

**CITY COUNCIL MINUTES
SPECIAL MEETING-BUDGET PLANNING SESSION
March 12, 2015**

The Winnemucca City Council met in special session on Thursday, March 12, 2015 at 9:00 a.m. in the City Hall meeting room. Present: Mayor Di An Putnam, Councilmen Michael Owens, Theresa Mavity, Ken Tipton, Jim Billingsley and Paige Brooks. Staff present: City Manager Steve West, Public Works Supervisor Roger Sutton, Police Chief Eric Silva, 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 / PERSONAL COMMUNICATION / CORRESPONDENCE:

There were no public or personal communications or correspondence.

DISCUSSION / ACTION ON ITEMS OF BUSINESS & OTHER REPORTS:

BUSINESS IMPACT DETERMINATION

After review and consideration of the effect each item could potentially have on a "business," as the term is defined by statute, the Council agreed that no item on this agenda appears to impose a direct and significant economic burden on a business or appears to directly restrict the formation, operation or expansion of a business. Councilman Owens moved to make a finding that no item on the agenda appears to impose a direct and significant economic burden on a business or appears to directly restrict the formation, operation or expansion of a business. Motion carried unanimously.

FISCAL YEAR 2015-16 BUDGET-PLANNING

City Manager West reviewed the proposed 2015 priorities and goals:

Economic Development: The City goals include: (i) working with the WCVA on tourism projects and community definition projects (e.g., the Futures Project); (ii) working with the County, WCVA, Hospital, School District and NDOT on cooperative local projects; (iii) supporting downtown redevelopment and improvement efforts; (iv) working with the HDA and the County on diversifying the economic base to attract new businesses; (v) retaining and expanding existing businesses; (vi) improving the City website; and, (vi) improving the airport industrial park infrastructure, including completion of a development plan and adding to the City reserve fund for this purpose.

Quality of Life Issues: The City will continue to work on: (i) art programs using any available financial assistance; (ii) enhancement and beautification projects such as the East Winnemucca Boulevard project and the fire house tree project; (iii) funding opportunities for a new community art center; (iv) maintaining and beautifying the cemetery (trees and landscaping); (v) maintaining and beautifying City parks and recreation facilities; (vi) working with the County, WCVA and Winnemucca Community Improvement Group to develop additional recreation facilities including soccer fields, a Boys and Girls Club and an aquatic center; (vii)

replacing and adding new playground equipment at City parks, which is currently postponed until it is determined how quickly the new recreation park develops; and, (viii) supporting HDA and citizen committees on quality of life projects.

Federal and State Mandates: The City will continue: (i) monitoring and resisting unfunded federal mandates such as the Clean Water Act (which is driving costs up on the sewer project) and the Safe Drinking Water Act (e.g., more stringent arsenic regulations); (ii) encouraging the release of federal lands to local entities for economic development purposes; (iii) resisting the federal government efforts to further restrict the use of federal lands by the public (e.g., the proposed sage grouse endangered species listing); (iv) monitoring and resisting unfunded state mandates such as the prevailing wage law, the police/fire heart and lung workers comp law, the proposed police body camera law, the retiree health insurance subsidy law, and the property tax limit law; and (v) working closely with the NLC (Nevada League of Cities) to maintain the city revenue structure, especially sales taxes and gas taxes, and to actively oppose the passage of a margins tax on business by the Legislature.

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

Overall City Operations: The City will continue: (i) utilizing and expanding the shared cost agreement with Humboldt County to provide the most economical services to the public; (ii) improving and maintaining overall employee morale; and, (iii) providing quality services to residents while limiting City expenditures as much as possible.

Public Safety: The City will continue: (i) providing the police staffing necessary to provide a safe community while maintaining the budget goals (a lieutenant position was added this year); (ii) working to acquire a pumper/ladder truck to provide fire protection to taller buildings (a grant application has been submitted for the apparatus); (iii) financing a drug task force to maximize the illegal drug control efforts; and, (iv) providing modern equipment for the police and fire departments.

Public Works: The City will continue: (i) progressing on the new sewage treatment plant and effluent disposal facilities; (ii) maintaining all City facilities and infrastructure in a very good condition; (iii) working on establishing a cemetery reserve fund for future construction costs; (iv) developing a utility easement encroachment policy to eliminate the remaining easement encroachments and increase accessibility to the existing easements; (v) rehabilitation or replacement of sewer mains constructed with Orangeburg pipe; (vi) working toward completion of the Museum Road construction project; (vii) the conversion to an automated water meter reading system; (viii) working on completion of a new east end water well; and, (ix) with the First Street sewer and water main replacement project.

