

**CITY COUNCIL MINUTES
SPECIAL MEETING-BUDGET PLANNING SESSION
MARCH 14, 2017**

The Winnemucca City Council met in special session on Tuesday, March 14, 2017 at 9:00 a.m. in the City Hall meeting room. Present: Mayor Di An Putnam, Councilmen Michael Owens, Theresa Mavity, Vince Mendiola, Jim Billingsley and Paige Brooks. Staff present: City Manager Steve West, Public Works Supervisor Roger Sutton, Police Chief Eric Silva, Deputy Police Chief Bill Dalley, Fire Chief Alan Olsen, City Treasurer Jessie Lindsey and City Clerk Lorrie Haaglund.

CALL TO ORDER:

Mayor Putnam called the meeting to order at 9:00 a.m.

PUBLIC COMMENT - PERSONAL COMMUNICATION - CORRESPONDENCE:

There were no public or personal communications or correspondence.

BUSINESS ITEMS – OTHER REPORTS:

FISCAL YEAR 2017-18 BUDGET-PLANNING

Mayor Putnam reviewed the proposed 2017 goals:

- No property tax increase. Property tax has not changed in 20 years; at some point in time it could increase and the goal is not to place more burden on taxpayers.
- Maintain the general fund balance at 80% of expenditures
- Maintain expenditure levels as much as possible without negatively impacting services to the public.
- Maintain low rates for charges and fees (as budget allows). City Manager West said the sewer fees were increased over the last couple of years in anticipation of the construction of the wastewater treatment plant, but overall the City's fee structure is low compared to other entities statewide. The City business license ordinance fees probably need review. West said there is very little ability to increase revenue other than business license fees and property taxes. Putnam said an increase in sales tax may be appropriate since Humboldt County is one of the counties with the lowest sales tax rate. West said that internet sales are hurting local businesses and dramatically reducing the sales tax revenues.
- Maintain all facilities and infrastructure in a very good condition.
- Make economic development a high priority. Putnam said that joining the Northern Nevada Regional Development Authority (NNRDA) is a good move and we will be able to coordinate more with what is going on throughout northern Nevada.
- Utilize RTC gas tax funds and as much of other gas tax revenues for street maintenance projects as possible. Putnam commented this is another dwindling revenue source; the City receives a flat rate per gallon and nothing from the sale of diesel fuel. West said in the past RTC monies were typically used for street sealing, but this year the plan is to use those funds on capital improvement projects.
- Maintain reserve accounts to provide funding for future large capital projects. Putnam said recently many large projects were completed including the police station, the fire house, the dog pound, the new wastewater plant (with \$8M cash) and the soccer complex with reserve funds saved for those projects.

- Pay off the sewer fund loan as soon as possible. West commented that delays in getting the project started allowed the fund balance to build up, and he predicted that with the present fee structure the 40 year loan will be paid in about 20 years.
- Consider proposing a recreation tax ballot question in order to partly offset the dropping revenue situation, since recreation budgets are the first to be impacted during cutbacks.

BUDGET NOTES

- The City receives no share of the Net Proceeds of Mines tax revenues.
- The State Legislature's actions often result in unfunded mandates to local governments. An example of this is the required body cams for police officers.
- The City expenditures are historically increasing at a faster pace than its revenues. The City primary source of revenue is the state sales tax (approximately 40% of the general fund revenue). Internet sales are having a major negative impact on sales tax revenue.
- The City gas tax is a "flat" revenue source because it is collected on a price-per-gallon basis. The City gas tax revenue has been negatively impacted by the popularity of diesel vehicles.
- The City is constantly being forced to comply with federal unfunded mandates. West said the Clean Water Act was a major factor in having to construct the new sewer plant and if the Safe Drinking Water Act lowers its current allowable arsenic levels, the City will be forced to address this issue, which can really have a negative effect down the road.

