

CITY COUNCIL WORKSHOP AGENDA
1:00 P.M., Monday, March 7, 2011
Sparks City Hall Training Room, 431 Prater Way, Sparks, Nevada

1. *Call to Order

The regular meeting of the Sparks City Council was called to order by Mayor Geno Martini at 1:05 p.m.

2. *Roll Call

Mayor Geno Martini, City Clerk Linda Patterson, Council Members Julia Ratti, Ed Lawson, Ron Smith, Mike Carrigan, Ron Schmitt (arrived at 1:20 p.m.), City Manager Shaun Carey, City Attorney Chet Adams, PRESENT.

Staff Present: Chris Cobb, Neil Krutz, Jeff Cronk, Andy Flock, Steve Driscoll, Tracy Domingues, JoAnn Meacham, Jim Kindness, Armando Ornelas, Steve Keefer, Adam Mayberry, Trish Kuehl, Stacy Hemmerling, Heidi Shaw, Judge Jim Spoo, Pete Etchart, Brian Allen

***Comments from the Public - None.**

3. Consent Items

3.1 Consideration and possible approval of Fire Station No. 1 Office Remodel to Isbell Construction, Inc. in the amount of \$29,445

An agenda item from Civil Engineer Richard Brookes recommending the City Council approve a construction contract to replace the existing sanitary sewer main and laterals on Marietta Way from Greg Street, south to the Truckee River walking path. This work will be done in conjunction with the RTC reconstruction of Marietta Way and funds have been budgeted for this contract.

A motion was made by Council Member Ron Smith, seconded by Council Member Julia Ratti, to approve Consent Item 3.1. Council Members Ratti, Lawson, Smith, Carrigan YES. Council member Schmitt, ABSENT. Motion carried.

4. Discussion and possible direction on the City of Sparks Five Year Capital Improvement Plan

Acting Public Works Director Neil Krutz reviewed the draft Five Year Capital Improvement Plan (CIP), beginning with Transportation Projects noting that these are funded from Gas Tax & Franchise Fee. He identified three sources for project identification as the City's Pavement Management Program, Pavement Quality Team and Council & Citizen concerns. Mr. Krutz noted the average for the City Wide Pavement Condition Index (PCI) for the past six years (updated every July) as:

- | | |
|-------------|-----------|
| ◦ 2005 – 68 | 2006 - 72 |
| ◦ 2007 – 76 | 2008 – 77 |
| ◦ 2009 – 79 | 2010 – 82 |

The success of the Pavement Management Program is identifying the most effective/least cost alternatives using City transportation funds and coordinating Regional Transportation Commission (RTC) preventative/rehabilitation efforts within the City of Sparks.

Director Krutz next outlined the plan's utility projects (which are funded through Sewer/Storm

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fees, Connection fees, & Effluent use fees). These projects were identified through Video Assessments, with special attention to roads being rehabilitated by City, RTC, or NV Dept. of Transportation (NDOT). Studies have identified deficiencies that may have environmental or citizen/property impact, Engineering & Maintenance Staff review of excessive service/cost and Council, Senior Staff, and Citizen concerns. The projects include the following:

- ▶ TMWRF-Key Upgrade/Rehabilitation/Replacement
 - Electrical Systems Upgrade - \$784,250
 - Septage Receiving Improvements - \$250,960
 - Asbestos Abatement \$156,850
 - Solids Handling Improvements - \$156,850
 - Dewatering Improvements Design - \$156,850
 - Structural Concrete Replacement - \$125,480
- ▶ Sewer Rehabilitation/Replacement
 - Lyyski - \$200,000
 - Residential Backyard -\$500,000 (lining or bursting)
 - Parlanti Lift Station - \$150,000
 - Fire Station No. 4 Lift Station - \$150,000
 - Redundant/Emergency Crossing @ Sparks Blvd - \$250,000 (with RTC project)
- ▶ Storm Drain-Rehabilitation/Replacement Programs
 - FEMA CRS/CAV Flood Mitigation - \$50,000
 - Stanford/Steneri - \$500,000
 - Annual Curb/Gutter & Drainage Inlet - \$500,000
 - North Truckee Drain Kiley Ranch South Reach - \$300,000
 - Storm Drain Master Plan Design Project - \$100,000 (3rd Phase)
 - ▶ Effluent Projects
 - Emergency/Contingency \$150,000
 - Metered Site Upgrades - \$50,000
 - Pump Operations & Maintenance - \$30,000

Councilman Ron Smith asked that we begin a dialogue with NV Energy to ensure we don't have any chance of gas pipes bursting from age like is happening in other cities.