City Council Budget Goals: The City has goals of: (i) not increasing the property tax; (ii) maintaining the general fund balance at a minimum of 60% of current expenditures; (iii) maintaining expenditure levels as much as possible without negatively impacting services to the public; (iv) maintaining low rates for charges and fees (as budget allows); (v) maintaining all facilities and infrastructure in very good condition; (vi) making economic development a high priority; (vii) utilizing RTC gas tax funds and, as much as possible, the other gas tax revenues for street maintenance projects; (viii) maintaining reserve accounts to provide funding for future

large capital projects; and, (ix) maintaining a fee structure which is adequate for funding the sewage treatment plant project.

City Budget Notes: 1) The City receives no share of the net proceeds of mines tax revenue. 2) The City must continually monitor the actions of the state Legislature. 3) City expenditures are increasing at a faster pace than revenues. 4) The primary source of City revenue is the state sales tax (approximately 40% of general fund revenue). 5) Internet sales are having a major negative impact on the sales tax revenue. 6) The City gas tax is a flat revenue source because it is collected on a price-per-gallon basis. 7) The City gas tax revenue has been negatively impacted by the popularity of diesel powered vehicles. 8) The City is constantly being forced to comply with state and federal unfunded mandates. 9) City utility, fuel and insurance costs have increased dramatically in recent years.

BUDGET RECAP / GENERAL FUND

The Deputy City Clerk is anticipated to retire next summer, and another employee for the department must be hired soon, which will result in four full time employees with some overlap of function until the retirement, when the Deputy City Clerk position will be eliminated.

There must be an additional \$20,000 budgeted for insect control next year in the event that the river flows increase, which drives up chemical costs.

The police department added a lieutenant position. The police PERS rate did not change.

The building inspector is retiring this fall. There will be some overlap with the current building inspector and the replacement, but the budget should not have to be increased due to the replacement beginning at a lower salary range.

The volunteer firemen are required to have physicals every three years, which will cost approximately \$14,000 next year.

The previous year's expenditure number for the street department shows \$1.5M, which was inflated by the NDOT payment of \$750,000 for Haskell Street.

The airport budget shows an increase in costs for next year for snow removal and crack filling which were unused this year.

Public buildings show a decrease in expenses with the maintenance position being eliminated.

The parks and golf course budgets will be separated. The City has implemented a reduced City-account water rate, so there should be a decrease in utility costs. The Head Greenskeeper position was eliminated and replaced with a lower salaried position. There will be an increased expense for the soccer complex maintenance.

The PERS rates will increase substantially for regular employees and fire employees next year.

The pools and recreation budget shows a substantial decrease in costs due to the retirement of the Recreation Director and implementation of the Boys/Girls Club management agreement.

Total expenses are estimated to be \$7.2M compared to the budget of \$8M. There was a \$1.5M transfer out of the general fund to the capital improvement fund this current year. The general fund will end with approximately \$8.1M, which will carry over to the next fiscal year. There are \$1.1M in transfers proposed from the general fund this year; \$1M to the capital improvement fund and \$100,000 to the retiree health fund. A \$7.4M dollar ending fund balance is anticipated at the end of next fiscal year which is 103% of the general fund operating expenses, and the goal of having a one-year balance will be met.

CAPITAL IMPROVEMENT FUND RECAP

The beginning fund balance is anticipated to be \$7.7M with a \$1.5M transfer in from the general fund and the \$100,000 received annually from the water fund (RR Springs). Revenues include contributions of \$1M from the County and \$250,000 from the WCVA for the Recreation Complex. Grant-in-aid revenue includes airport projects, the East Winnemucca Blvd. grant, and the NDOT grant. The ending fund balance for capital improvement is estimated at \$6M. Expenditures are \$70,000 for fire truck equipment, airport projects and the East Winnemucca Boulevard project. It is proposed to increase the capital improvement fund to \$7M by end of next fiscal year, which includes the \$2M reserve in the Nixon Hall fire loss insurance fund (reserved for a community cultural center).

The debt service fund includes the assessment district final payment of \$180,000. The debt service fund balance at the end of the year is anticipated to be \$170,000, which can be utilized for other things.

Vacation and sick leave accrual is totally funded. There has been some reduction in the unemployment reserve with increased use of benefits by the reduced City positions.

The retiree health insurance subsidy fund is a liability instituted by the Legislature many years ago mandating a health insurance subsidy for City employees who retired during a certain period of time. The annual expense for the fund is approximately \$50,000. The City goal is to continue to contribute to the fund until it is fully funded.

