

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

SS April 14, 2009

The City Council of the City of Elko, State of Nevada met for a **special** meeting beginning at 3:00 p.m., Tuesday, April 14, 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
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
Ryan Limberg, Utilities Director
Dennis Strickland, Public Works Director
Trent Moyer, Airport Director
Scott Wilkinson, Development Manager
Antonio Mendive, Water/Sewer Superintendent
Evan Dodson, Landfill Superintendent
Joel Vega, Fleet Maintenance Superintendent
Brian Mickels, Golf Course Superintendent
Fritz Sawyer, WRF Superintendent
James Wiley, Parks Superintendent
Nikki Moore, Swimming Pool Manager
Dawn Leyva, Recreation Services Manager
Phil Snyder, Lab Manager
Mike Hess, Lead Equipment Operator
Ed Wynes, City Planner
Linda Buffington, Recording Secretary

I. FISCAL YEAR 2009/2010 BUDGET WORKSHOP

- A. Review, consideration, and possible approval of the Fiscal Year 2009/2010 tentative budget, inclusive of all funds, and matters related thereto. **ACTION ITEM**

Administrative Services Director Stout presented the tentative budget for the Fiscal Year 2009/2010, see Exhibit 'A'.

Ms. Stout advised there were few changes since the previous presentation; the majority of the changes are based on information received from the Department of Taxation related to the tax abatements we can anticipate.

General Fund –

Revenues are anticipated to be \$14.8 million; of that amount approximately \$3.0 million are estimated to be property taxes; that number has changed since the last presentation. Ending fund balance is \$1.4 million which is the 8.3% as recommended by the Department of Taxation.

FY 2009/2010 Rollup Costs -

Salaries increased 0.13%, Benefits up 11.82% and Services/Supplies up 5.18%. On the revenue side property taxes are estimated to increase 6.85%, sales tax up by 0.10%.

Recreation Fund –

Ms. Stout indicated a portion of the CDBG Grant for resurfacing of the Southside Tennis and Basketball Courts was being rolled over; it doesn't look like we'll be able to finish that project before the end of the fiscal year. Ms. Stout advised this presentation includes the donation for the UNR Fire Science Academy at \$25,000.

Councilman Elquist referred back to the 2009/2010 budget; there are some assumptions in the benefits; what is the dollar amount and is it optimistic.

Ms. Stout advised it is a worst case scenario number to make sure we cover our bases. On the health insurance portion it is approximately \$100,000; it is an actual number on the PERS.

Councilman Elquist then questioned the sales tax base; is that a conservative number also.

Ms. Stout stated that number is from the Department of Taxation and based on a formula that has been in place since 2001. Sales tax base allowed to any county, city, etc. is based on that formula and goes up by whatever CPI was at the time it was measured. Ms. Stout advised last year's sales tax was \$3.0 million; Staff anticipates the same for this year but we only have seven months of information in. The trend shows we are exactly the same as we were last year at this time.

Recreation Fund Priority List –

Geothermal shutdowns were a Council concern previously; Ms. Stout advised data was provided by Swimming Pool Manager Moore regarding shutdowns over the past year. Ms. Moore estimated the geothermal had been down seven to eight times; the two major shutdowns were the wellhead work and the line replacement on Flagview Drive; those two shutdowns required about three months of running the boilers. All other shutdowns ranged from one to three days. Currently they are only able to run one boiler; if they catch the shutdown in time the one boiler will maintain the heat in the building and the indoor pool. Ms. Moore was unsure if the boiler could heat all three pools and the building. People affected by the shutdowns; Fall/Spring shutdowns would affect seventy to eight people using the pool for lap swimming, open swimming, swim team and GBC classes. Summer hours of operation with the following programs; swimming lessons, lap swim, open swim, swim team and exercise classes would

affect five hundred to five hundred and seventy-five people. The biggest concern is swimming lessons; we offer four sessions of two week lessons that serve about two hundred and twenty children per session at \$45.00 per child. Nine instructors teach those sessions and collect about \$9,700 each session; for a profit of \$7,400 per session when subtracting out the instructors pay. Ms. Moore indicated the boilers are needed as much in the summer as in the winter because of the impact to the swim lesson program. They average two hundred patrons for open swimming and that number does not include the pass holders; if you average the daily fee \$2.50 per person it is loss of \$500 per day for daily fees.

Ms. Stout advised Staff is looking at a resolution to increase the fees at the pool. The expected revenues from those increases will be approximately \$21,000 and has been taken into consideration with the budget presented. Staff is also looking at increasing the daily fee by \$2.00 for children that attend the Fun Factory; going from \$16.00 to \$18.00 per day but has not been worked into the presentation. That increase is estimated to generate approximately \$5,600 based on the number of people using the program.

Ms. Stout referred to the priority list and believed a portion of 'Design' was intended to go toward the Master Plan Update.

City Manager Calder advised that was one consideration; there are other design items i.e. parking lots that need to happen. Mr. Calder believed no final decision had been made as to how much would be applied towards the Master Plan versus actual design for projects.

Elko County Recreation Board Tourism Funds –

Ms. Stout advised requests have been received from all those we've had in the past with the exception of three; Motorcycle Jamboree, Marauders Car Club and Nevada Outfitters Guide and Association; they have been included in the presentation using numbers from last year.

Youth Recreation Fund -

Ms. Stout advised this is the fund we anticipate receiving the fees for taking over the Adult League program; those fees are estimated at \$44,000.

Capital Equipment Replacement Fund -

The only major change to this fund is the update of the property tax information; there was a slight increase in the amount of money we are going to anticipate receiving. The abatements are unknown; Staff budgets prudently and hopefully they come in as anticipated and we have a good ending fund balance going forward.

