

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

SS May 18, 2010

The City Council of the City of Elko, State of Nevada met for a special meeting beginning at 4:00 p.m., Tuesday, May 18, 2010.

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

ROLL CALL

Mayor Present: Mayor Pro Tempore Chris Johnson

Mayor Absent: Michael J. Franzoia

Council Present: Councilman Jim Conner
Councilman Jay Elquist
Councilman John Rice

City Staff Present: Curtis Calder, City Manager
Delmo Andreozzi, Assistant City Manager
Don Zumwalt, Police Chief
Alan Kightlinger, Fire Chief
Shanell Owen, City Clerk
Dawn Stout, Administrative Services Director
Eric Howes, Parks & Recreation Director
Trent Moyers, Airport Director
Dennis Strickland, Public Works Director
James Wiley, Parks Superintendent
Fritz Sawyer, WRF Superintendent
Jared McEntire, Electrical/Facilities Superintendent
Ted Schnoor, Building Official
Scott Wilkinson, Development Manager
Jessica Johnson, Human Resources Manager
Tony Ferguson, Sr. Engineering Technician
Ed Wynes, City Planner
Jeremy Draper, Civil Engineer
Mike Hess, Landfill Superintendent
Mike Haddenham, WRF Assistant Superintendent
Karen Walther, Animal Control Supervisor
Lorraine Martinez, Accounting Supervisor
Linda Buffington, Recording Secretary

PLEDGE OF ALLEGIANCE

I. BUDGET WORKSHOP

- A. Pursuant to NRS 354.596, review, discussion, and approval of the Final Budget for the City of Elko for Fiscal Year 2010/2011, inclusive of all funds, and matters related thereto. **ACTION ITEM**

Administrative Services Director Stout presented the final budget for approval; see Exhibit 'A'.

Following the presentation Councilman Elquist referred to the Public Improvement Development Fund; were those monies "use or lose".

Ms. Stout advised there are limitations; if the funds are not used within a specific amount of time it does have to be returned to the people who paid those monies.

Councilman Elquist then questioned if the 1.5% contingency in the General Fund was something we always do.

Ms. Stout verified that was correct; you are allowed to go up to 3% of your total expenditures in the General Fund by statute.

Councilman Elquist referred to the Sewer Fund and questioned if the operating costs are normal; the revenue doesn't cover the operating costs even before depreciation.

Ms. Stout advised the numbers presented are only estimates. The treatment plant is a very expensive operation; typically we come in under budget. If we have to play with the rates that requires a Business Impact Statement; the cost of doing that is approximately \$6,000.

Mayor Pro Tempore Johnson noted in the Airport Fund for non-operating income we show AIP Grants for approximately \$6.2 million and a non-operating expense for AIP Grant Funds in the amount of \$6,600,000.

Ms. Stout advised the difference between the two is the city's match.

Mayor Pro Tempore Johnson questioned if the city can bank those funds.

City Manager Calder advised you can to a certain degree; but, a grant has to be paid off within three years from the time it was awarded.

Mayor Pro Tempore Johnson continued discussion of the Airport Fund and requested verification the dollars allocated is from a prior commitment.

City Manager Calder believed the grants listed on the presentation is reflective of an application; not an acceptance of a grant. We have not accepted a \$6.0 million dollar grant; that has to come back to the council. It is included on the presentation for planning purposes only.

Mayor Pro Tempore Johnson then commented the council still has the option not to accept the grant and possibly save \$380,000.

City Manager Calder verified that was correct. Or, the council could accept a portion of it; i.e. the design portion which would be \$100,000 with a small match of \$5,000 to keep the project moving forward but not necessarily commit to the capital construction.

Mayor Pro Tempore Johnson called for public comment.

John Carpenter noted franchise fees had not been discussed and stated if those fees are not illegal then the council was not keeping the faith with the public. The water and sewer fees were to be used for the replacement of those systems. If we now take those as franchise fees, at some point we are going to have to increase fees or bond for those improvements. Mr. Carpenter opposed the loan of \$375,000 to the airport for the ongoing lawsuit; there is no guarantee you will ever get that back. Mr. Carpenter was also opposed to the monies being spent for the recreation feasibility study; that money would have put two police officers on the street. Mr. Carpenter expressed concern over the bonding for Idaho Street as well and believed perhaps the repairs should be addressed in phases.