Economic Development: The City goals include: (i) continue to work with local arts groups and the Boys and Girls Club on the development of recreation and art programs; (ii) continue to work with the County, WCVA, Hospital, School District, Boys and Girls Club and NDOT on cooperative local projects; (iii) continue to support downtown redevelopment and improvement efforts; (iv) continue to work with the HDA, NNRDA and the County on diversifying the economic base by attracting new businesses; (v) continue to work on retaining and expanding existing businesses; (vi) continue to improve the City website; City Treasurer Lindsey said the City will be going with the current web server but a different platform which will be a canned site instead of a custom one that will have all of the City pictures and information and it will be iPhone and iPad compatible; (vii) continue to improve the airport industrial park infrastructure, including the completion of a development plan and adding to the reserve fund for this purpose; City Manager West said that the City and HDA will continue in their efforts to obtain the Stitzer property for access road purposes; and, (viii) continue to lobby for the selection of the I-11 route option through Winnemucca.

Quality of Life Issues: The City will: (i) continue to work with local arts groups and the Boys and Girls Club on the development of recreation and art programs; (ii) continue to work on enhancement/beautification projects; Putnam commented that the City had done a great job on the East Winnemucca, gateways and intersection projects; (iii) continue to work towards the construction of a new Community Art Center (with ICON?); (iv) continue to expand and beautify the cemetery (trees and landscaping); Putnam said that last year the roads were reconstructed, a portion of the irrigation system was replaced and the expansion area was excavated and this year the expansion area will be completed, adding approximately 400 plots; a tree project, the irrigation system upgrade will continue, and work on a decorative approach to the hillside will take place; (v) continue to maintain and beautify parks and recreation facilities; (vi) work with the County, WCVA and Community Improvement Group on developing additional recreation facilities (aquatic center and Phase III of the Recreation Complex); (vii) update the playground equipment at all parks including the Recreation Complex; Putnam said this will be a high priority

in this budget; and, (viii) support the efforts of HDA subcommittees and citizen committees on quality of life projects.

Federal and State Mandates: The City will: (i) continue to monitor and resist unfunded federal mandates such as expansion of the requirements of the Clean Water Act, Safe Drinking Water Act, encourage the release of federal lands to local entities for economic development purposes and continue to resist the federal government's efforts to further restrict the use of federal lands by the public; West said the proposed lithium mine located west of Orovada may be affected by the sage grouse listing as an endangered species; (ii) continue to monitor and resist unfunded state mandates (such as the prevailing wage law, police heart and lung law, retiree health insurance subsidy, property tax limits, etc.; and, (iii) continue to work closely with the NLC to maintain the revenue structure (especially sales taxes and gas taxes).

BLM Issues: The City will continue to work with the local BLM office on updates to the Resource Management Plan.

Overall City Operation: The City will: (i) continue to utilize and expand the shared cost agreement with Humboldt County to provide the most economical services to the public; (ii) continue to improve and maintain overall employee morale; and, (iii) continue to provide quality services to residents while limiting expenditures as much as possible.

Public Safety: The City will: (i) continue to fund the staffing levels necessary to provide a safe community while maintaining budget goals; (ii) continue to finance a drug task force and maximize drug control efforts; and, (iii) continue to provide modern equipment for the police and fire departments. Putnam commented that the addition of the new ladder truck has been an awesome addition to the fire department and she commended Chief Silva for the great job he has done in obtaining grants for equipment for the police department.

Public Works: The new sewage treatment plant and effluent disposal facilities should be completed and on-line in late September, 2017. The City will: (i) continue to maintain all facilities and infrastructure in very good condition; (ii) complete the cemetery expansion project and plans for a new cemetery; (iii) establish a utility easement encroachment policy, continue to work towards the elimination of any remaining existing easement encroachments and increase accessibility to the existing easements wherever possible; (iv) add to the street reserve fund for future reconstruction projects; and, (v) continue to improve and expand the storm drain system.

Organization Charts: West announced that the Administrative Support II position has been filled by Jill Thomason who begins in that position on March 27, 2017 to replace retiring Deputy City Clerk Linda Barton. West presented an updated organization chart to the Council.

PROJECT STATUS REPORT

Recently Completed Projects:

2016 Street Project (Chip and Micro Seal)

Cemetery Roads Reconstruction

2016 Alley and Intersection Project – The only thing left is the island on Fourth Street and Winnemucca Blvd. The grass will be removed and replaced by colored concrete.

