

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

SS December 13, 2011

The City Council of the City of Elko, State of Nevada met for a regular meeting beginning at 4:00 p.m., Tuesday, December 13, 2011.

This meeting was called to order by Mayor Chris J. Johnson

**NOTE: The order of the Agenda has been changed to reflect the order business was conducted.**

Mayor Present: Chris J. Johnson

Council Present: Councilman Jim Conner  
Councilman Jay Elquist arrived @ 4:10 p.m.  
Councilman Richard Perry

Council Absent: Councilman John Rice

City Staff Present: Curtis Calder, City Manager  
Delmo Andreozzi, Assistant City Manager  
Shanell Owen, City Clerk  
Don Zumwalt, Police Chief  
Matt Griego, Fire Chief  
Dawn Stout, Administrative Services Director  
Ryan Limberg, Utilities Director  
Dennis Strickland, Public Works Director  
James Wiley, Parks Superintendent  
Darin Windous, Fleet Maintenance Superintendent  
Scott Wilkinson, Development Manager  
Doug Gailey, Human Resources Manager  
Jeremy Draper, Civil Engineer  
Ted Schnoor, Building Official

## PLEDGE OF ALLEGIANCE

## COMMENTS BY THE GENERAL PUBLIC

Pursuant to N.R.S. 241, this time is devoted to comments by the public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified as an item for possible action. **ACTION WILL NOT BE TAKEN**

There was no public comment at this time.

**APPROVAL OF MINUTES**            **November 8, 2011**  
   **November 22, 2011**

**\*\* The minutes were approved by unanimous consent.**

**ACKNOWLEDGEMENT TO MS. JEAN ANN RODRIQUEZ FOR THE DONATION OF LANDSCAPING AND ROCK MATERIALS – NON-ACTION ITEM**

**ELKO COUNTY MONTHLY UPDATE: COMMISSIONER GLEN GUTTRY – NON-ACTION ITEM**

**PRESENTATION BY LOU SCHACK OF BARRICK GOLD OF NORTH AMERICA – NON-ACTION ITEM**

See Exhibit ‘A’.

Lou Schack gave presentation on what Barrick is currently doing around the region; see Exhibit ‘A’. The presentation covered; safety, operation properties, management, employment projections, economics, investments of the mine and community support. Mr. Schack referred to the employment projections for 2012 and advised they estimate a turnover of 500 employees, with retirements, and new positions of 280.

Councilman Perry questioned the 280 new positions in Nevada for 2012; how many of those will be in Elko?

Mr. Schack estimated 200+ would be living in Elko and Spring Creek.

Mr. Schack advised they are a quiet partner of the Rabbitbrush Run project. Barrick has tried for years to get some housing in the area; housing has been a challenge for 6+ years.

Councilman Elquist noted there had been had talked about growth at Cortez and also that at Goldstrike the ounces had fallen off a bit. What about the backside of the mine and when you see employment levels falling?

Mr. Schack advised Goldstrike is somewhat constrained by the property size and where they can expand. Arturo will sustain all the surface mining jobs over a certain period. The Goldstrike underground is still going and has a healthy life in front of it; but there is a limit. Another thing to remember is that Goldstrike is unique; it has all of the processing facilities regardless of what is going on at the mine site.

Councilman Perry commented on the net proceeds number referred to in the presentation and advised it is an ad valorem tax for the production of gold. It is based on the county of origin of the ore and it is distributed to the county and state roughly 50/50. Elko suffers because the city

does not get any revenues; most of the ore is in Eureka and Lander County. We get a lot of the social impacts but share none of the revenues that are supposed to address those.

Mr. Schack noted there are those that argue the city gets the commerce; and that is good, but the tax base isn't there. It would be nice to see a full discussion of the tax structure in Nevada instead of the constant war over pieces of the tax structure; get it resolved.

Councilman Elquist believed Mr. Schack could be an advocate on behalf of the city for that discussion.

Mr. Schack believed he had been.

Councilman Elquist agreed with Councilman Perry; the social impacts are on us i.e. streets and large trucks; and the monies go to the other counties.

Councilman Elquist believed it was a worthwhile discussion for Barrick and what legacy they leave behind. Is there anything the City can do; from a standpoint of presenting Barrick with things?

Mr. Schack advised they need to talk more often; in a formal way.

Councilman Elquist commented when you think about our recreational center; that benefits the mines for retaining employees. It would be nice to have some dialog; some type of ten-year plan.

## **I. PERSONNEL**

### **A. Employee Introductions:**

- 1.) Ms. Debra Bell, Landfill Attendant, Landfill
- 2.) Ms. Jill Maher, Police Records Technician I, Police Department
- 4.) Mr. Darin Windous, Fleet Maintenance Superintendent, Fleet Department

## **II. APPROPRIATIONS**

### **B. Review, consideration, and possible issuance of Final Acceptance for the Idaho Street Phase II Waterline Improvement Project, and matters related thereto. **FOR POSSIBLE ACTION****

This project was awarded to Q&D Construction at the May 24, 2011 City Council meeting. The work has recently been completed and Staff is recommending final acceptance for the project. There were both positive and negative change orders on the project, primarily due to quantity adjustments, with a net of the project being completed \$10,267.85 UNDER the bid price. AM

Utilities Director Limberg was present to answer questions.

