

REGULAR CITY COUNCIL MEETING MINUTES
2:00 P.M. Monday, January 12, 2009
City Council Chambers, Legislative Building, 745 Fourth Street, Sparks, Nevada

1. *Call to Order (Time: 2:02:23 p.m.)

The regular meeting of the Sparks City Council was called to order by Mayor Geno Martini at 2:02 p.m.

2. *Roll Call (Time: 2:02:29 p.m.)

Mayor Geno Martini, City Clerk Linda Patterson, Council Members Julia Ratti, Phillip Salerno (joined meeting at 2:10 p.m.), Ron Smith, Mike Carrigan, Ron Schmitt, City Manager Shaun Carey, City Attorney Chet Adams, PRESENT.

Invocation Speaker: (Time: 2:02:44 p.m.)

The invocation was given by Pastor Pete Vossler of the Crosswinds Assembly of God church.

Pledge of Allegiance (Time: 2:03:40 p.m.)

The Pledge of Allegiance was led by City Attorney Chet Adams.

***Comments from the Public** (Time: 2:04:11 p.m.)

Ms. Heidi Rashidi, a Sparks Police Department employee asked that her comments be put into the minutes, verbatim, as follows:

My name is Heidi Rashidi and I am an Evidence Technician with the Sparks Police Department, and coincidentally a OE3 Union Steward. I have currently been laid off as of Tuesday, but will use my bumping rights back to a Police Assistant.

I would have no issues with the layoff and my return to a Police Assistant - if I felt that the layoffs were done fairly and justly throughout the city.

My questions to you - city council - the people who are suppose to represent the citizens - and the taxpayers of Sparks

Why did all departments not have to cut people from their budget? Why did the Municipal Court not lay anyone off, why were they exempt, when Police and Fire were suppose to be exempt unless absolutely necessary?

Why are all the cuts that have taken place almost always from the main line people, not the upper crust people?

The real reason that certain departments and people were cut and others were not was because there is too much cronyism going on in this city, or another name is the "good old boys club".

Had the city had an independent firm evaluate where the cuts would be there would be a different list than the current one you will be looking at. Here are the reasons why I believe that cronyism going on in our city:

Why do we have two assistant city managers in a city this size? They make approximately 183,000 a year. One assistant city manager is in charge of Community Development - and that department is almost gone, why isn't he?

Why do we have three Human Resources Analyst's who make 65,000 to \$80,000 a year. Why is one of these people allowed to live in California and work from home and get paid one of those salaries? Why are three analysts needed in a department that is not going to hire anyone? What will they be doing?

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Why do we have 32 people who get paid to drive to work, costing the city a total of \$183,000 a year?

Why do 11 people get dollar for dollar matching deferred compensation, costing the city approximately \$96,000 a year?

Why do we have a Chief Municipal Court Clerk who makes 22,500 more a year when she does the same work as a Municipal Court Clerk?

These are just a few of the things that I have seen, and I am sure there are many, more - if the right person were looking at our city - without the cronyism glasses on.

City Council is supposed to be representing the taxpayers of the city of Sparks-, that is why YOU were elected. If the taxpayers knew about the above facts - they would be outraged. The city is not a private company that can allow and justify those costs.

I know that you will approve these layoffs, but I would hope that you would look at the layoffs that have taken place and re-evaluate this situation even after you approve this. You, as city council members, CAN make the changes in the right places, if you TRULY wanted to!

My final thought.

It is ironic that in a time like this when people are getting laid off and things are tight, statistically crime goes up. You (the city) has asked the Chief of Police to remove people from the one department in the whole city who will be the busiest because of this economy- and left other people in departments where there will be NO work!

Thank you.

Council Member Schmitt stated that the Council and City cannot spend money it doesn't have and asked Ms. Rashidi if it would be fair for every employee to give up 4% of their salary in order to avoid any layoffs. Ms. Rashidi stated that the reason they voted not to give up 4% was because the City could not guarantee that there would be no layoffs, even if they did give up 4% of their salary.

Council Member Carrigan asked how OE3 voted on the proposed 4% pay cut for all employees so that layoffs were not necessary. Ms. Rashidi stated they voted no, for the reasons she just stated.

