

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

SS January 7, 2014

The City Council of the City of Elko, State of Nevada met for a special meeting beginning at 4:30 p.m., Tuesday, January 7, 2014.

This meeting was called to order by Mayor Chris 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 John Rice
Councilwoman Mandy Simons
Councilman Reece Keener
Councilman Robert Schmidlein

City Staff Present: Curtis Calder, City Manager
Delmo Andreozzi, Assistant City Manager
Dawn Stout, Administrative Services Director
Shanell Owen, City Clerk
Ryan Limberg, Utilities Director
Scott Wilkinson, Development Manager
James Wiley, Parks and Recreation Director
Matt Griego, Fire Chief
Jeremy Draper, Civil Engineer
Rick Magness, City Planner
Ben Reed Jr., Police Chief
Ty Trouten, Police Lieutenant
Rich Genseal, Police Lieutenant
Dave Stanton, City Attorney
Robert Spencer, Electrical/Facilities Superintendent
Diann Byington, Recording Secretary

ROLL CALL

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 were no public comments.

I. UNFINISHED BUSINESS

- A. Review, discussion, and possible selection of a Police Department Facility location, including possible authorization to initiate negotiations with the selected property owner, and matters related thereto. **FOR POSSIBLE ACTION**

The City Council reviewed alternative Police Department Facility locations on August 13, 2013, August 27, 2013, and December 10, 2013. Two locations remain under consideration.

Copies of the Request for Information (RFI) and the submitted proposals have been included in the agenda packet for review. Additionally, Lombard-Conrad representatives will be present at the City Council meeting to answer questions regarding design and/or site placement. CC

Councilman Schmidtelin disclosed he had a conflict of interest with the Geothermal Park candidate people. In the past he helped develop part of the Geo Park with Canyon Construction and with his affiliation with that project he recused himself from the meeting.

Pedro Ormaza, Ormaza Construction, started a presentation for the Geothermal Industrial Park proposal (Exhibit "A").

Pat Walsh, CGA Architects, continued with the presentation.

Mr. Ormaza finished the presentation and explained the purchase and lease proposals. The proposal included prevailing wages. Everyone has gone through this and it looks like we are going to have to use prevailing wages if the intent is that the city will buy it back.

Mayor Johnson asked about the annual lease rate on option 2. What is that price based on?

Mr. Ormaza said it was based on the original LCA designs. If you want to do some value engineering that would change the price.

Mayor Johnson asked if the \$19,000 was the city's expense.

Mr. Ormaza said that would be just for the city to pay for.

Mr. Walsh said in the original proposal you asked that we give you an estimate of the utility and maintenance costs.

Councilman Rice noted he didn't see anything for the annual geothermal costs.

Mr. Ormaza said it would be included in the triple net lease. Geothermal was not included in the drawings so it is not included in the cost estimates.

Councilman Rice said in the original proposal provided you calculated the costs on a non-prevailing wage rate.

Mr. Ormaza said these numbers were based on prevailing wages.

Councilman Rice wanted a total cost for the project.

Mr. Ormaza said he didn't have that.

Councilman Rice said in the original proposal there was a cost to own based on non-prevailing wages.

Mr. Walsh said the proposals shown were the options they were asked to give.

Councilman Rice said regarding the environmental; was an environmental assessment done?

Mr. Ormaza said it would have had to been done when the city sold the property to the Geothermal Industrial Park.

Councilman Rice thought those have a warranty period. He is dealing with a property that needed to be cleaned up. That warranty will expire.

Mr. Ormaza said he understood that would be only if something has happened on that property since the purchase. Nothing has been built or stored or the property used for any purpose.

Councilman Rice asked regarding the 100 year flood plain; what you are presenting is that the building would be elevated.

Mr. Ormaza said as long as the finished floor is above grade then that would be acceptable.

