

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

SS March 10, 2009

The City Council of the City of Elko, State of Nevada met for a special meeting beginning at 2:00 p.m., Tuesday, March 10, 2009.

This meeting was called to order by Mayor Pro Tempore Chris Johnson

ROLL CALL

Mayor Present: Mayor Michael J. Franzoia arrived @ 3:50 p.m.

Council Present: Councilman Jim Conner
Councilman Jay Elquist
Mayor Pro Tempore 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
Trent Moyer, Airport Director
Eric Howes, Parks & Recreation Director
Ryan Limberg, Utilities Director
Dennis Strickland, Public Works Director
Rick Hofheins, Airport Security Manager/Assistant Director
Darren Skelton, Public Works Superintendent
Antonio Mendive, Water/Sewer Superintendent
Joel Vega, Fleet Maintenance Superintendent
Jared McEntire, Electrical/Facilities Superintendent
James Wiley, Park Superintendent
Mike Hecht, Fire Marshall
Scott Wilkinson, Development Manager
Jim Echanis, Human Resources Manager
Dawn Leyva, Recreation Services Manager
Nikki Moore, Swimming Pool Manager
Lorraine Martinez, Accounting Supervisor
Karen Walther, Animal Control Supervisor
Ted Schnoor, Building Official
Lynette Ronzone, Civil Engineer
Ed Wynes, City Planner
Linda Buffington, Recording Secretary

I. FISCAL YEAR 2009/2010 BUDGET WORKSHOP

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

Staff's presentation will exclude all Enterprise Funds, which will be reviewed at a subsequent Budget Workshop. CC

Administrative Services Director Stout advised the presentation pertains to the General Governmental Funds only; the main operating fund of the City of Elko, see Exhibit A. Ms. Stout provided a spreadsheet showing the history of the General Fund, see Exhibit B.

Following the presentation Ms. Stout stated approximately \$1.5 million is needed to balance the budget. Available excess sales tax (unbudgeted) is estimated at approximately \$895,000.

Councilman Elquist questioned the PEBS increase.

Ms. Stout advised Staff's information is based on the analysis provided by City Manager Calder last year; that was based on what their actuary was and what the rates came in at. At this time there is no indication as to what the rates will be; they have extended the plan year an additional four months, at the same rates, to make it through the legislative session. At that point hopefully the legislature will be finished and they can determine what the rates need to be for the additional eight month period.

Councilman Conner questioned the excess sales tax for the current year.

Ms. Stout advised we are even with last year; keeping in mind that we only have six months in at this point in time. We are within two-tenths of a percent of where we were last year at this time.

Councilman Elquist questioned the Class Comp Study.

City Manager Calder indicated the consultant will update the study conducted three or four years ago. They will be looking for positions that are not within the market. This is the third study we have conducted over a ten-year period. Staff expects, with this study, if there are any positions out of market it is likely those associated with the reorganization that occurred in the Public Works Department. Any position out of market will be brought into market and that will be the extent of any adjustments; it is not going to result in any merit increases or CPI adjustments because we have taken those out of the budget. It will provide a roadmap for the next three years, if the economy turns one way or the other as to where we are in relation to our competition. It is important, as we have employees leave in key-positions, we need to refill those positions and we want to make sure we are being competitive so we can attract qualified employees.

Councilman Elquist expressed concern with the salaries; when you keep management flat and increase those they manage, you create a compaction problem.

City Manager Calder noted numerous discussions were held with the managers and department heads about the issue. Two contracts not up for negotiation at this time are locked in and we know that. We also know the January CPI is in a negative position and we know the Fire Association Contract is being negotiated. In the contracts we are negotiating we hope to get

contracts reflective of what CPI is at the time. The 3% adjustment in the blue collar and police contracts is due to the fact those contracts were long-term contracts. Even though there may be some short-term compaction issues we will have the study in hand that will identify what positions are being compacted and secondly we have contracts that are opening up in the next couple of years; we can go back and talk to them and say when CPI was negative it caused some compaction and we need to get credit for that going forward. City Manager Calder believed long-term it will not be an issue; it may be short-term but we should be okay for a year.