**\*\* A motion was made by Councilman Conner, seconded by Councilman Perry to approve Final Acceptance of the Idaho Street Phase II Waterline Improvement Project.**

**Motion passed unanimously.**

- C. Review of the bids received and possible award of a contract to supply the City of Elko with One (1) New Skid Steer Loader. **FOR POSSIBLE ACTION**

At their October 11, 2011 meeting, Council directed Staff to solicit bids for a new skid steer loader. The deadline for submitting bids was 3:00 p.m. local time, on Friday, December 2, 2011. A bid tab is provided in the agenda packet. The City received three bids. The apparent low bidder is Blaine Equipment Company in the amount of \$42,520.00; however, they had two deviations from the specifications. Therefore, Staff recommends awarding the bid to Cashman Equipment who bid \$43,436.00, but had no deviations. DS

Public Works Director Strickland explained there was a third deviation by all the vendors, with the exception of Cashman; and that was on the flow of the machine. The flow is critical and therefore Staff recommends awarding the bid to Cashman Equipment even though there was a \$916.00 difference in the bid.

Mr. Strickland advised he spoke with the City Attorney who indicated even with the deviations city is within their purview to award to Cashman Equipment.

Mr. Strickland continued and advised the equipment will fit in with the existing equipment.

**\*\* A motion was made by Councilman Elquist, seconded by Councilman Perry to award a contract to Cashman Equipment Company to supply the City of Elko with one new Skid Steer Loader in the amount of \$43,436.00.**

**Motion passed unanimously.**

- D. Review, consideration and possible authorization to reduce the retention amount on the Elko Regional Road Repair Project, and matters related thereto. **FOR POSSIBLE ACTION**

As the project is nearing final acceptance, City Staff feels that it is appropriate to reduce the retention amount from \$500,000 to \$100,000. DS

Civil Engineer Draper advised this was a request from Q & D. With any of our capital projects we hold back 5% of the project cost as retention; after we do final acceptance for the project we hold that retention for an additional 30 days to allow any sub-contractors to notify us if they have not been paid for their work on the project etc. With this project we are holding back approximately \$548,000; Q & D has asked us to reduce that. Staff is not aware of any sub-contractors that have not been paid to date or received any phone calls with the exception of one. Staff spoke with them and also Q & D; they are just waiting for the pay request to be processed and the sub-contractor will be paid; that amount is \$2,000.

Mr. Draper indicated there are a few punch list items outstanding for the project; minimal signage and some delineators. However, Staff believes it is appropriate to reduce the retention amount.

Councilman Elquist requested verification the amount of punch list items is well below what we will have for a retainer.

Civil Engineer Draper verified that was correct; total punch list items are approximately \$10,000.

Councilman Elquist wanted clarification on the retention amount; the agenda item lists it as \$500,000 and Mr. Draper had indicated it was \$548,000.

Mr. Draper advised an estimate was provided for the agenda item; the actual amount is approximately \$548,000.

Councilman Perry questioned whether final acceptance is anticipated for January; at that time council will see the entire cost for the project.

Mr. Draper verified that was correct.

**\*\* A motion was made by Councilman Elquist, seconded by Councilman Conner authorizing Staff to reduce the retention amount on the Elko Regional Road Repair Project to \$100,000.00.**

**Motion passed unanimously.**

- E. Review, consideration, and possible direction to Staff to obtain an appraisal for approximately 40 acres of land bordering the WRF Rapid Infiltration Basins, and matters related thereto. **FOR POSSIBLE ACTION**

City Staff believes it is prudent long term planning to purchase additional acreage surrounding the Rapid Infiltration Basins (RIB's). Currently the City has a 500' buffer of City owned property adjacent to the North end of the RIB's and would prefer to have a 1000' buffer. The owner of this land, Jordanelle Third Mortgage (JTM), has mentioned an interest in selling the land at the current appraised value, provided the City is also willing to slightly expand and modify an existing Right-of-Way to JTM property. If approved, Staff will bring back the appraised value for Council to consider purchase of this land. RL

Utilities Director Limberg advised this was discussed during a previous council meeting. Since that time there have been further discussions with representatives of Jordanelle Third Mortgage. Present tonight is Scott MacRithchie representing JTM.

**\*\* A motion was made by Councilman Perry, seconded by Councilman Elquist directing Staff to obtain an appraisal for approximately 40 acres of land bordering the WRF Rapid Infiltration Basins.**

**Motion passed unanimously.**

### III. NEW BUSINESS

- A. Review and possible approval of an agreement with Greg Beasley to Adopt-a-Street for litter collection in the public right-of-way on West Idaho Street from the intersection of Mountain City Highway to the Elko City Limits at Hot Springs Road, and matters related thereto. **FOR POSSIBLE ACTION**

Greg Beasley is interested in volunteering his services for the Adopt-a-Street program. This portion of West Idaho Street is currently available for adoption.