Director Neil Krutz continued by detailing the capital projects in Fund 1404, identifying funding sources for these projects as General Funds, solar generation rebates and energy grants. He identified the proposed projects to include City Facility ADA Mitigation - \$25,000; City Facility Maintenance Improvements - \$100,000; Alf Sorensen Pool Area Exhaust Fan/Dehumidifier \$300,000; Little League Field Bathroom (Golden Eagle) - \$180,000; IT Tech Refresh Program - \$110,000; IT Voice Over Internet Phone System - \$80,000; "C" Street Garage Rehabilitation Phase 1 - \$600,000; and Victorian Square Garage LED lighting retrofit - \$135,000 (There is a three to four year payback time for the retrofit.).

Council members Lawson and Schmitt asked that leasing information and costs savings for the IT Voice-Over Internet Phone System be supplied to the City Council. Council member Schmitt noted that there is an upfront cost and that there may be criticism for not participating in our own franchise agreements.

The capital projects (Fund 1405) have funding sources from sales tax (Ad Valorem). Special Note During the previous legislature, all of the sales tax and personal property tax revenues used for this fund were redirected to the State's General Fund. Therefore, this fund will be spent down to zero to complete the following:

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- ▶ Facilities –
 - PD Data Cabling Project- \$29,000
 - PD HVAC Compressor Replacement- \$22,000
 - Richards Senior Center Stucco Rehab - \$75,000
 - Alf Sorensen Pool Chemical Feed System - \$30,169

Capital Projects Manager Chris Cobb summarized the Parks Projects (Fund 1402-General Funds) (1406, 1407, 1408-all Parks Construction Tax Districts) as follows:

- Bike Path Rehabilitation - \$105,000
- Shadow Mountain Renovation - \$250,000
- Marina Peninsula Beach Project - \$400,000
- Replace/Upgrade Shelters Play Equipment - \$75,000
- Oppio Pool Demo & Improvement Dist #1 - \$150,000
- Shadow, Maldonado, Pah Rah Play Structure Replacement Dist #2 - \$350,000
- Pah Rah Accessible Play Structure - \$500,000
- Little League Park Sports Fields - \$1,200,000

Councilman Mike Carrigan asked where this money comes from and what can it be used for. Mr. Cobb explained that these funds come from the Park District Three and must stay within that district (Wingfield Springs area) and we received this money from developers when homes were built and the money can only be used per NRS for park projects. The City cannot use this \$3,500,000 for maintenance or salaries and there are restrictions for how quickly it must be used (within 5 or 10 years).

Councilman Ed Lawson asked which Marina Beach was being rehabilitated. City Manager Shaun Carey stated that the south beach (visible from I-80) will be removed as it is not easily accessed, while the northern beach cove will remain for swimming.

Council member Julia Ratti asked if the plan for connected bike path and trails has been completed. Acting Public Works Director Neil Krutz noted the park district fees may only be used inside of the city park and that impact fees are used for bike paths and trails. City Manager Shaun Carey offered to begin development of a plan which outlines all of the links that are missing in the bike paths in the outer areas for future capital plans.

Council member Carrigan stated that there is so much visibility on budgets now that we must put more effort into getting the word out about the different funds where the money comes from that the City spends on projects and to send complaints from constituents on to the State Legislators.

City Manager Shaun Carey clarified that 1402 Fund is the place where the city accounts for franchise fees dedicated to the parks and recreation rehabilitation and facilities. As we did the two percentage points to roads, the Council also dedicated one percentage point to parks. Mr. Carey also noted that the park district fund balances on in the CIP on page twelve.

Continuing with Community Development Block Grants, Director Neil Krutz outlined that these funds will be used for Pedestrian & Street Improvements in the amount of \$400,000, in common areas of town. This program has some viability issues with talks at the Federal level of 60% to 70% cuts. He stated that there may come a point where the amount of funding received will no longer be worth the reporting requirements.

