer doing whatever is necessary to keep employees and the city whole; realizing that in six months, if the economy continues to slide, we may have to adjust it at that time. But, if that is the case we will know we did everything we could. We have the revenue stabilization fund; it isn't much but if we even use half of it that is better than a 1% wage decrease which sets everyone back.

Mayor Franzoia called for a vote on the motion.

Councilman Johnson requested the motion be restated.

Mayor Franzoia advised the motion was to put \$250,000 into the street budget.

**Motion failed 2 to 3.
Councilman Conner, Councilman Elquist and Councilman Rice voted against.**

Mayor Franzoia now addressed option #9.

**** A motion was made by Councilman Rice, seconded by Councilman Elquist directing the City Manager to initiate the reduction of personnel costs through layoffs, wage reductions, or a combination of both, in accordance with the various collective bargaining agreements and applicable City policy.**

Motion passed unanimously.

III. 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.

Phil Snyder questioned why the city funds the airport; it benefits the region and should be a regional facility.

Mayor Franzoia advised the airport has always been in the city's control; if we tried to change it would take on those obligations. Regional funding would have to be a legislative action.

Councilman Elquist agreed with Mr. Snyder; it is a keen observation and it should be in our vision to make it a regional facility.

ADJOURNMENT

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

Mayor Michael J. Franzoia

Shanell Owen, City Clerk