

SPARKS CITY COUNCIL BUDGET WORKSHOP MINUTES
Tuesday, January 18, 2011
City Hall Basement Training Room

1. Call to Order by Mayor Martini at 8:32 a.m.

2. Roll Call:

Present: Mayor Martini, Council members Julia Ratti, Ed Lawson, Ron Smith, Mike Carrigan, Ron Schmitt, City Manager Shaun Carey, City Clerk Linda Patterson,
City Attorney Chet Adams

Absent: None.

Staff: Steve Driscoll, Jeff Cronk, Andy Flock, Neil Krutz, Barbara McCarthy, Brian Allen, JoAnn Meacham, Adam Mayberry, Pete Etchart, Heidi Shaw, Stacy Hemmerling, Tracy Domingues, Teresa Gardner, Wayne Webber, Armando Ornelas, Debi Hunt, Stee Keefer, Jenny Lewis, Chris Syverson, Brian Allen, Jim Kindness, Kevin Cavanaugh, JoAnne Meacham

*** Comments from the Public: None**

3. Setting the Stage

Erica Olsen (facilitator) outlined the day's agenda, asking to make sure we are catching clear policy direction; that we strive for consensus (consensus defined as "I can live with it"); assume intent and put on the City "jersey."

There were several items carried over from the November 15, 2010, Workshop that were listed on the board for follow up. These included:

- **OPEB** (Other Post Employment Benefit) – Update will be provided at the March workshop
- **Forensics contract with Washoe County** – Chief Keefer reported that Sheriff Mike Haley presented an "a la carte" choice of services or full service for \$460,000; the previous contract was \$135,000; The City of Sparks agreed to increase it \$30,000 per year. Sparks citizens are Washoe County residents and tax money is paying the county for the work. They are nationally certified and we need their services. Councilman Ron Schmitt asked what Washoe County is required to provide. Chief Keefer stated that he believes they are required to provide forensic services. The constitution says they will provide it. We need to find out if they are required to provide the service to Sparks without our residents having to pay extra for the service. It was noted that we pay nothing for the jail but we have given up a portion of property taxes for that service.
- **Types of cases Police Assistants are processing** – Chief Keefer noted that the Police Assistants take 27% of all cases at the front desk. This was discussed more thoroughly during the Police Department presentation.
- **Historic Presentation Committee**-report will be presented at a later workshop.
- **Parliamentarian** – information to be presented in April.

4. Financial Update

4.1 Presentation of proposed budget/forecast with approved Financial Policies applied

Finance Director Jeff Cronk provided an update utilizing the City Financial Summary. This reflects a 3.5% decrease in revenues and 4.2% increase in expenditures and includes the PERS increase (7%-non public safety to 10%-public safety). In order to reach an 8.3% ending fund balance, there is a \$4.6 million shortfall.

FY '12 General Fund Budget Shortfall Reduction Plan	
Estimated Shortfall	(\$4,600,000)
Est. Savings From Actions Not Involving Specific FTE Positions:	
Transfer From Court	\$101,000
General Government Costs	\$31,000
PD Alarm Revenues	\$160,000
FD Services & Supplies Savings Related to Move From Citiworks	\$89,000
Closure of Marina Swim Beach	\$51,000
Privatize LDJ Operations	\$56,000
Eliminate Mendive Youthwatch Program	\$46,000
Admin. Services - Services & Supplies Reductions	\$27,000
Citiworks Building Lease Savings	\$239,000
Est. Savings From Actions Involving Personnel or Wage Reductions:	
SSSI Re-Organization Savings	\$1,900,000
Concessions or Further Layoffs ~ 6.0% Permanent Wage Reduction for All Employees	\$1,900,000
Estimated Shortfall Remaining	\$0
Personnel Costs % of Primary Revenues After Reduction Plan Implementation	82.6%

The Finance Director then reviewed the City Proposed Reduction Summary, which outlines the actions taken that do not involve specific full time equivalent employee positions. If all employees took a 6% reduction in wages, the shortage would be met. Clarification was provided that this 6% will be in lieu of the 7.5% already agreed on by the Manager, Mid-manager, Confidential groups. Mr. Cronk noted that that the savings reflected in the City Reduction Summary are only from the actions noted in the summary and do not reflect the SSSI reorganization.

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City Manager Shaun Carey noted that 96% of city revenues are set by NRS or policy, which creates a complete lack of home rule. There was discussion regarding labor concessions, ending fund balance, raising garbage franchise fees and the capital plan (which won't be ready for discussion until March).