Councilman Rice asked those are driveways and not city streets. (yes) Does your cost include the installation of curb, gutter and sidewalk; (yes) and will there be curb, gutter and sidewalk on the driveways? (yes)

Councilwoman Simons asked is this a 20 year lease. (yes)

Councilman Keener asked you have the blessing from the county to use their access there. (yes)

Erik Lattin answered the county said they don't have issue with it but they would have to go to the County Commission.

Councilman Keener said that is the egress for the county. Isn't the exit to the east used for the exiting of the parking lot?

Mr. Lattin said there are two entrances. The one used the most is the one outside the building. If we share the access with the Sheriff Office we can move that access over closer to the pond. In either case we can provide that access.

Councilwoman Simons said she knows that section along Silver Street on the curve there are some issues with traffic.

Mr. Ormaza answered there is one stop light and Errecart will be getting one too.

Mr. Lattin said there is a substantial amount of traffic on Silver Street. You will see some significant reduction due to the new Spring Creek parking lot for Barrick. The traffic will be alleviated in the next 30 days. The busses run from 4-6 in the morning and the evening.

Mayor Johnson asked about option 2A.

Mr. Ormaza answered about the tax free interest. There was some discussion about CPI, payments and borrowing money from a bank. The drawings from LCA were not engineered for this site. The drawings will need to be re-engineered. All of the pricing in the proposal were based on the original drawings.

Mayor asked if there may be an increase in costs.

Mr. Ormaza thought the only increase would be to re-engineer the civil drawings to get this through the Building Department. This is a turnkey proposal.

Robert Capps, Capps Group, said he got an email regarding specific items that needed to be addressed in the proposal. He explained his background and his interests in Elko. The site is on Silver Street off 12th Street. This will be a brand new cul-de-sac built to city standards. There is existing sewer and water in the location. He indicated where they would pave and where other utilities are located. The building could be put just about anywhere on the property. Security risks and benefits: this property is not located in an area that has any congestion. There will be good visibility to Silver Street and close to city hall for fiber optic access. He showed a spreadsheet that demonstrated the prevailing wage and non-prevailing wage costs to build the facility. He hired a law firm to see if they could make non-prevailing wages work for this project but the information he got back was that this was going to be a prevailing wage job. (Exhibit "B") He went over the proposal. His proposal is not dependent upon geothermal but it can be provided to the building if desired.

Mayor Johnson asked if he could qualify off that plan that if the city buys the property what the price would include.

Mr. Capps went over the proposal again and compared this purchase to purchasing a developed lot in a subdivision.

Mayor Johnson asked what about power lines. Is there any proposal to change the power lines?

Mr. Capps answered he has talked to NV Energy about that and he thought it was prohibitively expensive. He offered to put the building anywhere on the property. This is a turn-key project without any value engineering.

Mayor Johnson noted that the original proposal showed just one building when the LCA drawing showed two.

Mr. Capps said that had been just a conceptual drawing to show where it would go on the site. It will definitely be two buildings plus an impound yard. One bay calls for vehicles to drive in one way and out the other. This drawing doesn't show it this way. This wasn't done to be specific rather to show where the building could be on the site.

Mayor Johnson asked if the numbers are based on the LCA design. (Yes) Do you have the same concerns because the LCA design was based on a different site?

Mr. Capps said that doesn't change the price because he assumes the city would amend the plans. For cost savings, it is in the cities best interest to buy the land and then have someone build the facility. The savings is great.

Councilman Rice asked with this proposal just buying the land, the entire lot would be raised above the flood plain? (Yes) And then you will be providing curb, gutter and sidewalk along Silver Street and those public improvements along Silver Street and then down the cul-de-sac as well?

Mr. Capps answered yes with on caveat. If you look at the western edge of the project near the Headstart driveway, that would be a half street improvement with a curb and a gutter with no sidewalk. It would be curb, gutter and sidewalk from the west edge of the property on to the intersection.

Councilman Rice asked if there were any environmental concerns.