Councilman Johnson questioned the current year's total estimated sales tax.

Ms. Stout estimated it will come in at \$10.4 million for the current year; based on what we are seeing it is going to be fairly stable.

City Manager Calder referred to the trend line on the monthly sales tax reports; our peak is behind us and we are now starting to trend downward. Although it is not trending down at a very fast rate this budget is reflective of the fact that even though we think it may be flat with what we are getting this year; when you take into account what is happening statewide; that could be fairly optimistic. We have tried to approach this as conservatively as we can, with our fixed costs and considering the rollup costs that we do have.

Ms. Stout referred to the Recreation Priority List and indicated Staff is looking for Council direction on the various projects.

Councilman Elquist believed the boiler at the swimming pool was a "backup"; hopefully the geothermal will run through the winter months. It is not used that often and it may be worth some Staff effort to see what is out there; especially in these economic times.

Ms. Stout advised it is the original boiler and has been there for forty years; the parts have become obsolete. Staff believes a newer one would be more efficient; it currently costs \$8,000 to \$10,000 per month to run the boiler when the geothermal goes down.

Councilman Elquist questioned the frequency of the geothermal going down.

Swimming Pool Manager Moore stated it was a year-round issue; they still have to heat the pool.

Parks & Recreation Director Howes advised if the geothermal goes down and Staff notice it right away; with the one boiler they can maintain. If it is a couple of hours or a day before they notice and the temperatures drop it takes considerable time to make up the temperature.

Ms. Stout again requested Council direction on what projects they would like to see funded from the Recreation Fund.

Mayor Pro Tempore Johnson questioned if projects needed to be pulled out to balance the budget.

Ms. Stout advised there is approximately \$350,000 for projects; based on the revenue expectations.

Councilman Conner questioned whether the \$70,000 noted for the Johnny Appleseed Park was for design cost only.

Ms. Stout commented it was Staff's best estimate at the time; the numbers are over one year old.

Parks & Recreation Director Howes believed the numbers were still within 5%.

Councilman Conner supported maintaining the priority list that was established last year. Councilman Conner also expressed concern over the safety of the parking lots; they can only be patched for so long.

Councilman Elquist believed we need to take care of what we have before building something new.

Ms. Stout advised Staff would bring this back at the tentative budget meeting which will allow the Council time to consider everything.

Councilman Rice stated he would like input from the advisory board.

Continuing with the presentation Ms. Stout referred to the Youth Recreation Fund and indicated Staff is proposing a new program; the City has been asked to take over the adult leagues. The program will require a part-time person. Everything is very preliminary; the anticipated revenues the City could receive from this program appear good.

Councilman Elquist questioned if there was a precedent for this.

Parks & Recreation Director Howes advised typically cities run these leagues and they can be self-funding. The leagues will not exist if the City doesn't take over; this is a good service to the community.

During discussion of the Capital Construction Fund Councilman Elquist stated it was a goodtime to get aggressive with some capital projects; commodities and labor are low.

Ms. Stout strongly supported completing the project at the Animal Shelter; get the engineering and design work to complete the project next year.

Ms. Stout referred to the Public Improvement Development Fund; this is a small fund used to collect fees from developers to fund infrastructure, signalization, and traffic control devices in the various areas they impact. By statute, approximately \$35,000 was refunded back to the various developers that paid into this previously because the infrastructure was not going to be put in place; the traffic and population did not dictate it was needed at that point in time.

Following the presentation Ms. Stout advised the next workshop will be on the Enterprise Funds; Water, Sewer, Landfill, Airport & Golf on March 24, 2009 at 2:00 p.m. On March 30th we should have the latest sales tax information from January and also the final revenue projections from the State. Approval of the Tentative Budget is scheduled for April 14th; Public Hearing to adopt the Final Budget is scheduled for May 19th.