Police Station HVAC Project (\$70,000)

Boys and Girls Club Project (Multi-Purpose Room upgrades – Nixon fire loss funds)

Projects in Construction or Moving Forward:

Airport Taxiway and Wind Cone Project (FAA funding)
2016/2017 Sewer Project (treatment plant, pump station and influent pipeline)
Cemetery Expansion Project (grading completed)
Cemetery Irrigation System Replacement has been started

Projects In Design Phase:

Water Valve Project Phase IV (Minor Street area) - to be done mostly in-house by the Public Works crew.
Well #8 Project – the test hole for the East end well was not up to standards for a municipal well and was abandoned. The City will be doing another test hole on a piece a property closer to town.
The Nixon fire loss funds for the amphitheater project.
First Street Sewer and Water Main Project
West Fourth Street Water Main Replacement Project
Airport Taxiway Overlay Project (FAA funding)
East Second Street Storm Drain Project
2017 Valley Gutter and Intersection Project (RTC)
Upper Kluncy Canyon Road (RTC)
Recreation Complex Parking and Playground Project
Highland Park Parking and Playground Equipment Replacement Project
Vesco Park Playground Equipment Replacement Project

Short Term Priority Projects:

Airport Industrial Park Phase II Access R/W and Utility Extensions (Stitser)
Recreation Complex Phase III (tennis courts and ball fields)
Storm Drain Master Plan (City will hire a consultant to put this project together)
Community Arts Center (ICON Foundation?)

Long Term Priority Projects:

18 Hole Golf Course with new Clubhouse
Alley Sewer Main Replacement Project (Orangeburg piping – Minor to Highland)
Recreation Complex Aquatic Center
Grass Valley Road/Construction Way Sewer Main/Pump Station Project
Grass Valley Road/Construction Way (w/railroad crossing)

ENDING FUND BALANCE HISTORY

City Manager West presented the Ending Fund Balances history from 2006 through 2016 and the estimated balances for 2017 and 2018. The last four years there has been a substantial decline in ending fund balances as a result of the long planned capital projects that were completed. The funding was saved up and placed into reserve funds for many years specifically for the projects. The Fire Department will need to purchase a wildfire brush truck for about \$160,000 during the next five years. West is proposing to reduce the amount in the street project reserve in order to accomplish some of the other listed goals. The \$23,000 street improvement project expenditure is for the elimination of the drainage problem at the intersection of Paiute Drive and Kluncy Canyon, but the Capital Improvement Fund expenditure will not be necessary should the Council approve RTC funds for the reconstruction of upper Kluncy Canyon Road. The East Second Street storm drain project will cost approximately \$80,000. The two large Airport projects will reduce the capital improvement reserve balance, as they required substantial local matches. Park and Golf Course improvements will run about

\$500,000 for addition of parking and playground equipment. West commented that a replacement street sweeper will need to be purchased within the next five years at an estimated cost of \$300,000. The estimated \$106,000 for the completion of the cemetery project has been included. \$1M of the Nixon Funds has been included should the ICON Foundation auditorium project move forward.

REGIONAL TRANSPORTATION COMMISSION

City Manager West reported that staff is proposing not to have a street sealing project this year and, instead, to reconstruct Kluncy Canyon Road from Great Basin to Paiute. The RTC funding was used for designated collector streets like Kluncy in the past. The project will cost \$295,000 and will not include curb, gutter and sidewalk. The RTC budget will also allow completion of one more intersection (valley gutter and curb return) project at a cost of \$241,000.

BUDGET RECAP

City Council – very moderate budget increase due to salary and health insurance cost increases. A 20% health insurance cost increase is anticipated due to the recent loss history with the County. Two Council members are not receiving PERS benefits and one is not receiving health insurance benefits, which reduces the budget.

City Clerk – reduction in overall budget with Linda retiring, since the new hire salary will be less. The budget also includes money for the new software.

City Manager – budget is slightly increased as there will probably be an overlap with his replacement and there will be a leave time pay out when the City Manager retires.

Police Department – the only major increase in their budget is the crime lab increased by \$8,500. There are also some animal control facility improvements.