Mr. Capps advised he would will deliver the property with a clean Phase 1.

Councilman Rice asked we can flip this around if we need to.

Mr. Capps showed another example of how the building could be placed differently on the overhead screen.

Councilman Keener asked to have the flood plain overlay shown. Will this property need fill?

Mr. Capps answered this will need fill and most of it will come from onsite.

Jeremy Draper, Civil Engineer, said Mr. Capps has application in with FEMA to remove the property from the flood plain.

Councilman Keener asked if this were selected for the site, the rest of Silver Street is not paved at this time, would it be feasible to leave it that way or pave it.

Mr. Draper answered anything east of this property we would not have the right-of-way for. Anything west from this the Street Department has talked about finishing but he isn't sure where they are with their budget.

Mr. Capps said the total frontage of this business park is about 2,200 lineal feet. As the business park gets developed to the east we will do improvements. An advantage of having the Police Department there is that it will kick off the development and get some momentum going.

Curtis Calder, City Manager, said John Bailey wanted a letter read into record. We received it officially just before the meeting. (Included in packet)

Mayor Johnson said, due to time constraints, the letter is available for review on the desk and will be in the packet. Mr. Bailey is in support of the Kittridge site and said he had concerns with both the other sites being in a flood plain.

John Carpenter asked where are you going to get the money for this. You might be able to get a bond issue passed. We tried to get a bond issue passed to build schools. It didn't pass. You need to get some kind of a professional analysis of the building the police are in. I heard you may need to tear it down. You need to get that analysis out there because there is a lot of the concern about how the money is being spent. You need a professional analysis done of the building they are in now. He wants to know if it is possible to fix it up rather than tear it down.

Pedro Ormaza, 770 Elm Street, asked as a developer, he had to pave half of the street and improve the utilities as requested by the city. Over by the Igloo, has the city put a price tag on how much it will cost to improve the street. Maybe the city needs put the numbers together or have whoever owns the igloo do it. If you are making decisions then take that into consideration.

Mr. Capps said he looked at different options. The additional costs of a sidewalk would be approximately \$8,000. For the other side on the half side it would be about 1,100 feet from where the pavement stops near 12th Street to the east side of the new cul-de-sac. He looked into that cost to pave and it would be about \$90,000.00.

Mayor Johnson asked if that gets the pavement all the way to Al Park.

Mr. Capps said it would get it paved all the way from where it ends on Silver Street now to the east side of what we are proposing to do. The \$90,000 only covers the paving and not the curb, gutter and sidewalk.

Delmo Andreozzi, Assistant City Manager, said 14th Street does have some paving on it but no curb, gutter or sidewalk. 15th Street is totally unimproved.

Mr. Calder said the Igloo is on privately owned property. There could be responsibility for that from the owners. The rest of the property is owned by the Railroad and the Al Park portion is leased.

Mayor Johnson asked about the financing side of it and what does the city staff support.

Mr. Calder said we have a conceptual idea working with the financial advisor. It would be a similar funding scenario to that of Idaho Street where you would pledge C-Tax money and then reallocate the Ad Valorem rate that is available. We have identified .08 of Ad Valorem rate that could be utilized towards this project without impacting negatively in the other projects or operational costs.

Mayor Johnson said currently that .08 cents has been funding Capital Equipment.

Mr. Calder said .03 cents of it is Capital Equipment out of a .08 cent allocation. Council would have to take action to reallocate the funds. The other .05 cents out come out of a Debt Service fund which we believe once the Idaho Street bond reserves are up to the full reserve amount that there will be .05 available to apply towards some other project. Based on council's action, if you select a site tonight, we would work with the developer and the financial advisor the structure a package that would get the final financing done through bond council. Once negotiations are complete we engage bond council it would be a minimum of 60 days before the city is in position to get the financing. The City's finance rate will be lower than what a private developer could get. Staff's recommendation would be for us to finance the project vs. a lease.