**\*\* A motion was made by Councilman Perry, seconded by Councilman Conner to approve an agreement with Greg Beasley to Adopt-a-Street for litter collection in the public right-of-way on West Idaho Street from the intersection of Mountain City Highway to the Elko City Limits at Hot Springs Road.**

**Motion passed unanimously.**

### II. APPROPRIATIONS

- F. Review, consideration, and possible action to approve a request from Elko Mountain Village (EMV) for financial assistance from the City of Elko for projected water system related infrastructure necessary to provide water service to the proposed Elko Mountain Village project, and matters related thereto. **FOR POSSIBLE ACTION**

Elko Mountain Village has provided the City with a Utility Master Plan projecting the infrastructure required to provide water and wastewater services to the proposed development and adjacent properties. As the construction costs are considerable, EMV is requesting the City contribute funds to pay for infrastructure needs beyond the first phase of development. RL

Utilities Director Limberg noted there was considerable material in the agenda packet for the council. In general, Staff is looking for council direction, either approval or denial. If approved we can define the specifics in greater detail and bring that back for consideration at a future date.

Development Manager Wilkinson advised the packet included a memo to the council from him. He looked at this from a global view, with a secondary consideration of financial capability and the timeliness of the request and thirdly, consideration of the proposal. He also included information related to our master plan and land use needs. In addition, our Civil Engineer queried our GIS data base using a threshold of five acres for different zoned parcels throughout the community that are served with water infrastructure and those that aren't; tonight we will be able to show that as a visual aid for the council.

Mr. Wilkinson believed the council did not have all the information needed to make a decision tonight.

Aaron Robertson informed the council he wanted to clarify what they were asking for. For this project they are missing a city water tank in this area. As opposed to waiting for the City to build a tank so this part of the city can develop they would like the city to invest with them on this project. They will fund some of the front-end money for the tank and ask the city to put up the balance now; as opposed to waiting for some time in the future. Their incentive to do this is the high demand for the product they are offering. Mr. Robertson believed they could move through the project quickly and generate revenue both for them as a land-owner and developer and the city as a tax collector and collector of connection fees.

Mr. Robertson noted previously there had been discussion of the developer putting the tank in and receiving "up to the cost" invested in the tank a credit on the connection fees. Since that was proposed by a different developer financing has become more difficult; not easier. The developer is looking to fund this with cash and they need to scale down as much as they can to make it happen; one of those ways is to have the city participate up front, as they normally would on the cost of the tank; still leaving in a connection fee credit for the money the developer invests into the tank. By doing it this way it is their belief everyone is being treated fairly.

Mr. Robertson acknowledged the city doesn't have a responsibility to help developers develop their property; however if the city wants to grow they have to provide the ability to do so. Providing a water tank in this area of town is what needs to happen for the area to develop beyond what it currently is due to water pressure.

Mr. Robertson noted the city has already made some investments in an effort to try and make this corner of town developable; sewer lines have been run to the hospital for its use, water supply etc. have been expanded. They are, in essence, allowing the city to capitalize on previous investments that have been made.

Mr. Robertson stated again they believed the demand for what they are offering is high and they can move through the process quickly; therefore the risk for everyone is low.

Mr. Wilkinson informed the council there is some confusion; this proposal is not just for a water tank. It is about the entire infrastructure from the existing tank up to and including the proposed water tank at the lower elevation. It doesn't take into account consideration for another pump station, another line and upper tank that is shown in their utility master plan.

Councilman Elquist requested further clarification on Mr. Wilkinson's statement.

Mr. Wilkinson clarified the developer has costs buried in for supply lines, roads, pumping station etc.; their proposal isn't just for a water tank.

Utilities Director Limberg verified that was correct and directed the council's attention to page two of the Elko Mountain Proposal which included a number of items.

Mr. Wilkinson informed the council the utility master plan from the developer shows a lower and upper elevation. In this proposal, for the first phase, they are talking about the lower elevation infrastructure. The total acreage in this area is approximately 334 acres; the acreage that could

be served with this lower elevation is approximately 274 acres. The land use component shows the area as general commercial and high density residential; which is consistent with the current zoning districts.

Mr. Wilkinson noted there has been much discussion on the need for various housing types within the community. But in looking for available acreage where you might have high density residential development; five acres is probably a lower threshold and there is not a lot of property within the community that is served that has that type of acreage available; based on that; this proposal merits some consideration.

Mr. Wilkinson advised when work was being done of the city's master plan Staff did a detailed survey of the commercial property throughout the city; and we do have a lot of vacant commercial property. Within this proposal they talk about the city being able to recoup its investment through connection fees that may happen with the commercially zoned property. Mr. Wilkinson cautioned the council that it may take quite some time for that particular commercial property to develop because there is so much vacant commercial property out there.

Civil Engineer Draper referred to an overhead map which showed an inventory based on the county assessors definition of vacant land which Staff has broken down into different areas. Mr. Draper advised of all the vacant land within the City of Elko there are approximately 82 parcels that are listed as vacant. Mr. Draper identified the vacant parcels that are outside our current water zones, those inside of a flood way along the Humboldt River and other vacant parcels including those under a non-specific zoning, planned commercial, PUD; an area where an apartment complex would not be permitted. After identifying those areas Mr. Draper noted the vacant parcels left fall under agriculture, light industrial or commercial and CT; both of which allow apartment complexes per our current zoning; and then you have residential.