Mr. Brian Kernan, a Project Director for Q&D Construction, spoke regarding his concern with the recent reductions in staff in the Community Development Department. He said they have another \$25 million in construction about to begin and his concern was that there would be a delay in getting approvals due to the staff reductions and a cut in business hours for this department. Community Development Director Neil Krutz stated that their ability to handle future work loads will depend on the rate in which it comes in. He agreed that they have had to make severe cut backs in staff and their ability to provide service has been affected. Council Member Schmitt stated that they are aware of the concern from the Development Community, but that if the applications are complete and spaced out over four to six weeks, staff should be able to get the applications processed. Mayor Martini emphasized the need for the developers to make sure that their applications are complete and contain all the needed information before it is submitted. Council Members Ratti and Smith agreed that the cuts to the Community Development Department were severe, but that the remaining staff will do their best to get all applications processed in a timely manner.

(Time: 2:57:35 p.m.)

Mayor Martini noted that Mr. McGee thought the meeting started at 3:00 p.m. and asked the

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indulgence of the Council to allow Mr. McGee to make his public comments at this time. Mr. Ronald McGee spoke regarding his desire to run for Sparks City Council. He also complained about the appearance of four police patrol vehicles parked at a Wendy's for approximately one hour.

Approval of the Agenda (Time: 2:17:59 p.m.)

Consideration of taking items out of sequence, deleting items and adding items which require action upon a finding that an emergency exists.

Mayor Martini asked that item 6.7 be moved and heard after the public hearing item (8.1).

A motion was made by Council Member Smith, seconded by Council Member Schmitt, to approve the agenda as amended. Council Members Ratti, Salerno, Smith, Carrigan, Schmitt, YES. Motion carried.

3. Recommendation to Approve Minutes of: (Time: 2:19:25 p.m.)

3.1 Regular Meetings of December 8, 2008 and December 15, 2008

A motion was made by Council Member Smith, seconded by Council Member Schmitt, to approve the minutes of the Regular Meetings of December 8, 2008 and December 15, 2008. Council Members Ratti, Salerno, Smith, Carrigan, Schmitt, YES. Motion carried.

4. Announcements, Presentations, Recognition Items and Items of Special Interest:

4.1 Fairness in Reno Sparks Taxes (FIRST) Blue Ribbon Task Force final report

(Time: 2:20:01 p.m.)

Community Relations Manager Adam Mayberry introduced the Chair of the FIRST Committee, Mr. Michael Sprinkle and noted that other members of the task force were present in the audience. Mr. Mayberry stated that the focus of the commission was to look at fiscal equity issues in Washoe County, Reno, and Sparks. Mr. Sprinkle thanked everyone for volunteering their time on this task force and then reviewed the findings of the task force. Mayor Martini thanked the committee members for all their hard work and handed out plaques to the members of the task force.

5. Consent Items: (Time: 2:08:21 p.m.)

Council Member Smith commented that he thought the Council no longer had to approve the Alcohol/Gaming licenses. City Attorney Adams noted that staff is working on changing this; however the Council must approve these licenses until a formal delineation of duties can be done. Council Member Smith expressed concern that the license approvals did not get delayed because the Council is only meeting twice a month.

A motion was made by Council Member Smith, seconded by Council Member Salerno, to approve Consent Items 5.1 through 5.8. Council Members Ratti, Salerno, Smith, Carrigan, Schmitt, YES. Motion carried.

5.1 Report of Claims and Bills approved for payment and the appropriation transfers are for the period November 27, 2008, through December 24, 2008

An agenda item from Finance Director Tom Minton recommending approval of the Report of Claims and Bills as outlined.

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5.2 Consideration and possible approval of an application for an Alcoholic Beverage Package license for Golden Gate Petroleum of Nevada, LLC dba Golden Gate Gasoline, located at 1055 Rock Boulevard, Sparks, NV, submitted by Mr. Dennis Michael O'Keefe

An agenda item from Police Chief Steve Asher recommending the City Council approve an application for an Alcoholic Beverage Package License for Golden Gate Gasoline. The license will provide a \$700.00 annual fee plus \$1.00 per \$1,000.00 over \$25,000.00 annually and is contingent upon inspections and approvals from various agencies as stated in the staff report.