Ms. Stout called for further questions on any of the various funds. Ms. Stout advised the budget has to be balanced when it is submitted to the State.

Mayor Pro Tempore Johnson identified the various options the Council can take 1) utilize the excess sales tax to balance the budget 2) approval of the capital list from the Recreation Fund as well as expenditures for other funds 3) bring the Recreation Fund back as an agenda item at the next Council Meeting 4) accept the funds as presented and move forward or 5) give Staff direction on the items of concern.

Ms. Stout indicated there were only two meeting dates left before submittal of the approved budget; Staff can bring back at the next meeting any portions of tonight's presentation if the Council so desires.

Councilman Rice requested verification Staff's recommendation includes utilizing excess sales tax to help balance the budget.

Ms. Stout indicated that was an option; it would require Council direction.

Mayor Pro Tempore stated if there are major changes in the budget the earlier Staff knows the better for them.

Mayor Pro Tempore questioned what this budget is doing for streets; where are we at.

Public Works Director Strickland advised the Services and Supplies Budget is flat. There are a couple of options; flat could mean we ramp up asphalt or ramp up preventive maintenance. Mr. Strickland strongly supported one more round of preventive maintenance in this year. On the capital side we have a small amount of funds we could look at spending in the late fall. For streets it actually looks to stay status quo or perhaps a bit better with the bonds being paid off; there is no big concern with streets at this time.

Mayor Pro Tempore Johnson requested verification we are heading in the right direction for street replacement.

Mr. Strickland verified that was correct.

Councilman Elquist supported using the excess sales tax to help balance the budget. They always seem to come in close; we can watch and make adjustments at the time. Mr. Elquist also believed department heads should have a contingency plan if we join the recession at an accelerated rate. Mr. Elquist again stressed support of moving capital projects up; prices are low. For streets, if dollars become available, it would be great to have a plan so they go right to work; street conditions are a number one concern here. Regarding management and compaction Mr. Elquist again expressed concern; perhaps there could be a contingency plan.

Ms. Stout noted they voted as a group for the .05% to cover the PEBS increase and no merit increase this year; if sales taxes improve in six months the Council can review it and implement the merit.

Councilman Rice indicated the State has also delayed merit for half the fiscal year; it is generous on Staff's part; it is a good idea to take a look at it as we move forward. Mr. Rice supported the use of excess sales tax.

Mayor Franzoia joined the meeting @ 3:50 p.m.

Councilman Conner also supported the use of excess sales tax. Mr. Conner indicated he would like the recreation advisory board to review the project list and provide direction.

Administrative Services Director Stout requested clarification on which funds the Council would like brought back at the next meeting.

Councilman Johnson indicated the Recreation Fund and Capital; Council needs more information. Mr. Johnson also believed if the City moves forward to fund the golf course that number should be reflected in the Golf Fund.

Mayor Franzoia noted the City supports the golf course at approximately \$20,000.

Ms. Stout advised if the Council so desired an additional \$100,000.00 transfer could be made to the Golf Fund; the transfer would be contingent on what the actual expenses were, not to exceed \$100,000.00.

Councilman Johnson supported that process; it is good defense for the City and showing the support thereof the golf course.

Councilman Johnson then questioned the lag time for actual sales tax reporting.

Ms. Stout advised three months; we have six months data at this time.

Councilman Johnson believed Staff is on the right track and that the City would see the revenues as projected. It could be a 10-15% decline; the first quarter will be a great indicator. Elko is becoming sluggish; not as much as the national economy, but it is slowing down.

Ms. Stout also did not anticipate a large decline.

Mayor Franzoia supported bringing matters of concern back at the next meeting. Depending on what decision the State makes related to room taxes; they may become an issue. Not knowing what the State plans may affect our budget completely.

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.

Mayor Franzoia called for public comment.

There was no public comment at this time.

ADJOURNMENT

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

Mayor Michael J. Franzoia

Shanell Owen, City Clerk