Mr. Draper noted one parcel was identified as residential but there are a lot of topography issues with that. It is serviceable but we will have to extend our water main approximately one mile to reach that parcel. We would also have to do some upgrades to our sewer system; including an upgrade to a river crossing.

Mr. Draper directed the council's attention to vacant land left within the city; when you take away agriculture and light industrial; less than twenty parcels are either currently zoned residential, R3 or commercial. Mr. Draper stated things get very sparse within the City of Elko for providing housing opportunities for multi-family housing.

Councilman Perry requested verification the parcels referred to were five acres or larger.

Mr. Draper verified that was correct. Staff believes five acres is the minimum number you would want to see for an apartment complex.

Utilities Director Limberg referred to the two vacant parcels at Exit 298. It was said they were outside our existing pressure zone but in fact the Indian View tanks will serve that ground. We need a transmission main to get there; it currently stops at Sundance Drive.

Mr. Draper verified that is within our pressure zone. We have approximately two miles of pipeline to run to service that area; and that is just a single main line. We would also have to run about three miles of sewer line to get back to the sewer plant. In addition, we have no sewer infrastructure up there that would be able to service that parcel at this time which is why Staff showed it as being outside of our pressure zone.

Mr. Wilkinson commented that prior to the master planning process one of Staff's concerns was in regard to industrial property that might be of suitable size to accommodate larger types of industrial development. Mr. Wilkinson wanted the council to be aware of where Staff is headed and that we have competing interest; Elko Mountain is one of them.

Mr. Wilkinson advised the master plan identifies the area around Exit 298 as industrial ground. Staff has recently focused on what it would take to address any concerns there. The utility department recently received approval to purchase some property there and drill a test well. As noted by Mr. Limberg you could actually serve a lot of that area with just a pipeline and we would have fire storage with the Indian View tanks; so there are a lot of possibilities there to address the industrial need.

Mr. Wilkinson referred to his memo dated December 6, 2011, included in the packet, which addressed the proposal from Elko Mountain. Mr. Wilkinson directed the council's attention to the table on page four which presents a time line as to when Staff believes we can get some infrastructure in around Exit 298. There is a line item for tank construction but there has been comment that may not be constructed in 2015. If we had additional storage requirements we would probably look to development to do that.

Mr. Wilkinson advised the second item in the memo addresses financing/ timing; we have current funding of \$5.0 million in depreciation funds. Mr. Limberg is looking at that source of funding for Exit 298 and estimates the projected infrastructure for the items in the table previously discussed for that at approximately \$3.9 million. What Staff does not have for council's information tonight is projected revenues over that timeline which would leave us with an ending balance. We might want to be conservative in trying to project an ending balance.

Mr. Wilkinson advised in completing the memo he went into some broad proposal specifics because our utility department did a detailed analysis of the proposal. One assumption in the proposal was that we would recover about \$600,000 based on some single family growth but Mr. Wilkinson did not believe the council should consider that in the equation. The proposal also states that 42% of the infrastructure requirement is for Elko Mountain but it should be noted that Elko Mountain also owns the planned commercial property there. In addition the proposal does not articulate the assumptions presented in the utility master plan. Mr. Wilkinson indicated it was not clear from the proposal where funding for the upper elevation infrastructure might be funded.

Mr. Wilkinson advised it would be the development department's recommendation that the council not accept the proposal as presented and direct the developer to draft a comprehensive proposal based on NRS requirements.

Mr. Wilkinson noted there had been a lot of discussion with regard to tank proposals in the past; how could you structure a partnership or agreement that doesn't trigger some of the prevailing wage issues; there needs to be a lot of thought put into that.

Mr. Limberg advised the present 2004 Capital Improvement Plan identifies several areas of existing deficiencies or did exist at the time it was written. However, it neglected to look much at future growth or development i.e. this area. Mr. Limberg believed that was due in part because there were deficiencies, according to state code, with the existing system. Before looking at other areas of service the goal was to get the existing system up to compliance with state standard. Mr. Limberg stated his belief the water department has done a remarkable job doing that over the past five years. We have gotten two new wells and we have expanded our production capacity a great deal; part of that enables us to look areas such as this for future growth. However, we don't have that clearly identified on our current capital improvement plan. Staff hopes to address an update to that plan in the upcoming budget cycle that begins in January.

Mr. Limberg advised one of the drivers for the most recent new well was to be able to position ourselves for future growth.

Councilman Perry questioned if this development is built will it require another well.

Mr. Limberg advised another well wouldn't be necessary; our most recent well has the capacity for this area.

Councilman Perry reviewed what he believed had to happen for that property to be developed; it will need a pipeline from the existing tank, a pump and one or two additional tanks further up on the hill.

Mr. Limberg advised the first phase of development will be served by one lower tank with a booster pump station and transmission main.

Councilman Perry questioned if the previous agreement with Elko Mountain for hookup credits equal to the cost of construction of a water tank still existed.