Ms. Stout advised the requests have not changed since the original presentation.

Councilman Johnson requested information on the phone system.

Ms. Stout advised we are looking at implementing a system that is IP over internet; it works over the internet rather than the regular phone system. It is part of a metro-ether net program we are trying to implement right now; it connects all the outlying facilities who don't have access to the main computer network at the police department; it connects those areas via the phone system and the phone system works on the computer system to connect all the city and you don't have long distance charges after that; just the basic service charge for the line. It gives more usability

to the people using the phone system, better communication abilities and they can determine what they need on their phone i.e. voice mail, caller id, etc.

Councilman Johnson noted you have a cost savings in calls; is Staff satisfied the quality of the phone call will be okay.

Ms. Stout verified they were; Staff has talked to a number of people that have the system in place and they are very pleased with it.

Councilman Johnson then questioned the aerial truck for the parks department.

Parks and Recreation Director Howes advised they don't have any other apparatus that can get them above thirty-five feet; they have had to rent.

Facility Fund –

Ms. Stout advised this fund has no dedicated revenue source.

Councilman Johnson requested clarification on what we were addressing with the salt dome.

Public Works Director Strickland advised it will provide room to store an entire year's amount of material. It gives us a benefit and possibly a cost savings; we would be able to bulk ship it all in at one time; currently we can only store enough to cover one big event. This will also prevent run-off issues associated with storing the salt outside and also free up much needed storage space for equipment.

Councilman Elquist referred to the Facility Fund and the Capital Equipment Replacement Fund; are we to a point that one is in decent shape and the other is under funded. Should we look at how we are allocating the funds?

Ms. Stout advised per the Revenue Stabilization Plan, if there is unanticipated excess ending fund balance from the General Fund those excess monies are split up between the Capital Equipment Replacement Fund, Facility Fund and Revenue Stabilization Fund.

Councilman Elquist questioned if the needs were greater in one fund is it responsible to take a re-look at how those excess revenues get allocated.

Ms. Stout noted on the facility side a lot of times in the operating budgets of the various different departments will work certain items into their budgets that need replaced. Staff is comfortable with how the funds are working; another option is if the excess sales tax do come in much higher than anticipated Staff could come back and augment; put some of those monies into this fund as well as other funds if the Council so chose. In addition we have the Ad Valorem Capital Projects Fund which is also intended to help fund facility; those monies cannot be used for bonding or long-term projects.

Capital Construction Fund –

This fund has a slight change due to property tax.

Ad Valorem Capital Fund –

Final design for the police department is funded from this account as well as the airport bomb building.

Elko Redevelopment Agency –

Ms. Stout advised this is a new fund within the City. Staff has been working diligently to get some accurate numbers as to what we can expect for revenue for this fund. A latest printout from the county estimates our revenues for the current fiscal year at \$53,000; Staff is unsure if that captures new construction in that particular area and we are still working with the county on that issue.

Revenue Stabilization Fund -

This fund only receives money based on the Revenue Stabilization Policy; that is usually two years after the fact. Last year's ending fund balance came in lower than anticipated so there will be no monies distributed to this fund per that policy for this next year.

Municipal Court Fund –

Ms. Stout reminded the Council as the statute is written; if these monies are not used within a five-year period they have to revert back to the General Fund. Staff performed an analysis and determined \$43,000 needs to go back to the General Fund.

Public Improvement Development Fund –

This is funded by various different developments around the City to help fund infrastructure.

Debt Service Fund –

Final payment on the 1989 Street Bonds, 2003/2004 equipment, 350 person bleachers will come from this fund. The only remaining debt will be for the California Trails Interpretive Center Bond.

Community Service Funding -

The list is the same as for the past several years; funding comes from the General Fund.

Water Fund –

No anticipated increase in water rates this year.

Sewer Fund –

No anticipated increase in sewer rates this year. Staff is requesting to pay off the 1994 NV Revolving Loan; the monies are available and there would be an interest savings.

Landfill Fund –

At this point in time Staff anticipates no increase in landfill tipping fee; however there are outstanding issues as far as what our liability on the closure costs may be for our liability insurance. Staff is anticipating \$92,000 per year based on our current costs; if that cost goes up we could potentially have to come back to the Council for a rate increase.

Airport Fund –

Ms. Stout advised Staff used what is currently in place to project the revenues for the next year; the expenses are based on what we are actually seeing.

Ms. Stout advised for non-operating income Staff is only looking at our entitlement funds for the year; we don't believe the City will receive any stimulus monies or any additional grants.

Golf Fund –

Fees were raised pursuant to the Golf Course Advisory Committee recommendation and have been worked into the current budget. Principal on the one payment left for the golf irrigation upgrade is \$3,500.

Ms. Stout advised the tentative budget is due for submittal on April 15th; Public Hearing for adoption of the Final Budget is May 19th at 4:00 p.m.

Councilman Johnson indicated he was not totally supportive of the Recreation Fund Project Priority List; we need to be very careful with the pool and master plan as well. Councilman Johnson stated his concerns were no reason to hold up the Tentative Budget.

Ms. Stout stated the master plan or any of the capital projects would have to come back to the Council for approval anyway.

Councilman Elquist requested clarification on planned land sales; is the plan for that to go into streets at this point; it is not a budgeted item.

Ms. Stout advised we never know when we are going to have a land sale; in the past we have put the monies back in the Capital Construction Fund which does fund street projects.

**** A motion was made by Councilman Conner, seconded by Councilman Rice to adopt the tentative budget as presented.**

Motion passed unanimously.

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.

Mayor Michael J. Franzoia

Shanell Owen, City Clerk