Finance Director Jeff Cronk explained the non-tax based fee database that was created to evaluate the fees and if adjusting was possible. The conclusion of the study is that 96% of fees are restricted by law, without the possibility of raising fees. Current Garbage and Trash franchise fees are not capped and could be increased. Each percentage point increase equals \$100,000 in revenue to the city. The Council could also raise the current property tax (By February 22nd). A franchise fee is an add-on to the company, but doesn't affect the supplier's budgeting.

Judge McCarthy noted that the Municipal Court fines are a potential for new fees to assist with the cost of security (City of Reno charges \$3.00 per charge for security). The City Manager asked for a report from the court on their fee schedule and fee usage.

5. Sustainable Sparks Services Initiative Update

5.1 Presentation of the core services prioritization process - Each Department Manager provided a brief overview of their departments, covering their financial summary, core services, and budget reduction plan.

- **Finance Department:** Finance Director Jeff Cronk outlined the service impact to the budget reduction will mean closing the Revenue counter two days per week. The City Council had the following comments:
 - Examine the opportunity to use part-time temporary employees to service the counter.
 - Promote more on-line business.
 - Reduce the hours (open 5 days a week from 8 am – 12:00 p.m.)
 - Create a new hybrid position which combines community service and revenue to keep the counter open for customer services.
- **City Manager/City Clerk:** City Manager Shaun Carey noted that a cut in professional services will cover what is not covered by salary concessions for this department's portion of the budget reduction. Mr. Carey will provide an outline to the City Council of what professional services will be reduced to make this service cut.
- **Administrative Services:** Assistant City Manager Steve Driscoll reviewed his department's services and noted that information technology services will be reduced if the \$5.6 cuts are measured into their budget. Council voiced concern about delaying the IT Refresh Program. City Manager Shaun Carey noted that this must be contained in the Capital Improvement Program discussion at the March workshop.
- **Legal:** City Attorney Chet Adams advised that reduction of an attorney or salary reductions are the options he has for making the budget reductions. He could provide a

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combination of part-time criminal/civil attorney added as a back-up (under \$2.6M scenario). The victim advocate grant has been cut. The third option would be the elimination of the victim advocate. Mr. Carey asked if a combination of police and legal victim advocate is possible. The City Attorney believes the roles are different as the legal position is to assist in prosecution of batterers. Police Chief Keefer believes his victim advocate is over extended right now and he would be able to utilize two positions in his department.

- **Municipal Court:** Judge Barbara McCarthy reviewed the budget reduction information for the Court. The Court sees approximately 450 people a day. The Judicial Assistant is helping with customer service due to a vacancy that must be filled. This position handled the Drug Court, served as a Marshal, and Court Clerk. The Court cannot lose any more clerks or they will have to close the court. City Council asked about consolidation of Washoe County Justice Court and the Municipal Court. Judge McCarthy discussed the consolidation of the Reno Municipal Court with the Washoe County Justice Court as being a difficult arrangement
- **Community Services:** Director Neil Krutz reviewed the departmental core services and budget reduction plan. Economic Development, though identified as the second highest priority, has no resources attributed to assist it. None of the Community Services proposed reductions have direct service impacts, including the relocation of Cityworks back to City Hall. Mr. Krutz spoke about the opportunities where duties could be shared and efficiency can be built. All changes will take place in the next fiscal year in both the maintenance staff and the mid-management team. Privatization will also be reviewed at a future City Council meeting. City Manager Shaun Carey asked for City Council direction for a plan to build policy specific to create street lights savings.
- **Parks & Recreation:** Acting Director Tracy Domingues noted that attendance in recreation programs is up and expenses are balanced with the revenues. The City Council noted that the services and supplies numbers seem out of kilter and the transfer from the General Fund is reduced in half from previous years. The highlighted budget numbers reflect Parks & Recreation as a complete department prior to the reorganization. There is a plan to privatize Larry D. Johnson as a community center, however, the Adult/Youth Sports pays for itself and will remain in the Parks & Recreation budget. In order to reach the savings goals, the 7.5% wage cuts from management employees are included. Proposed service cuts will include:
 - Recreation Supervisor position
 - Closure of the swim beach at Sparks Marina Park
 - Elimination of the Youth Watch at the Mendive School site
 - Turning over the operation at Larry D. Johnson to the Boys & Girls Club of Washoe County.