Building Inspector – includes a new truck.

Fire Department – the budget is comparable to last year.

City Attorney – only the 1% COLA increase

Street Department – last year was higher because it included a crack filling machine and a dump truck.

Airport – last year was higher because the HVAC system at the BLM dispatch center had to be replaced.

Cemetery – this year is slightly higher because of sealing the new roadways.

Public Buildings – last year was higher because it included the golf shop roof at \$30,000.

Planning Department – just a slight increase estimated.

Parks Department – no substantial differences.

Golf Course – no substantial differences

Pools and Recreation Department – the same management agreement with the Boys and Girls Club.

The overall expenditure budget increased from \$7.3M last year to \$7.4M this year. The revenue is projected to be \$6.7M, a drop of approximately \$750,000. The General Fund owns the Railroad Springs water so the water fund pays \$100,000 per year to the GF. The General Fund ending fund balance is projected to be \$6.3M which is about 86% of the operating expenditure budget. Next year the ending fund balance is projected to be \$5.6M which is about 76% of the expenditure budget.

SEWER FUND

Beginning cash last year was approximately \$8M. Even after a \$8M cash expenditure for the new sewer plant, a \$4.7M balance is projected at the end of this year. Approximately \$16.8M of the financing will be spent this year and \$4.9M will be spent next year. The ending fund balance for next year is projected to be \$4.9M. The USDA loan is \$18.2M and there will be a \$2M-\$2.4M grant; the amount will depend on the total cost of the project at the end. The flood plain manhole project, the First Street sewer project and a portion of the new software are included in next year's capital outlay amount.

WATER FUND

This year the capital outlay included a test hole for Well #8. Next year's capital outlay includes First Street water line replacement, a second test hole for Well #7 and the valve project, as well as a generator for Well #7 in the amount of \$45,000. Capital outlay will be increased from \$557,000 to \$625,000. Ending cash balance is projected to be \$506,000.

CAPITAL IMPROVEMENT

Beginning fund balance was \$6.4M this year and the projected ending balance is \$5.5M this year. Projects total \$1.7M, including the Airport project which is mostly FAA grant money.

CITY/COUNTY SHARED COST AGREEMENT

The following are shared cost agreements for net costs between the City and County:

- Planning – City share 25%
- Dispatch – City share 35%
- Airport – County share 50%
- Cemetery – County share 25%
- Parks – County share 40%
- Golf Course – County share 40%
- Swimming Pools – County share 40%
- Recreation – County share 40%
- Animal Control – County share 50%
- Spay-Neuter – County share 50%
- Building Inspector – City share 35%

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DEPARTMENTAL REVIEWS

EXPENSES

PERS is predicted to remain the same: Regular employees @ 28%, Fire @ 29% and the Police @ 40.5%. Salaries: COLA increase of 1% and those employees that qualify will receive a 2.5% merit raise. Health Insurance: For each employee the projected amount will go from \$10.5K to 12.6K each or approximately a 20% increase. The City will continue to hire seasonal temps for about \$25,000 each (8 months/year).

GENERAL GOVERNMENT

City Council / General: The Mayor and Council salaries and benefits were adjusted 2% for cost of living adjustment (COLA) per ordinance.

City Clerk/Treasurer: The budget includes four employees. The salaries have gone down with the anticipated retirement of the Deputy Clerk/Treasurer and the new hire will not be at the same salary. Department operating/supplies has gone up in anticipation of staff training and new software training.

City Manager/Engineer: The City Manager/Engineer salary and benefits are cost shared with the water and sewer funds at 33% each. City Manager West will receive only a 1% COLA increase in July and his retirement will require a "pay out" for sick and annual leave. The new hire will more than likely overlap but at a lower salary.

General Administration: The budget includes the Nevada League of Cities dues (\$4,000) and audit cost of \$30,000 (GF share). The new website and maintenance cost is \$6,000 and new software cost of \$40,000 (GF share). Donation accounts include the Humboldt River Water Basin Authority \$5,000, Lowry Graduation Party \$2,500, CAP Hangar (1/2) \$1,500, Shooting Range \$1,500, WNDD dues \$3,200, \$6,000 for RSVP and \$20,000 for the 2017 Centennial Celebration. The Council decided to no longer contribute to the Vitality Center, as the new Family Services Center provides similar services and is in need of local funding.