5.3 Consideration and possible approval of an application for a Gaming license for Golden Gate Petroleum of Nevada, LLC dba Golden Gate Gasoline, located at 1055 Rock Boulevard, Sparks, NV, submitted by Mr. Dennis Michael O'Keefe

An agenda item from Police Chief Steve Asher recommending the City Council approve an application for a Gaming License for Golden Gate Gasoline. The license will provide a \$1,680.00 annual fee for 14 quarter slot machines; contingent upon inspections and approvals from various agencies as stated in the staff report.

5.4 Consideration and possible approval of an application for a Cabaret license for Vixens, LLC, located at 906 Victorian Avenue, Sparks, NV, submitted by Ms. Kasia Agnieszka Schuhmacher

An agenda item from Police Chief Steve Asher recommending the City Council approve an application for a Cabaret License for Vixens. The license will provide a \$1,300.00 annual fee, plus \$1.00 per \$1,000.00 over \$50,000.00 annually and is contingent upon inspections and approvals from various agencies as stated in the staff report.

5.5 Consideration and possible approval of the purchase of chemicals pursuant to Bid #05/06-010, for two weeks, from November 1, 2008, to November 14, 2008, to Univar USA, Inc. for Methanol supplied to the Truckee Meadows Water Reclamation Facility for the total amount of \$82,199.03

An agenda item from Operations Superintendent Starlin Jones recommending the City Council approve the purchase of chemicals as outlined in the staff report. Sparks' cost is approximately 30% or \$24,659.71 and funds have been budgeted for this expense. The new bid for chemicals was not fully executed until mid November and the old bid expired October 31, 2008. Univar USA, Inc., agreed to continue supplying methanol until the new supplier, Brenntag, was in position to procure and supply methanol to the Truckee Meadows Water Reclamation Facility.

5.6 Consideration and possible approval to AJS Construction for the Longford Park Renovation Project to remove a wooden shade structure and footings and replace with new concrete pad with footings in the amount of \$29,350 and to include a force account in the amount of \$5,000 for a total amount of \$34,350

An agenda item from Parks Operations Superintendent Brian Bessette recommending the City Council award to AJS Construction, the quote for the Longford Park Renovation. The scope of work includes removal of a wooden shade structure and footings and replacing it with a new concrete pad and footings in preparation for a new shade structure, which is not included in this quote. Funds are available and have been appropriated for this capital improvement project.

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5.7 Consideration and possible approval of the Consultant Services Agreement with HDR Engineering, Inc., for the Derby Dam Wetland Delineation and Regulatory Permitting in the amount of \$52,660 with Sparks reimbursing the City of Reno their share in the amount of \$16,519.44

An agenda item from Public Works Director Wayne Seidel recommending the City Council approve a Consultant Services Agreement with HDR Engineering for the Derby Dam Wetland Delineation project. Under a Bureau of Reclamation (BOR) Grant, the Cities of Reno and Sparks are proposing a vegetation and streamside restoration project on the Truckee River, below the Derby Dam. The grant program is for projects to improve the health of and increase water flow to Pyramid Lake and the lower Truckee River. Sparks will reimburse Reno for our share of the project in the amount of \$16,519.44. Funds have been budgeted and appropriations are available for this project.

5.8 Consideration and possible approval to purchase three shade structures for the Rock Park White Water Construction Project with Dave Bang Assoc., Inc. in the amount of \$69,319

An agenda item from Parks Operations Superintendent Brian Bessette recommending the City Council approve the purchase of three shade structures for Rock Park, associated with the White Water Project. The existing structure was removed to make way for upgrades to the river. The three new structures will be placed throughout the park and they are fully funded. The quote provided reflects the use of the "joinder" provision of a bid contract between Dave Bang Associates (the vendor) and the Colton joint Unified School District and reflects significant volume pricing. Staff has verified that the quoted price was the best available when compared to manufacturers of similar design.

6. General Business:

6.1 Consideration and possible acceptance of a grant from the E.L. Cord Foundation of \$50,000 for the Sparks Parks and Recreation Department to continue the Leisure Without Limits Program for People with Disabilities in 2009 (Time: 2:30:37 p.m.)