Mr. Wilkinson clarified there was no agreement. Council took action to provide the same connection fee benefit to Elko Mountain that they did with Cotoko; Councilman Elquist amended it to state that it would apply to future developers also.

Councilman Elquist explained the intent of the amendment; if they make an investment it is kind of a pioneer method; where the pioneer developer puts the money up front and as people hookup; a proportionate share goes back into that funding up to the cost of the capital investment.

Mr. Wilkinson advised city code allows for recovery on investment because typically here in Elko we don't have development coming in and drilling wells, installing pipelines and putting in storage. Mr. Wilkinson believed in this instance, when council took action, they recognized that issue and said; you can recover your cost for the tank through connection fees.

Mr. Wilkinson noted there is another provision in city code that allows a developer that expands infrastructure to recover up to 90% of their cost when we identify area that would be served; that has a seven year time limit.

Mr. Wilkinson again stated his belief council recognized the issue but it was specific to the tank at the time. Elko Mountain has come back with a proposal that mentions the tank but when you get into the financial aspect of it they have a lot of other items in there besides the tank.

Mr. Limberg verified comments by Mr. Wilkinson and advised Mr. Robertson is requesting additional items be included i.e. transmission main, pump station, roadway work, gravel etc.

Mr. Limberg referred to an overhead presentation which showed color coding for the various pressure zones for the water system. We try to locate our water tanks every two hundred feet and try to locate our facilities where they have a system-wide benefit. One challenge with the Elko Mountain Project is that zone is much smaller so the system-wide benefit is greatly diminished from those of our other areas.

Mr. Limberg noted the city has received some funding from the mining companies in the past for infrastructure such as water tanks.

Councilman Elquist referred to the overhead showing the pressure zones and requested clarification on the tank; the benefit would only be to the small area shown in purple.

Mr. Limberg verified that was correct; Staff estimates that area at approximately three hundred acres.

Councilman Perry questioned the engineering logic behind two million gallons as opposed to one million for what is going to be served here.

Mr. Limberg advised it is based on NAC requirements for storage.

Mr. Limberg noted the original proposal by Elko Mountain was for 440 units but their number has greatly reduced and they now estimate 379. Some of those are different type of dwellings so there is a 20,000 to 30,000 gallon difference from what the plan shows to what they are now proposing to build. There is some extra capacity there but it would be Staff's recommendation, if council were to take this to the next step, that we do consider funding some over-size capacity in that tank to enable a development along the hospital side on Lamoille Highway and some adjacent areas.

Councilman Perry questioned if there was any logic to building a smaller tank first to service what is going to be built; leaving the capital cost for expansion to the next person that wants to do it, for another tank.

Mr. Limberg advised the down side to that is that he envisions multiple tanks running up the hillside with each developer; with each developer building a small tank for their project. Staff looked at this from a master planned approach.

Mr. Robertson advised everything they are asking for is related to the water system; the tank doesn't do anything by itself. They are also agreeable to up-sizing the tank if that is something the city wants to consider.

Councilman Perry believed Elko Mountain was asking the city to participate in what is being proposed; they aren't asking the city to pay for all of it.

Mr. Robertson verified that was correct. The argument they are making is that these are things usually provided by the city; at this point the city is not providing them. The city's business is running a community and if they decide they want to grow the community these are one of the expenses they would incur; building additional infrastructure. Mr. Robertson stated they want to participate on city improvement and are trying to incentivize the city to move forward with this capital improvement by coming forward with some of the money themselves.

Councilman Perry requested clarification on the \$2.208 million.

Mr. Robertson advised that cost covers the middle section; the two million gallon tank and everything below it.

Councilman Perry questioned whether the \$895,000 Elko Mountain is proposing is in connection fees; or in addition to connection fees.

Mr. Robertson advised their connection fees for residential exceed what their percentage cost would be. Elko Mountain will need to pay 41% (\$895,000). The connection fees will actually total \$1,046,838.24; based on the current design. They would put in their 41% up front then as they develop continue to pay another \$151,298.37 in additional connection fees as they built through the project.

Councilman Elquist commented when talking about rates/fees and operating the water and sewer system it isn't just storage, there is also transmission and production; there are three parts to the puzzle that connection fees have to fund. Councilman Elquist believed Mr. Robertson was playing with words or numbers and we need to have an honest discussion about this. It was said the city usually provides this; the city does provide it but we provide it strategically. If four people were asking to develop in four parts of town the city couldn't afford to pay for each one to develop; that is asking the existing rate payers to gamble with you. Councilman Elquist was aware, based on his years with the electrical utility industry, pioneers foot the bill; we don't ask existing rate payers share in the risk of the project.

Councilman Elquist saw the situation as; if you take \$1.00 from all the existing rate payers paying their bill each month it has to cover the operating cost, capital maintenance of the system and other a lot of other things. In that you could argue there is a piece for future expansion; but ideally we would want development and the hookup fees of development to fund the capital layout required for that development; there is no risk to the city and we are happy with where we are at. Development has to pay for development.