Public Safety/Law Enforcement: Deputy Chief Dalley reported that the department is fully staffed. Salaries for the police department are budgeted at \$1.7M. Professional services include the annual software fees, licensing fees for the RIMS system (\$9,500), Lexipol (\$6,500) and Coban (\$3,000). The budget includes \$16,750 to uninstall and reinstall a donated back-up generator from Elko. The contract with the Washoe County Crime Lab increased substantially this year to \$40,881 which covers call out for processing evidence and field investigation of major crime scenes. Equipment replacement includes Coban Car System (\$8,807) and a 2017 Ford F250 4 door short bed pickup (\$30,279) and the purchase of a used, fully equipped 2016 Chevy Tahoe (\$38,000).

Building Inspector: The Building Inspector budget includes \$74,500 in salary and benefits plus \$31,000 for a new pickup.

Volunteer Fire Department: The salaries include the Fire Chief/Trainer salary at \$25,000. The deemed wage for the volunteer fire fighters is \$2,000 per month. The budget includes funds for uniforms, pagers, fire foam, turnouts and hose for a total of \$10,000. \$5,000 is budgeted this year for placing rock landscaping on the slope at the fire station.

City Attorney: The standard cost of living increase will be incorporated into the Fiscal Year 17/18 budget for salary.

PUBLIC WORKS

Streets: The budget includes salaries of \$330,000 for four full time employees and two temps; \$15,000 for the NDOT street striping contract; \$32,000 for bulk material; and, \$20,000 for heavy equipment repairs.

Airport: The Airport budget includes \$5,000 for snow removal. \$8,300 is budgeted for the Nav Aid Tech; \$3,000 is budgeted for crack fill material; and, \$3,000 for repair to the FBO bathroom. \$5,000 is budgeted for the Airport Open House match and \$5,000 for snow removal.

Cemetery: The cemetery budget includes salary for one full-time employee and one temporary employee (\$70,000). \$30,000 was approved for site improvements to be used for asphalt sealing, landscaping materials and irrigation system materials.

Buildings: The Public Buildings includes \$13,000 in salaries for janitorial services at the PD station and City Hall. City Hall trim painting and new park restroom doors is \$9,000. \$14,000 has been budgeted for the replacement of the overhead door at the old fire station.

Parks Department: The budget includes salaries and benefits for three full-time employees and three temporary employees (\$235,000). \$22,000 has been budgeted for chemical supplies for the pre-emergent weed control program and \$5,000 in site improvements for landscaping materials.

Golf Course: The budget includes salaries at \$122,000 which include two full time City employees, and two temps. \$42,000 is budgeted for the Golf Pro and \$2,000 for the honor camp labor. \$14,000 is budgeted for chemical supply and \$27,000 for cart path paving and sealing. The budget includes \$31,000 for a T-box mower. \$24,500 has been budgeted for the club house stucco.

Pools: The budget includes \$85,000 for the Boys and Girls Club maintenance agreement to be paid in quarterly payments of \$21,250.

Recreation Department: The budget includes \$50,000 for the Boys and Girls Club management agreement to be paid in quarterly payments of \$12,500.

Sewer Department: The budget includes \$138,000 in salaries for three full time employees. Bulk fuel budget has been increased to \$12,000 because the new sewer treatment plant is located 3.5 miles out Jungo Road. Outside repairs (\$105,000) include street patch, lift station upgrades, Second Street lift station generator and the manhole lid adjustment project. Professional services are budgeted at \$100,000. \$25,000 is budgeted for polymer chemical which will be used at the new sewer treatment plant. The First Street sewer project will cost approximately \$425,000 and floodplain man hole sealing project will cost \$75,000. The budget includes \$3.7M for completing the new sewer treatment plant project.

Water Department: The budget includes \$176,300 in salaries for four full time employees. \$20,000 is budgeted for valve box lid adjustment and \$75,000 is budgeted for professional services which include a portion of the audit share, testing, physicals, on-line bill