Recreation Superintendent Tracy Domingues explained that the Leisure without Limits program allows people with disabilities have the opportunity to take part in recreational activities. Although staff has worked to maintain quality services through community partnerships and new revenue sources, sever department cut backs have forced us to eliminate non-revenue generating programs such as Leisure without Limits, beginning in 2009. In an effort to continue this programming, staff submitted grant funding requests for this programming. On December 9, the department received notification of a grant award from the E.L. Cord Foundation in the amount of \$50,000.

In response to questions, Ms. Domingues noted that the program has been funded in the past from the Parks and Recreation budget. This is the first time we have received a grant from the E.L. Cord Foundation for this program and staff asked for a two year grant, but the foundation only gives grants on a one year basis. She said the foundation wants to make sure we keep good records and spend the money wisely. She stated staff was encouraged to apply for another grant next year.

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Council Member Ratti commented that there is a huge shortage of these types of programs in our area and she commended the Recreation staff for their efforts in providing this programming for people with disabilities.

A motion was made by Council Member Schmitt, seconded by Council Member Ratti, to accept the grant from the E.L. Cord Foundation in the amount of \$50,000 for the Sparks Parks and Recreation Department to continue the Leisure Without Limits Program for People with Disabilities in 2009. Council Members Ratti, Salerno, Smith, Carrigan, Schmitt, YES. Motion carried.

6.2 Discussion and possible approval to Designate the Reno Housing Authority to Implement the Dollar Homes Program on behalf of the City of Sparks (Time: 2:37:09 p.m.)

Grant Administrator Tracy Wheeler stated approval of this item would authorize the Reno Housing Authority to act on behalf of Sparks to implement a program, via the Department of Housing and Urban Development (HUD). She stated this is not a new program, but has been ongoing for quite some time. Under this program, HUD allows local governments to purchase properties that have been in their inventory for a long period of time for \$1 (plus closing and rehabilitation costs) as part of providing affordable and fair housing in a community.

In response to questions from Council, Mr. David Morton, Executive Director of the Housing Authority of the City of Reno, explained how the program works and the benefits of the program.

Mayor Martini noted that although this is not a public hearing item, Ms. Marilyn Brainard had requested to speak regarding this item and in the spirit of the open meeting law, he would allow her comments.

Ms. Brainard commented regarding the importance of encouraging homeownership and the need to require upkeep and maintenance on homes that are being foreclosed.

Council requested that staff examine City ordinances for any requirements that would require the owners of foreclosed homes to keep the homes maintained during the foreclosure process and while the homes are sitting vacant.

A motion was made by Council Member Schmitt, seconded by Council Member Ratti, to designate the Reno Housing Authority to implement the Dollar Homes Program on behalf of the City of Sparks. Council Members Ratti, Salerno, Smith, Carrigan, Schmitt, YES. Motion carried.

6.3 Consideration and possible approval of a professional services agreement with HDR Engineering, Inc. for professional engineering services for Phase 2 of the North Truckee Drain Realignment project, design and permitting in the amount of \$4,788,451 (RFP #03/04-052) (Time: 3:01:31 p.m.)

Public Works Director Wayne Seidel noted this item was brought to the Council for approval in July; however, because all the Council Members were not present at that meeting, no action was taken. He noted that since that date, the City has received our "104" letter from the Corps of Engineers. This letter states that these expenditures are eligible and integral to the larger flood

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project, as recognized by the Corps of Engineers. Mr. Seidel stated that the scope of work has been revised, including the schedule. This is an 18 month design contract at a cost of approximately \$4.7 million dollars. He said we anticipate that we will put the project out for bid in July of 2010; ahead of the Corps' chief report which is due in October of 2010.

Council Member Salerno asked what the ramifications would be if the Council did not approve this design contract. Mr. Seidel stated it would delay the entire flood project. Mr. Salerno expressed concern that this project not be delayed because it was important to the business owners that experienced flooding in the industrial zone during the last flood event.

Council Member Smith asked if this \$4.7 million constituted approximately 4% of the anticipated cost of the entire Truckee River Flood Project. Mr. Seidel stated the current cost estimate is \$60 to \$100 million and the cost is due to the degree of difficulty of the project.