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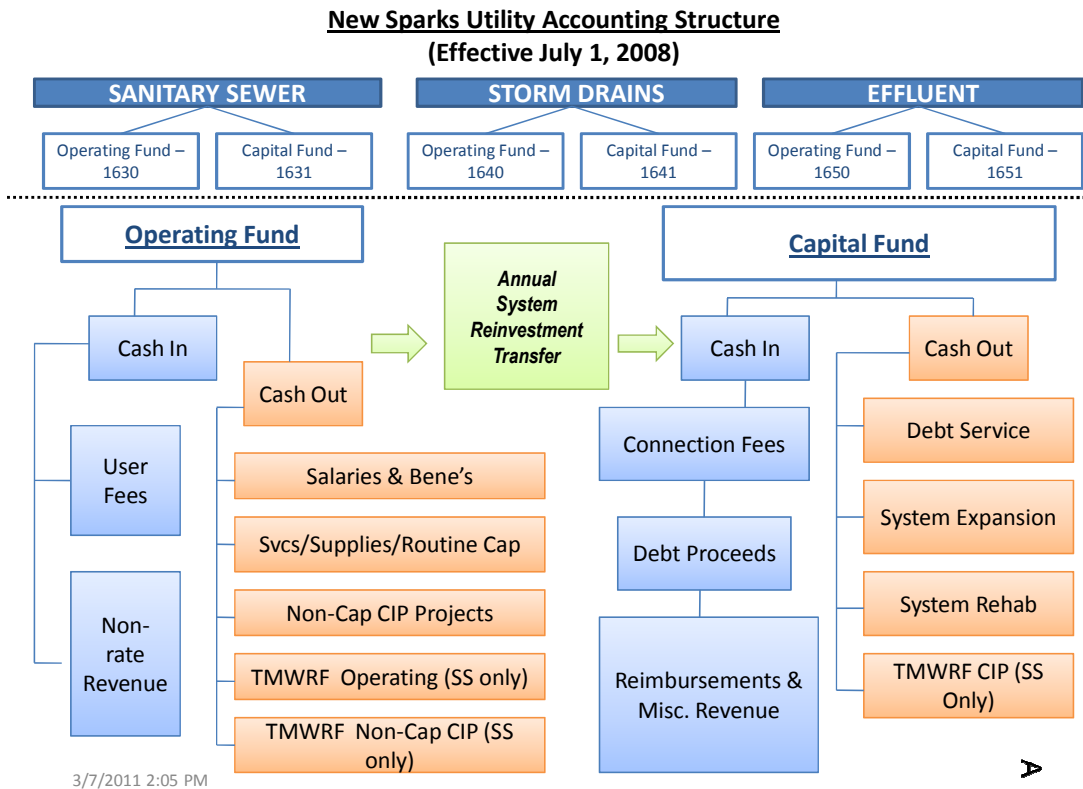
Mr. Krutz detailed the Municipal Court Room Functional Remodel & Electrical Upgrade at \$310,000, which comes from money the Court generates administratively. Court Administrator Heidi Shaw stated that this project is for the court room to upgrade the video equipment to allow for video arraignments in both court rooms.

The Victorian Square Room Tax & Redevelopment Agency Area 1 & 2 projects were approved at the previous Agency meeting and include Victorian Square Plaza Enhancement Project (Room Tax) - \$590,000. Mr. Krutz thanked city staff for the work that went into the proposed Capital Projects Plan.

Council member Ron Schmitt stated that he would like to have every item in the upcoming budget that has Council’s ability to direct, be identified by red line to allow the City Council to review for possible savings for employee jobs.