City Manager Shaun Carey noted that the circulation system is inoperable and Oppio Pool will not be reopened this year. Repairs would cost up to \$350,000. Twenty-five percent of the recreation users are non-residents and pay 20% more fees than Sparks' residents. The City Council had concerns about closing Sparks Marina beach and Oppio Pool.

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- **Police Department:** Police Chief Steve Keefer reviewed the core services of the department, noting that reorganization is underway. Under the \$2.8 million reduction criteria, there is just one layoff. If the \$5.6 million in cuts is required, it will dismantle the police assistant program and take seven police officers off the street. This last reduction would be seven sworn officers, which would include withdrawal from the Repeat Offender and SET Team, detectives, and crime prevention.
- **Fire Department:** Chief Andy Flock reviewed the Fire Department's budget reduction plan, including an overview of the four core services: Administration, Suppression, Training/Safety, and Prevention. Service reductions for the \$5.6 million in cuts will include an unfilled firefighter vacancy (part of 13 currently frozen positions), an engine company closure, one engine company brownout, reduction of three captain positions, reduce overtime supplemental staffing and four (4) firefighter layoffs.

A discussion about REMSA was placed on the Parking Lot list. There is a 5.5% increase in calls this year. Council member Julia Ratti noted that there is a regional task force getting ready to review the medical response issue.

(20 minute Break was taken for Lunch)

5.2 **Presentation of proposed next steps after today's workshop - \$4,600,000 Reduction Goal** – Council provided the following direction:

Option 1: Council member Mike Carrigan summarized his suggestions as \$1.5 million savings through merit raises & frozen positions; \$400,000 services & supplies; 6% wage cuts for everyone; and the 8.3% ending fund balance reduce to 5%.

Option 2: Council member Julia Ratti suggested a \$1.1 million reduction in Stabilization Fund to deal with push back from wage concessions.

Option 3: Council member Ron Schmitt noted that if everyone took 7.5% cut it would equal \$2.3 million in savings. OPEB unfunded liability must be dealt with.

There was consensus to use the Stabilization/Ending Fund Balance – Council members Ratti/Carrigan/Smith & Lawson are in favor, with Councilman Schmitt opposed if the unfunded mandate (OPEB) is not addressed.

Council member Julia Ratti offered a compromise to bring back two scenarios (\$3 million cuts; 6% wage concessions;

A motion was made by Councilman Ron Schmitt to direct the City Manager to get \$1.9 million in cuts through wage concessions (6% in wages) or through layoffs. Councilman Ron Smith seconded the motion. Council members Lawson, Smith, Carrigan, and Schmitt, YES. Council member Ratti, NO. Motion Carried.

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Council member Mike Carrigan gave direction to tell the city manager and dept heads to get the \$2.7 needed from all the other options

City Manager Shaun Carey stated that the next strategy is to take a city-wide view (not in departmental views). There will need to be adjustments to our policies, and we will cut \$2.7 million or have more layoffs.

A final discussion centered on anything currently offered up being off limits to cutting. There was consensus to keep the Marina beach open and rehiring the three police officer positions that have recently become vacant.

Councilman Ron Schmitt asked if there are any bonds in trouble in the City of Sparks – debts vs. revenues. Finance Director Jeff Cronk will provide this information for the City Council in a report.

7.1 Public Attitude Survey

Councilman Ron Smith made motion to take a year off and do the survey every other year. The motion was seconded by Julia Ratti. Council members Ratti, Lawson, Smith, Carrigan, and Schmitt, YES. Motion passed unanimously.

The next level of analysis will be presented at the March Workshop.

The meeting was adjourned at 3:16 p.m.

PARKING LOT ISSUES

- Franchise Fee Review for trash/garbage
- Report from Court regarding fees and fee usage for Revenue Analysis, include potential revenue to offset general fund.
- Savings achieved from actions taken through SSSI. (Focus group report highlighting outcomes/recommendations for savings.)
- What professional services would be cut in the City Manager's \$5.6 million scenario? Shaun will follow-up with that information.
- Concern of delaying IT refresh program, continue at CIP discussion
- Direction on street light policy, to cut lights/transfer ownership to reduce operating costs.
- Forensic contract with Washoe County, Shaun to bring to a joint council meeting, long complicated history. Are Spark's citizens paying for the service twice?
- REMSA response times
- Are any bonds or debts in trouble at City of Sparks? What is the debt of city?