Councilman Elquist advised it is a philosophy, we have to look at our rates and how they are allocated. If we realize the city has to continue to grow, and because it is not a fast growing city, we might have to take some risks with our rate payers' dollars because that is the situation we are in. But with this development we don't have to do that; we are being asked to take some risk with the developer.

Councilman Elquist believed the city's challenge is that if the rate payer fees and the money we collect from connection fees are up to a point that we can make an investment; where is the highest and best use of those dollars?

Councilman Elquist acknowledged that to Mr. Robertson the best use was on the property they wanted to develop. But if you look at another map that same investment of the city's dollars might open up ten times as much land for development; that is compelling.

Councilman Elquist clarified any connection fees from Elko Mountain are based on the assumption that it will build out 100%; and it has to cover future developments water system. We already have the production capacity; that wasn't something Elko Mountain's connection fees paid for; that is what past rate payers and connection fees have paid for. We have enough to serve this development; we've met the production requirement, we also have good transmission infrastructure for the development; we are short on storage. It isn't as if the city hasn't done their job.

Mr. Robertson agreed with most of what Councilman Elquist had said but he wanted to make the point that the city has options. They are trying to incentivize the city by stepping up and saying they don't want the city to pay for the tank themselves; they will up front and risk with the city. They do that because of how fast it is going to develop and how fast they are going to recover their money.

Councilman Elquist commented that when Elko Mountain came before the council previously they were going to buy the tank.

Mr. Robertson referred to the comment on production and stated that is an investment the city has made that they are not capitalizing on. Putting in the tank and letting them move forward allows the city to recover on an investment they have already made.

Councilman Elquist advised he did not disagree with the need for growth; he believed the city needed to get the highest and best use of its available resources.

Mr. Robertson believed there is a high demand for all the parcels involved here.

Mr. Limberg informed the council that page three of the Elko Mountain proposal states the proposed revenue, via connection fees, is \$2.8 million and total expense for the water related infrastructure is \$2.2 million. However, the new well and transmission main cost necessary to produce and deliver that water to the distribution system to serve the proposed development were not included. The most recent city well drilled was at a cost of approximately \$1.5 million, the transmission main to interconnect this well to the distribution system was approximately \$300,000. Elko Mountain and adjoining properties will use one-third the capacity of this

infrastructure which equates to \$500,000 and \$100,000 respectively; for a total of approximately \$600,000. The city isn't making a profit of \$600,000 on this venture as was previously stated but rather at best the city will break even as the connection fees are designed to do.

Mr. Limberg commented that would imply the expenses were \$2.8 million; which Staff projects as fairly accurate and the revenues are \$2.8 million. On page four of the Elko Mountain proposal they show the connection fees for commercial at 73 units at \$16,800 per unit. However, in the master plan it shows the commercial units as 60 units on that acreage; not 73. Calculating that out at 60 units as the master plan states, not 73, there is a \$218,000 difference. Instead of \$2.8 million in revenue you get \$2.6 million with \$2.8 million in expenses.

Mr. Robertson advised the 60 acres is what Elko Mountain Village owns, there is an additional 13 acres attached right off the intersection that is included and would be serviced without any additional infrastructure and is why they counted those additional connection fees. It is also consistent with the master plan; they show 73 acres on commercial.

Mr. Limberg advised he was looking at the sewer system requirements; it shows commercial at 81.83 acres and shows 60 for the number of connections. A note below says; *“with an anticipated maximum of 30 commercial lots and a maximum average of 2.0 commercial connections, per commercial lot, 60 commercial connections are estimated”*.

Mr. Robertson directed everyone's attention to the water plan/master plan where they size the tank and improvements on that; they are counting 73 acres of commercial.

Mr. Limberg understood the acres; but the connections are 60.

Mr. Robertson stated the connections could be any number depending on how that commercial develops out. Based on what the city has as a historical water consumption rate on its commercial ground is what they used as their approximation for this commercial ground and the connection fees associated with it.

Mr. Limberg advised his understanding was the master plan is telling him we can plan for 60 commercial lots and we have a rate per lot. If you go with the higher number instead of what the master plan says; it skews your connection fee number by \$218,000.

Mr. Robertson advised their numbers are based on acreage; not lots. The lots are irrelevant; it is use of the commercial on the water connection.

Councilman Elquist stated investing in something that has no way to recover through rates i.e. water wells, unless we get the growth to pay for those; we have over invested. We have to take some risk assessment here and look at past developments; how fast they grow. Councilman Elquist believed if we do this we have to go into with eyes wide open and assess the risk. How much rate payer and connection fee money do we want to risk; to move this project forward; and is it the best place for those monies? Do we understand what our alternatives are for these dollars and the benefits of those? Councilman Elquist believed that was an honest assessment.

Councilman Elquist stated he didn't mind sharing a bit of the rate payers' capital; we do have responsibility to keep things moving. But he wants to make sure it is a prudent investment and the risks are well weighed and we have to see what our alternatives are.

Mr. Robertson believed that was clearly understood. Connections fees were created to advance the development of the city and that is what they are doing. The city needs to decide how they are going to do that and how they are going to get the most for their money.

Councilman Elquist requested information on the water fund balance.