5. Discussion and possible direction on the City of Sparks Utility Enterprise Fund

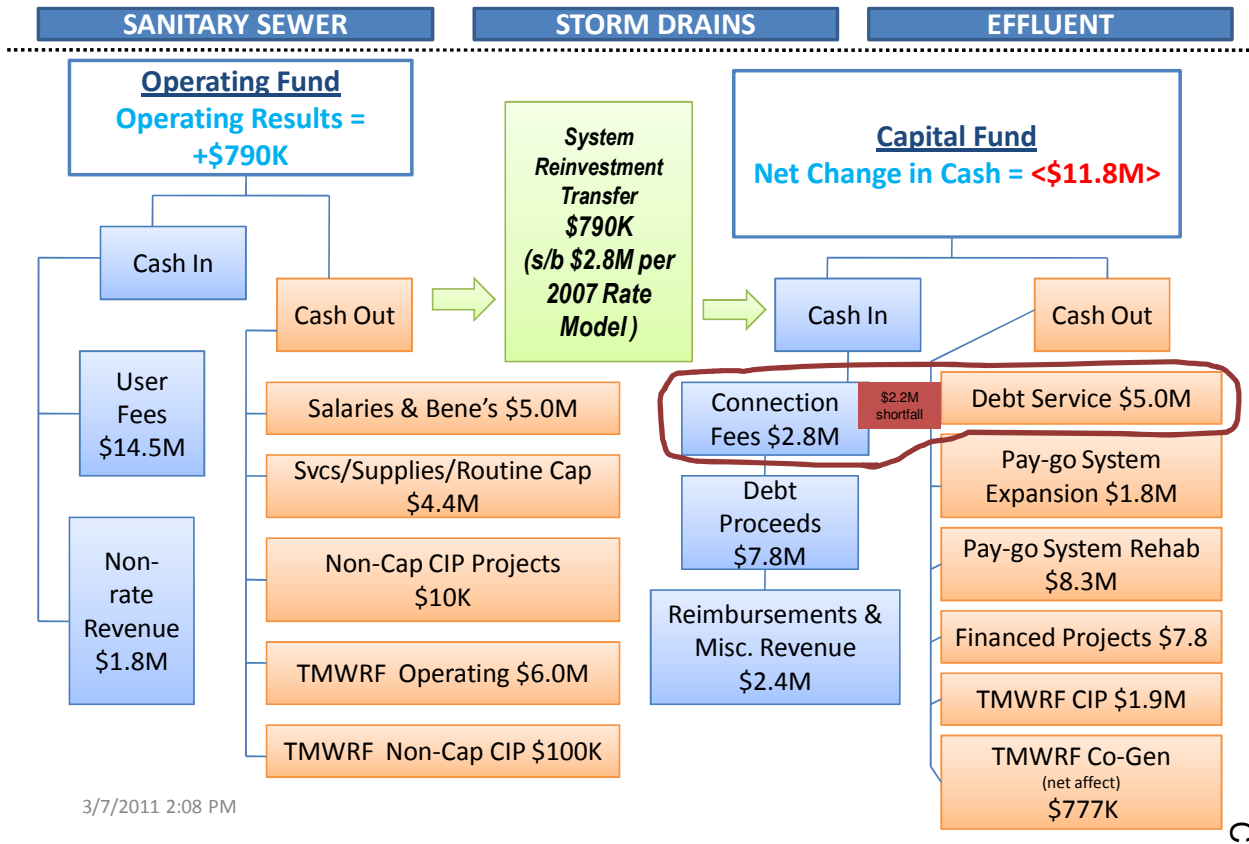
Utility Manager JoAnn Meacham provided a Utility Enterprise Fund Overview, beginning with the accounting structure of this fund. Each utility (Sanitary Sewer, Storm Drains and Effluent) has two funds (Operating Fund and Capital Fund).