Council Member Carrigan commented that one of the concerns the last time that this contract came before the council for approval was whether or not this project would count toward Sparks' portion of the cost of the entire flood project. He asked if this issue had been resolved. Mr. Seidel confirmed that the letter from the Corps of Engineer officially recognizes this project as an integral, eligible part of the whole project. Mayor Martini commented that the letter was still not a guarantee that these costs would count as Sparks' share of the costs. Mr. Seidel stated that the Corps of Engineers does not guarantee anything--the "bean counting" happens when the project is completed. Council Member Carrigan pointed out that the costs of the flood project have already been incorporated into our sewer rates. Mr. Seidel confirmed that \$5.41 per month of the sewer bill is dedicated to the flood project.

Mr. Seidel noted that there are multiple benefits of the North Truckee Drain Realignment Project, including: lowering the flood pool by 9.5 inches in the industrial section and move the water out of the valley quicker [in the event of a flood].

Council Member Schmitt commented that he was not familiar with the company of HDR Engineering and asked where they were located. Mr. Seidel stated they are a national company and they have a Reno office, as well as an office in Folsom, California (which allows them to work closely with the Corps of Engineers in Sacramento). Council Member Schmitt expressed concern that the money we are spending was spent keeping local professionals employed. A representative of HDR stated that they have the local resources for most of the design work, but some of it will be done out of the Las Vegas office or the Folsom Office and they have subcontracted some of the work to local firms (CH2M; Bigbee; Kleinfelder, etc.). Council Member Schmitt stated that under the current economic conditions, he felt it was important to keep as much of this money in northern Nevada as possible.

Council Member Schmitt also expressed concern that this was a non-bid contract because professional services cannot be bid per Nevada statutes. Therefore there was no real way of comparison and judging whether these costs are reasonable. He stated the cost of these engineering services were a very high percentage of the total cost of the project. He said people need to know this because this is taxpayer money. The HDR representative stated that he felt that their costs for the engineering and design work were a low percentage of the cost of the entire project (around 4.5%).

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Council Member Schmitt said his concern was creating jobs locally when we used public funds. Mr. Seidel emphasized that this type of work is awarded based on qualifications and the City did put out a Request for Qualifications for professional engineers. HDR was selected from this process to do the Phase I Feasibility Study. This contract award is basically a continuance of the work done in Phase I and he felt that the most economical choice was to continue to use HDR for Phase II the project. Mr. Seidel stated that HDR has listed local surveyors and engineers as subcontractors on this contract and the representative from HDR stated that most of the work will take place in northern Nevada.

Council Member Ratti asked for confirmation that this project is being funded through the \$5.41 per month assessment on the sewer bill and that we do not have the option to use that money for anything other than advancing the flood project. Mr. Seidel stated this was correct.

City Manager Carey emphasized that staff is following the Nevada Revised Statutes with regard to retaining HDR Engineering to do this work and that they are qualified to perform this work. He stated that staff has also followed the City's purchasing requirements for obtaining professional services. He said the Council's concern regarding employment of local vendors in these difficult economic times is an area where it would be helpful to have an agenda item to discuss purchasing impacts and Council policy.

Mayor Martini noted that although this is not a public hearing item, there was a request to speak regarding this item and in the spirit of the open meeting law, he would allow comments at this time.

Mr. Dick Mills, a property owner in the industrial area, spoke in support of the realignment of the North Truckee Drain, stating they have waited a long time for this project and he would like to see it go forward.

A motion was made by Council Member Salerno, seconded by Council Member Smith, to approve a professional services agreement with HDR Engineering, Inc. for professional engineering services for Phase 2 of the North Truckee Drain Realignment project, design and permitting in the amount of \$4,788,451 as recommended by staff. Council Members Ratti, Salerno, Smith, Carrigan, YES. Council Member Schmitt, NO. Motion carried.

6.4 Consideration and possible approval of an Interlocal Agreement with the City of Reno and a Consultant Services Agreement with HDR for a TMWRF Third Party Operations and Maintenance Review, for an amount not to exceed \$130,469.24, to be shared between the cities of Reno and Sparks with Sparks' share being \$65,234.62 (50%) (Time: 3:20:39 p.m.)