Administrative Services Director advised the \$5.0 million currently in the water fund is depreciation. If you look at the balance in the connection fees account; we are \$1.68 billion in the hole because of all the production money we have put into it in the last four or five years. There is no balance of connection fees for future growth.

Councilman Elquist commented that before making a decision he would like to see Staff do an assessment of the area.

Mayor Johnson stated he was not ready to vote tonight.

Councilman Perry summarized the issues. The pro to this area is that it does open up a whole new are. The con, in his opinion, the proposal doesn't cover the City's cost because it doesn't cover a couple major components of it; and that is not fair to the City. Councilman Perry indicated he would not rule out that there was some participation by the city; based on a different proposal.

Councilman Perry believed the city should ask Mr. Robertson to come back with a different type of comprehensive proposal that complies with NRS, that is more realistic than the economics of this with respect to the City's participation.

Mayor Johnson thanked Mr. Robertson and acknowledged all the time and work put into this proposal; but there are a lot of aspects that need to be considered before making a decision.

Mr. Robertson requested clarification on what the council was looking for in a new proposal; he wants to come back with a proposal that can be realistically considered and meet some objectives up front. The council mentioned that we need to make sure it is paying for itself. Would a proposal based in the requirements of NRS that city staff is recommending; that it does in essence pay for itself, based on the city participation be sufficient or not? And, whose assessment are we looking for in regards to the project paying for itself? Mr. Robertson stated it was his assumption it is paying for itself via connection fees.

Councilman Perry wasn't clear on what Mr. Robertson was saying other than he had said "that city staff could recommend". Perhaps Mr. Robertson needs to meet with Staff and go over some of this logic and try to come up with something the council can look at and more realistically assess as far as dollars go. Councilman Perry stated that in his opinion \$1.3 million is too much for this.

Mr. Robertson questioned if the council wanted the proposal to include extra ground outside what they have already included; as far as service area. If so, how much did they want included?

Mayor Johnson verified extra ground needed to be included. You have to look at the City of Elko as an investor and partner in this. This developer needs to make it work based on the hookup fees and property sales. You have the advantage because you are here first talking to the city. We don't know what the other developers are going to want.

Mr. Robertson stated advised they can bring that information back; it is pretty straight forward and simple. He was concerned the city was asking him to do two different things.

Mayor Johnson stated for him to buy into it the developer is going to have to make it more attractive for the city.

Councilman Elquist believed Staff and council have some work to do as well; we need to come up with some sort of a program where a developer can say they are getting 'x' amount of credit.

Councilman Elquist continued and commented the developer is asking the city to take a risk that a bank is not willing to take. We gave the developer an agreement so they could take it to the bank and show what the guaranteed pay back was. The bank said it wasn't guaranteed because the development wasn't guaranteed to build out.

Councilman Elquist believed the city needs to come up with a program where we understand our risks, how much do we want to contribute to it? The rest of it is on the developer.

Councilman Elquist noted the city has contributed to the water system and he believed the City is willing to contribute some investment to see these things; but after that it is up to the marketplace.

Mr. Limberg advised Staff's biggest issue is the accurate numbers. The 60 versus 73; that amounts to \$200,000 difference. Another issue is the financial bonding and backing assurances; the city needs to get their money out in a limited time i.e. three to five years. Staff also needs a description of the connection fee credits; it was asked for at the same time as the master plan in 2008; we still haven't received that. The next thing would be to limit the City's financial commitment so if there are cost overruns on the project; that is on the developer, not the city.

Kimberly Owen, Vice President, NIA Global Commercial Real Estate Services, advised she has three investment groups looking at this project. They have a great interest in seeing this completed and will be funding the water tank. Ms. Owen expressed the hope that the council was keeping the door open to work with Mr. Robertson.

**\*\* No action was taken on this item.**

*6:29 p.m. Mayor Johnson called for a brief recess.*

*6:35 p.m. Mayor Johnson called the meeting back to order.*

## **VI. 6:00 P.M. PUBLIC HEARINGS**

- A. Second reading, public hearing and possible adoption of Ordinance No. 742, an ordinance amending Title 4, Chapter 5, Section 1 of the Elko City Code entitled “Definitions” hereby adding definitions for brew pub and brew pub license, also amending Title 4, Chapter 5, Section 3 of the Elko City Code entitled “Classes of Licenses” hereby adding a brew pub license, and matters related thereto. **FOR POSSIBLE ACTION**

The City has received a State Brew Pub License Application from a local business owner. Currently the City Code does not allow for brew pub licenses. Ordinance No. 742 provides the information necessary in order to license a brew pub in the City of Elko. SO

City Clerk Owen advised there will be resolution later on the agenda to adopt the fees.

There was no public comment on this issue.