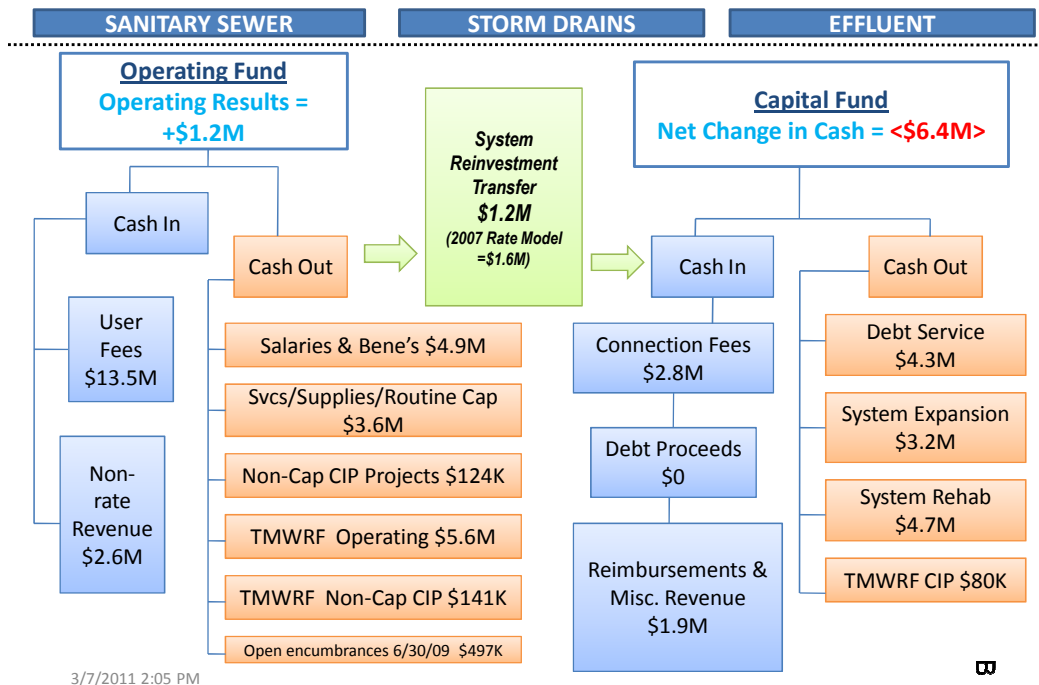
Due to the slowdown of building, the projections have not been realized, but the debt has been covered through other revenues.

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Utility Cash Analysis (Excluding RIVERFLOOD)
FY10 Plan (Before Operating and CIP Cuts)



Utility Cash Analysis (Excluding RIVERFLOOD)
With FY09 Actuals

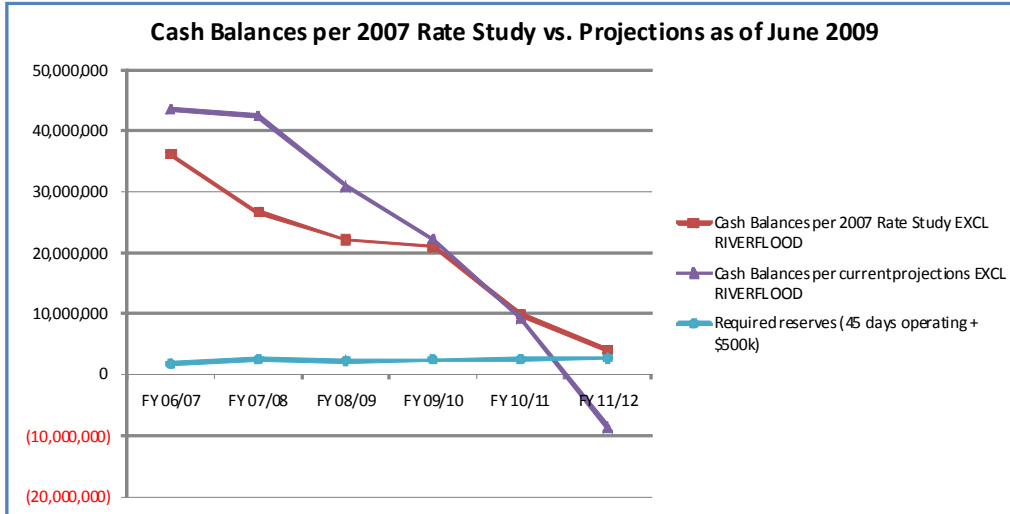


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There was discussion regarding the connection fees and rate fees. Staff is reviewing the projected

Cash balances per 2007 Rate Study and Projections as of June 2009

	FY06/07	FY07/08	FY08/09	FY 09/10	FY 10/11	FY 11/12
Cash Balances per 2007 Rate Study	36,078,531	27,359,950	24,297,996	23,111,692	15,236,394	10,990,876
Cash Balances per 2007 Rate Study EXCL RIVERFLOOD	36,078,531	26,626,921	22,172,680	20,986,376	9,932,711	4,125,081
Cash Balances per June 2009 projections	43,501,304	43,144,335	33,010,290	24,325,978	14,645,888	(1,754,560)
Cash Balances per June 2009 projections EXCL RIVERFLOOD	43,501,304	42,411,306	30,884,974	22,200,662	9,342,205	(8,620,355)
Required reserves (45 days operating + \$500k)	1,840,114	2,487,801	2,343,841	2,463,445	2,561,290	2,762,871
Required reserves + reserve of WC connection fees	8,428,783	9,840,518	10,083,076	11,009,425	11,493,788	12,502,114



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assumptions. The actuals are expected to be better than projected in 2011. Staff is concerned that these are not be the correct reserves and intends to bring their plan back to Council for adoption. The sewer fund currently has \$60 million in debt all in State Revolving Fund Bonds.