Yvette Waters agreed with many of Mr. Carpenter's statements. Ms. Waters stated she was speaking as an advocate for victims and expressed concern public safety was taking a back seat to our streets.

Councilman Elquist commented with this year's budget the whole pie got a bit smaller and the council wasn't surprised to hear complaints. We took a balanced approach and will spend time this year on priorities and discussion along those lines. Councilman Elquist believed in the end we have good budget.

**** A motion was made by Councilman Elquist, seconded by Councilman Rice to approve the final budget for fiscal year 2010/2011 as presented.**

**Motion passed 3 to 1.
Mayor Pro Tempore Johnson voted against.**

After the motion and before a vote was taken Mayor Pro Tempore Johnson stated he would entertain an amendment to the motion.

Mayor Pro Tempore Johnson referred to the Airport Fund and requested clarification the city is budgeting \$380,000 for a grant application that is before the FAA now and the city has no commitments to spend the \$380,000 to lose a grant in process.

Airport Director Moyers verified that was correct; we only applied for the money; there is no obligation to accept anything at this point. As previously stated, we could just do a design on the project and not fully fund the project. Mr. Moyers advised the FAA funds are conditioned on whether or not they have the availability to make those discretionary funds available. We are entitled to 'x' dollars per year; we are using those right now to do our west airport road, phase 2 of the runway safety area project.

Councilman Elquist requested an explanation of the improvement project under consideration.

Mr. Moyers advised it was for the runway reconstruction; runway 5-23 is our commercial service runway. We've got a life expectancy of twenty years out of any project we do there. We've exceeded the life expectancy of that project; all of our pavement evaluations are telling us we need to do something to salvage it or it will be a total reconstruction. The economics are to try and do something sooner than later to save what we do have out there. It is a significant project; but is our number one priority from a capital improvement standpoint.

Councilman Elquist indicated he wanted to understand the project in case the council had to weight it against what he anticipated the amended motion would be.

Mr. Moyers reminded the council any funding received from the FAA is discretionary funding; there is no obligation on their part to fund anything.

Mayor Pro Tempore Johnson requested verification there is no commitment the city has with the FAA to put another grant in jeopardy if we decided not to fund based on financials.

Mr. Moyers verified that was correct. The current grant application just gets the process started.

Mayor Pro Tempore Johnson stated the motion is: an amendment to the main motion which is to not accept FAA grants for the fiscal year 2010/2011 and for today solely change the ending fund balance for the 2010/2011 for whatever action this would take.

Ms. Stout requested clarification; is the amendment only about the Airport Fund.

Mayor Pro Tempore Johnson advised only the \$380,000.

Ms. Stout advised typically in an enterprise funds you don't have ending fund balances. The amendment would not do anything other than take those two items out; you would take the revenue side out as well as the expenditure side.

Councilman Elquist questioned if we would keep the money in the airport or move it into contingency of the General Fund.

Ms. Stout advised the Airport Fund is an enterprise fund therefore it would have to stay in that fund.

Mayor Pro Tempore Johnson questioned whether there was any appetite for the proposed amendment.

Councilman Conner questioned if it would free up any money so less would have to be transferred into the Airport Fund.

City Manager Calder stated it would make no tangible difference; it would change the numbers on the presentation. If the council wants to consider the motion someone should clarify what type of grant we are not considering i.e. FAA discretionary grant monies versus the entitlement monies.

Councilman Elquist believed the 95% matches were a good deal for the city. As long as we are saying we are going to be a commercial airport and we are going to be responsible to keep up a commercial runway and we can get 95% of it paid for we should head in that direction. Whether we should have a commercial airport or if it should be a regional operation is a different argument; as long as the city owns it and is a steward of it he didn't believe it hurts to apply and see where we are at financially when the time comes.

Councilman Rice agreed with Councilman Elquist's statements.

Mayor Pro Tempore called for further discussion and there was none.

II. PUBLIC COMMENT PERIOD

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.

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

Mayor Pro Tempore Johnson

Shanell Owen, City Clerk