The total cost of the new wastewater sewer plant is estimated to be \$24M of which the City is budgeting \$10M to be spent before July 1, 2016. The work on securing the loan has started with the approval of the bond counsel agreement. The loan application will be submitted to the state revolving loan council for the several month loan procurement process. There is a projected \$2.2M in revenue from the sewer fee increases this current year and next fiscal year. With the expenditure of the \$10M and \$400,000 on the First Street sewer replacement project, the ending cash is projected to be about \$7.9M

Water fund salaries are projected to be higher due to increased interfund management charges and the hiring of two temps for the installation of the meters for the new meter reading program. Increases in costs are for tank cleaning, the well rehabilitation projects, the Fourth Street water main replacement and the water meters purchase, which reduces the ending cash projection to \$340,000.

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MAJOR PROJECT STATUS REPORT:

Recently Completed Projects:

2014 Street AR Chip Project (RTC funds)
Sewer Interceptor Project: Baud and Second Streets
Sewer Plant Facilities Plan
Downtown Intersection Streetscape Project (joint project)
Airport South Property Purchase and Fencing (FAA funds)
Airport Layout Plan Update (FAA funds)
Fire Station Project
East Winnemucca Blvd. Storm Drain Project (private funding)

Projects In Construction or Moving Forward:

Animal Control Center Project
Museum Lane Project (development agreement)
Recreation Complex Phase I
Airport Signage and Generator Project (FAA funding)
Water Meter Remote Reading System Retrofit (Phase I-Zone 4)

Projects in Design Phase:

East Winnemucca Blvd. Curb and Sidewalk Project (TAP Grant)
Airport Wind-Cone Installation and Taxiway Design Project
Recreation Center / Boy's and Girl's Club Building and Recreation Complex Phase III
Sewage Treatment Plant and Effluent Disposal Project
First Street Sewer and Water Main Replacement Project
Fire pumper / ladder truck (grant application submitted)
East-End Water Well Project
West Fourth Street Water Main Replacement Project

Short Term Priority Projects:

Airport Industrial Park Phase II Access and Utility Extensions
New Cemetery Project
Playground Equipment Upgrade Project
Storm Drain Master Plan
New Aquatic Center
New Golf Course Club House

Long Term Priority Projects:

Community Arts Center Project
18 Hole Golf Course
GV Road / Construction Way Sewer Main / Pump Station Project
GV Road / Construction Way Loop Road Project
GV Road Area Storm Drain Project (Winnemucca Farms Easement needed)

INTERFUND CHARGES

Interfund charges for the sewer and water fund include salaries and benefits of the City Manager/Engineer, City Clerk's Office, City Building Inspector and the Public Works Supervisor. Interfund charges for water and sewer also include monies for street patching.

CITY/COUNTY SHARED COST AGREEMENT

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

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%

COSTS BILLED TO COUNTY AS EXPENDED:

Insect Control – 50%
Airport Construction – 50%
Shooting Park – 50%

CAPITAL IMPROVEMENT RESERVE SUMMARY:

The beginning balance of the capital improvement reserve for FY 15/16 is projected to be \$6M. With projected transfers, interest, grants and government contributions, less projected expenditures, the estimated City's capital improvement reserve ending balance for FY 15/16 is \$7M.

DEPARTMENTAL REVIEWS

EXPENSES:

GENERAL GOVERNMENT:

City Council / General: The Mayor and Council salaries and benefits were adjusted 2% for cost of living adjustment (COLA). General Expenditures: PERS for regular employees is going to 28.0%; volunteer firemen to 29.0%, and police will remain the same at 40.52%. Salaries will increase with a 2.5% COLA and a 2.5% merit raise. Health insurance is expected to increase by 10%. The City will hire seasonal temps for a total of \$16,000 each.

City Clerk/Treasurer: The budget proposal shows an increase with the anticipated retirement of the Deputy City Clerk next summer. The plan includes bringing someone on line for cross training purposes. Budget includes four fulltime employees with some overlap until the Deputy City Clerk retires.

City Manager/Engineer: Includes only routine and standard costs. The City Manager/Engineer salary and benefits are cost shared with the water and sewer funds at 33% each.

General Administration: The budget includes \$20,000 more in insect control. Liability insurance expense is recorded in this department and is estimated to increase 5%. Half of the audit fees are included in this fund with the additional amount divided between water and sewer accounts. Nevada League of Cities dues are paid from this account. Donation accounts include the Vitality Center \$6,000, Humboldt River Authority \$4,000, Lowry Graduation Party \$2,500, CAP Hangar (1/2) \$1,500, Shooting Range \$1,500 plus \$1,000 for canopy, WNDD dues \$2,500, and \$4,000 for RSVP. Vitality Center, RSVP and the Northern Nevada Performing Arts will make presentations to the Council at a future meeting.