Councilman Schmitt asked for a report of the total debt and an accounting on how the debt service is being paid. Councilman Lawson asked that a comparison to the other municipalities be included in this report.

Utility Enterprise Fund Operating Expenses per 2007 Rate Study vs Actuals/Budget/Projection

	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12
System Reinvestment per 2007 Rate Study	0	709,723	1,624,116	2,793,459	4,030,940	5,412,427
Operating Expenses per 2007 Rate Study	13,616,069	14,204,889	14,254,018	14,459,822	14,888,670	15,106,337
Operating Expenses per Current Projection (Dec 2010)	10,869,815	15,744,930	14,397,245	13,885,898	13,575,343	13,478,913
Difference between Plan and Current Projections	2,746,254	(1,540,041)	(143,227)	573,924	1,313,327	1,627,424

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\$1.6M will fund 33% of Debt Service

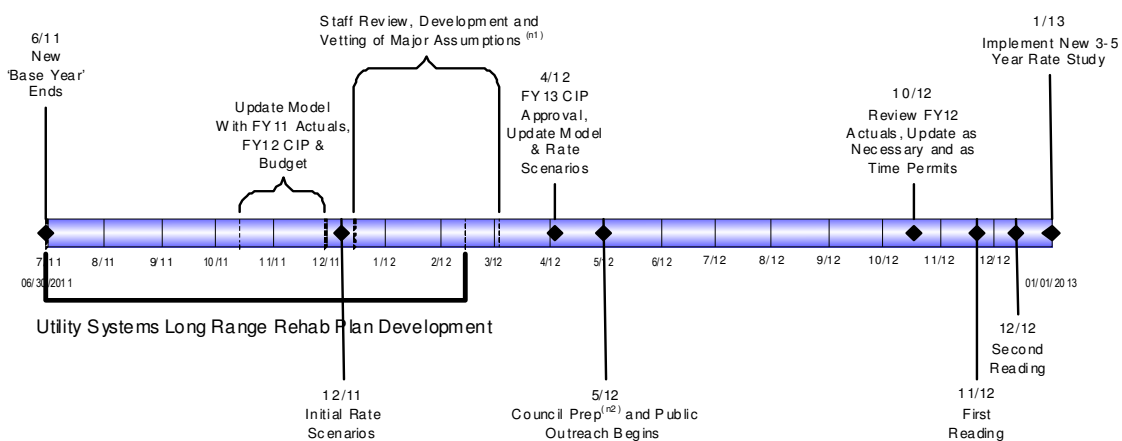
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Next steps are to refresh the ongoing assumptions in October 2011 and the model will be updated. The capital model group will provide new projections (see chart below). This will be coming back to Council next year with new rate scenarios (May 2012). Utility Manager JoAnn Meacham asked for Council direction, which can be given today or one year from now during the rate study.

Councilman Schmitt also asked for a report on the supplemental payments from the City of Reno for operations and the steadiness of the payment and cash flows. The payment was late this month but it was paid. The payments have been a late during the past 2 quarters.

City of Sparks Utility Enterprise Fund 2012 Rate Study Timeline



(n1): Major Assumptions include: cash reserves, capital funding goals, mechanisms and borrowing policies, connection/customer growth rates, escalation rates for salaries, wages and benefits, services and supplies, construction, etc.

(n2): Council Prep and education could begin at any time and could incorporate current status of the fund.

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6. Comments:

6.1 *From the Council and City Manager (Time: 2:55 p.m.)

Councilman Schmitt asked who is responsible if there is a default on the sewer bonds.

7. *Adjournment (Time: 2:56.58 p.m.)

There being no further business, the meeting was adjourned at 4:15 p.m.

Mayor

City Clerk

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