Councilwoman Simons asked do we have any assumption numbers if we bought the property and did a 10 year lease, what the cost would be?

Mr. Calder answered he couldn't speak to a lease but a purchase interest rates would be \$365,000 a year for ten years. 20 years (probably staff's recommendation) is currently \$250,000 per year. The longer you go out the harder it is to get financing.

Councilman Rice asked given our current situation, we can cover \$365,000 per year.

Mr. Calder answered not currently. Time is of the essence because rates will probably go up.

Mayor Johnson talked about the choices the city has at this time.

Councilman Rice said we are here to select the site and direct staff to negotiate. He read the agenda item and felt that gave them some options. There are a lot of different options that could be taken. The wisest option seems to be purchasing the property and negotiating for construction. He wanted to start the discussion on the merits of the sites.

Councilwoman Simons agreed and wanted a site selected tonight.

Councilman Keener wanted to hear from Chief Reed.

Police Chief Reed said the Police Department did look at all the sites and examined what would work best for the Police Department. It was unanimous towards the CAPPs property. The flood plain issue was equal in both. Fiber optics is equal. Geothermal is important for the long term and cutting down on utility costs and it seemed equal on both properties. Where they start to differ is the traffic flows. The location of the CAPPs property is closer to city hall. It is a factor to have good visibility from the street. We were looking for a good balance with the risks and benefits. In a disaster, it is an emergency services building. He was in support of the CAPPs property.

Councilwoman Simons asked why not remodel the existing building. Wouldn't it be nice to be next to the Sheriff's Department?

Chief Reed said we don't interface everyday with the Sheriff Office on the administrative level. It's more about bookings at the jail. We go from the field to the jail so that isn't an issue. He isn't a professional regarding the current building. It is a great location but the building is inadequate. It was a church built in 1948. It has many code violations and the building is missing many things we don't have. A remodel would be costly. If we took what our current needs are the limitation is the footprint. It isn't large enough for our needs. He offered tours to answer questions.

Councilwoman Simons said there are different leanings towards both sites. Both would meet our needs. She thought we should purchase the land and then contract to build the structure and go with the cheaper option. In her opinion price would be the deciding factor. Which would be the cheapest to get ready for construction? She felt the numbers are leaning more towards the CAPPs property.

Councilman Rice agreed and he thanked both for their work. In his opinion the CAPPs site is the site to go with. He agreed with the analysis that the Police Department came up with in terms of that site selection. He is concerned about clustering all EMS within a small area. Staff has indicated that there are some ways that we can afford this going forward. Any motion would include giving direction to staff on negotiating with the developer to purchase the property and financing the building. It wouldn't be a bad idea to have on hand what the developer construction would be. We don't have enough information to negotiate for a lease with the Geothermal Group. He would be willing to make a motion to that.

Mayor Johnson wanted more comments before a motion.

Councilman Keener said he is on board with everything Councilman Rice indicated. He thinks that is the right way to go. He felt we should select a site for the city to acquire the property and then do the construction as a separate transaction. Everyone will be bidding on the same thing. We love to work with local providers as much as we can.

Mayor Johnson felt he was closer comparing the two sites but there are still some questions. He talked about options and funding constraints. He was concerned that it may not be a fair comparison and that the numbers may not be as clear as they could be. We will have to move quickly to get this in front of the Debt Management Commission.

Councilman Rice said is ready to make a decision. We have been considering this from many angles since last spring.

**** A motion was made by Councilman Rice, seconded by Councilman Keener, to direct staff to negotiate a purchase of the property from the CAPPs organization and further to that they come back to us with financing options; for the city to build it conventionally using resources we have at hand in both a 10 year and a 20 year scenario. Negotiations would include understanding the scope, what is the city paying for, what will the site be “X” amount of dollars.**

The motion passed. (4-0 Councilman Schmidlein abstained.)

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 were no public comments.

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

Mayor Chris Johnson

Shanell Owen, City Clerk