Public Safety/Law Enforcement: Chief Silva reported that Senate Bill 111, which requires the use of personal recording devices by local law enforcement, is anticipated to pass; it will be an unfunded mandate which will increase the police department budget by \$20,000. The budget includes the contract with the Washoe County Crime Lab which will increase this year by \$7,000, which covers call out for processing evidence and field investigation of major crime scenes. The option of using other northern Nevada police department crime labs is being researched. The City pays 30% of the operating expense of the dispatch center and 50% of the animal control expenses. Equipment replacement includes the replacement of two motorcycles, a detective vehicle, a computer server and the Coban system.

Building Inspector: The building inspector will retire later this year, and there will be some overlap of function with the training of a new inspector, but salary remains the same as the newly hired inspector will be in a lower salary range. The City will continue to pay 35% of the salary of the County Building Inspector for the part-time use of services by the City.

Volunteer Fire Department: Fire Chief Olsen stated the department will be required to do physicals this year (done every three years). The new fire house station floor becomes slippery when wet and will be treated with a floor grit for \$3,000. The hospital has donated an ambulance that the fire department will use as an equipment van; \$7,500 is budgeted to paint the vehicle. Six pagers will be purchased this year for \$13,200 total cost.

City Attorney: The standard cost of living increase will be incorporated into the Fiscal Year 15/16 budget.

PUBLIC WORKS:

Streets: The budget includes \$20,000 for NDOT street striping contract. \$5,000 is budgeted for rental of snow removal equipment. Site improvements include \$5,000 for streetscape boulders and \$5,000 for landscaping rock for Bridge Street, US 95 and the Gateways. The aging Christmas garland will be replaced for \$12,000. \$12,500 has been budgeted for the purchase of a crack routing machine. Bulk materials include \$10,000 for salt/sand, \$5,000 for striping paint, \$3,000 for aggregate base, \$2,000 for asphalt and \$15,000 for crack filler. The carriage light LED retrofit is budgeted at \$20,000.

Airport: The Airport budget includes \$9,000 for fuel tank cleaning and \$5,000 for snow removal. The Council discussed a request for \$5,000 as start-up money for an annual Airport open house, and it was the consensus the request is better suited for HDA or WCVA.

Cemetery: The cemetery budget includes salary for one full-time employee and two temporary employees. \$10,000 was approved for site improvements to be used for hillside landscaping behind the Columbarium Niche.

Buildings: Councilman Tipton suggested replacing the lights in City Hall with LED lights; Public Works Supervisor Sutton will obtain information on the suggestion.

Planning Department: The costs associated with this department are part of the City/County Cost Share agreement.

Parks Department: The budget includes: salaries and benefits for three full-time employees and four temporary employees; \$20,000 for chemical supplies for the pre-emergent weed control program; and, \$25,000 for the purchase of a workman utility cart used to prep the ball fields. There was discussion on the need to replace playground equipment at Vesco Park but because of the unknown future of Vesco Park, the expenditure is not included in this year's budget. It was felt any future expense for playground equipment may be better served at the Recreation Complex. The Boys and Girls Club has committed to the purchase of a large mower for use at the soccer complex.

Pools: The budget includes \$59,000 for the Boys and Girls Club agreement to be paid in quarterly payments of \$14,750. Salaries and benefits will no longer be the responsibility of the City.

Recreation Department: The budget includes \$65,800 for the Boys and Girls Club agreement to be paid in quarterly payments of \$16,450.

Sewer Department: The sewer department budget includes: salaries for three full time employees; \$20,000 for outside repairs of street manhole lid adjustments; \$5,000 for professional services for one-half the cost of an on-line payment program (the other one-half is included in the water department budget); \$10,000 for the Solar Bee contract; \$6,000 for the SCADA system; \$10M in capital improvement for the new wastewater treatment project (through June 2016); \$400,000 for the First Street sewer main project; and, \$872,000 for engineering services for the new wastewater treatment plant.

Water Department: The water department budget includes: salaries for two full time employees and two temporary employees and two additional temporary employees hired for retrofitting of the meter pits; outside repairs has \$20,000 for water tank cleaning, \$20,000 for valve box adjustment and \$100,000 for the rewiring of Well #5 and Well #7 for emergency generator backup connections; \$38,000 is budgeted for the purchase of a used dump truck; and, capital improvements include \$200,000 for the First Street water main project, \$60,000 for the construction of a new pole barn building/shop, \$300,000 for Zone 3 new meter reading system, \$50,000 for east end test well and \$200,000 for the W. Fourth Street main replacement. Future projects will include \$750,000 for the new east end well and \$100,000 for exterior painting of the water tanks.