Public Works Director Wayne Seidel noted that the Truckee Meadows Water Reclamation Facility (TMWRF) is a unique, one-of-a-kind, state-of-the-art, nutrient removal plant. Because we have to meet the Tahoe-Truckee River Water Operating standards, we have to remove almost everything humans put into the water stream. HDR was selected through the RFP process. They have two experts on their staff on the east coast and all they do is review water treatment plant operations for efficiencies. Through an interlocal agreement, the City of Reno will participate in this review and reimburse the City of Sparks for 50% of the costs.

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A motion was made by Council Member Smith, seconded by Council Member Salerno, to approve an Interlocal Agreement with the City of Reno and a Consultant Services Agreement with HDR for a TMWRF Third Party Operations and Maintenance Review in an amount not to exceed \$130,469.24. Council Members Ratti, Salerno, Smith, Carrigan, Schmitt, YES. Motion carried.

6.5 First Reading and possible discussion of Bill No. 2600, related to PCN08054; an ordinance request from Washoe County Public Works and the United States Department of Agriculture - Bureau of Land Management to change the zoning from R1-40 (single family residential - 40,000 square feet minimum lot size) to PF (public facility) on a site approximately 17.29 acres in size generally located northeast of the intersection of Disc Drive and Pyramid Highway and west of the Sparks Galleria Planned Development, Sparks, NV (Time: 3:23:18 p.m.)

City Clerk Linda Patterson read Bill No. 2507 by title, an ordinance rezoning real property owned by the United States Department of Agriculture - Bureau of Land Management to change the zoning from R1-40 (single family residential - 40,000 square feet minimum lot size) to PF (public facility) on a site approximately 17.29 acres in size generally located northeast of the intersection of Disc Drive and Pyramid Highway and west of the Sparks Galleria Planned Development, Sparks, NV; and providing other matters properly relating thereto.

Mayor Martini announced that the public hearing and second reading of this bill will be conducted at the regular City Council Meeting of January 26, 2009.

6.6 First Reading and possible discussion of Bill No. 2601, an Ordinance amending Chapter 13 of the Sparks Municipal Code by updating outdated provisions pertaining to the operation, maintenance and administration of the City's sewer, storm water and effluent infrastructure systems, and other matters properly related thereto (Time: 3:24:19 p.m.)

City Clerk Linda Patterson read Bill No. 2507 by title, an ordinance amending Chapter 13 of the Sparks Municipal Code by updating outdated provisions pertaining to the operation, maintenance and administration of the City's sewer, storm water and effluent infrastructure systems, and other matters properly related thereto.

Mayor Martini announced that the public hearing and second reading of this bill will be conducted at the regular City Council Meeting of January 26, 2009.

6.7 Consideration and possible approval of 2008-09 budget amendments as recommended by the City Manager (Time: 3:28:20 p.m.) (This item was heard out of order.)

Finance Director Tom Minton stated staff is requesting an additional \$2.5 million in budget cuts for the period of February 15 through June 30, 2009. These budget cuts entail a number of layoffs and salary reductions for a number of employees (on a voluntary basis). These budget cuts are necessary due to a number of things. Once again the consolidated tax (C-tax) revenues have declined--it is anticipated the overall decrease will be approximately 18% from the prior year, meaning revenues will be down about \$4.2 million. In addition, the cuts are deeper than initially anticipated because we have cost increases next year for health insurance, PERS rates, etc. He said if these cuts are made, staff is of the opinion that we can maintain a 5% fund

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balance over the next three years (2009 through 2011), although these budget cuts mean we will also have to cut our service levels.

Mr. Minton stated that the overall, year-to-year, actual spending is about 3.52% or \$2.1 million in the General Fund for fiscal year 2009. If these cuts are made, we should be able to maintain the mandated fund balance of 5%.

Mr. Minton noted the property tax revenues are coming in as forecast. Business license revenues are holding up at about 98% of prior year actuals. Our largest revenue loss is the sales tax slump. Year-to-date figures for Washoe County show auto sales are off 26% and we expect to finish the year around 30+%. Building materials are 20% down; eating and drinking, 20% down. These are all top sales tax revenue producers.