**\*\* A motion was made by Councilman Conner, seconded by Councilman Elquist to adopt Ordinance No. 742, an ordinance amending Title 4, Chapter 5, Section 1 of the Elko City Code entitled “Definitions” hereby adding definitions for brew pub and brew pub license, also amending Title 4, Chapter 5, Section 3 of the Elko City Code entitled “Classes of Licenses” hereby adding a brew pub license.**

**Motion passed unanimously.**

## **V. PETITIONS, APPEALS AND COMMUNICATIONS**

- A. Review, consideration, and possible action to accept a petition for the vacation of a public utility and drainage easement located on a portion of APN 001-01E-036 consisting of an area approximately 10 feet in width by 199.45 feet in length on the east and west side of the property and an area approximately 10 feet in width by 83.99 feet in length on the north side of the property, filed by Juan and Leslie Vera and processed as Vacation No. 4-11, and matters related thereto. **FOR POSSIBLE ACTION**

The property is zoned RS (Residential Suburban). There are currently no zoning setbacks for accessory buildings within an RS zone. The applicant would like to build a shop within the public utility and drainage easement area, but was advised by Staff to vacate the easement before building their shop. GE

Mayor Johnson requested clarification this item is to accept the petition and then it will go back to the Planning Commission.

Development Manager Wilkinson verified that was correct.

Leslie Vera informed the council she has been working with the city before she purchased the property to make sure she could use it as she intended.

**\*\* A motion was made by Councilman Elquist, seconded by Councilman Perry to accept a petition for the vacation and direct Staff to commence with the vacation process by referring the matter to the Planning Commission.**

**Motion passed unanimously**

### **III. NEW BUSINESS**

- B. Review, consideration, and possible action to conditionally approve Parcel Map No. 14-11, filed by Copper Trails, LLC, for the division of approximately 23.38 acres into 4 parcels, located generally northwest of Mittry Avenue and Copper Street (APN 001-610-0AB). The Parcel Map contains an offer of dedication for right-of-way and it is for this reason that the map was referred to the Planning Commission and subsequently to the City Council, and matters related thereto. **FOR POSSIBLE ACTION**

The Planning Commission considered this item at their December 6, 2011, meeting and took action to forward a recommendation of conditional approval to the City Council. GE

Development Manager Wilkinson was present to answer questions.

**\*\* A motion was made by Councilman Perry, seconded by Councilman Conner to conditionally approve Parcel Map No. 14-11, with the conditions as recommended by the Planning Commission.**

**Motion passed unanimously.**

### **IV. RESOLUTIONS AND ORDINANCES**

- A. Review, consideration, and possible approval of Resolution #38-11, a resolution adding a brew pub liquor license fee and restating licensing fees, and matters related thereto. **FOR POSSIBLE ACTION**

This resolution establishes a fee for the new brew pub liquor classification. Ordinance No. 742 establishes the brew pub classification. SO

City Clerk Owen was present to answer questions.

**\*\* A motion was made by Councilman Conner, seconded by Councilman Perry to approve Resolution #38-11, a resolution adding a brew pub liquor license fee and restating licensing fees.**

**Motion passed unanimously.**

## VII. REPORTS

- A. Mayor and City Council
  - 1. Holiday wishes
- B. City Manager
  - 1. Update on Arts and Culture monument
- C. Assistant City Manager
  - 1. Update pending ordinances; glass, display and sidewalk sales
  - 2. Update on Elko Sanitation Agreement
  - 3. Update on project authorization for grants with NDOT
    - a. Two enhancement grants have been funded; landscaping and pedestrian accessibility throughout Idaho St. & Mountain City Highway
    - b. NDOT has funded everything we asked them to except for the Round About at Mountain City Highway and Idaho Street
    - c. Will partner with city to rehabilitate our portion of West Main (west of Mountain City Highway) also replacing a lot of sidewalks, pedestrian enhancements, extended curb returns
    - d. Working of details to replace old light luminar poles from 3<sup>rd</sup> Street to Mountain City Highway
- D. Public Works
  - 1. Leaf collection totaled 4,000 bags.
  - 2. Christmas tree pickup for one week
- E. City Clerk
  - 1. Financial Disclosure Statements reminder
  - 2. Closure request for Snowflake Festival was administratively approved as it was submitted late
- F. Police Chief
  - 1. Letter to bar owners - outline business' responsibility to maintain clean business and not allow drunkenness
- G. Parks and Recreation Director
  - 1. Update on Ernie Hall Lighting Project
    - a. Recognize efforts from public works department, engineering and parks departments
    - b. Volunteer effort coming together
- H. Human Resources Manager
  - 1. Report on health statements turnout – 65% response
  - 2. 5 open positions
  - 3. Have hired 20% of City Staff

## II. APPROPRIATIONS

- A. Review and possible approval of Warrants. **FOR POSSIBLE ACTION**

**\*\* A motion was made by Councilman Conner, seconded by Councilman Elquist to approve the warrants as presented.**

**Motion passed unanimously.**

### **COMMENTS BY THE GENERAL PUBLIC**

Pursuant to N.R.S. 241, this time is devoted to comments by the public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified as an item for possible action. **ACTION WILL NOT BE TAKEN**

Alan Kightlinger submitted a request to the Council to reconsider the residency requirement for city employees; starting with appointed officials down through supervisory and program managers to the regular employees; see Exhibit 'B'.

### **ADJOURNMENT**

There being no further business, Mayor Chris J. Johnson adjourned the meeting.

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Mayor Chris J. Johnson

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Shanell Owen, City Clerk