Mr. Minton stated the revenue forecast includes a slight amount of growth. Property taxes are anticipated to be flat for fiscal year 2010; a 3% increase in sales taxes; and flat in franchise fees and business licenses.

City Manager Shaun Carey stated these budget cuts are a continuation of steps the City has undertaken since the economy turned downward. We lowered our expenditures last year between the tentative and final versions by almost \$1 million. In September we lowered spending by \$1.6 million. On December 1, 2008, we lowered spending by an additional \$2.5 million. The Council's action today would yield a \$2.7 million reduction. He said we have stayed ahead of a very unpredictable and severe economic downturn in northern Nevada. Mr. Carey stated these actions being taken today are increasingly difficult because we have had a series of cuts--\$8 million in nine months is a tremendous change in services we are providing to the public.

Mr. Carey stated that to ensure that the Council had the information regarding the impacts that these budget cuts make (cumulatively), he asked each department to attach a report on how things are changing in their departments. He said we are doing a tremendous amount of work with fewer resources and in each department we have relied on our management teams to look at how to best preserve our service to the community. We cannot maintain all our services; still meet our statutory obligations; and remain an organization that has fiscal stability.

Mr. Carey stated it was with a heavy heart that we moved forward with 35 layoffs last week. It was very, very hard on those 35 members of our team and their families and he thanked those employees for their years of service to the City. He stated it is his hope that the remaining employees will continue in their dedication to providing services to the public--it may take longer, but he felt we were up to the challenge.

Mr. Carey noted that the budget plan lays out what each department believes are the appropriate service cuts, but the Council is the ultimate decider of how to use our available resources.

Council Member Carrigan stated that at the Retreat on December 1, 2008, the City Council directed staff to meet with the various bargaining units to talk about a 4% cut in pay in order to avoid the layoffs. He said he wanted to make sure that the public understood what happened at those meetings. Mr. Carey stated that staff contacted all the bargaining units, as well as those employees groups that are not represented by a union. We have received responses from some

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of the groups. The Executive, Mid-Management Professional/Technical, Confidential, and Deputy Police Chief groups all responded in the affirmative. We also heard from other groups that they were not in favor of these cuts--the Sparks Police Protective Association (SPPA) and the Local Operating Engineers No. 3 (OE3).

In the case of the Fire Department, they have a contract, but they continue to be open to discussions with the City regarding this wage discussion, but were not able to open their contract for discussion on a direct pay cut. However, the employees in the Fire Department have been very much affected by these cuts--we have reduced the staffing at all our fire stations to three persons. We rely on all of our employees to use good management on the use of overtime and scheduling of employees. We have not found that the Fire Department has excessive overtime. With the reduction to 3-person staffing, approximately \$400,000 in overtime is saved in the City budget and about \$800,000 will be saved next year.

Mr. Carey stated that staff was not able to achieve Council's direction to get all of the units to agree to a 4% pay cut. He noted that since the December 1st workshop, staff has been working diligently to come up with budget cuts in excess of \$2.5 million and the Council is being asked to approve an additional \$2.5 million today. He stated he did not approach the bargaining groups for the additional \$2.7 million in budget cuts that were needed. He stated that there is no certainty, in his opinion, that if we had achieved the \$2.5 million through a 4% salary reduction that we would not have had layoffs.

Mr. Carey stated he felt it was in the best interest of the City to continue to discuss wage reductions as a tool for future budget cuts, which may be coming if the economy does not stabilize. He stated that all northern Nevada governments are doing a Yeoman's job of trying to pick a stable future. We are choosing to go beyond any other local government in projecting the sales tax reductions at 18.6%. We hope to do better than that, but this will provide stability as we go forward.

Mr. Carey stated that Mr. Minton and all the Departments have carefully considered the budget decisions for next year, so that we can have an 18 month window of financial stability. Wage reductions may be a useful tool if we are confronted with additional shortfalls that could occur, despite our best planning efforts.

Council Member Schmitt stated there were comments made earlier about the layoff process being unfair. He asked Mr. Carey to discuss the process of how the decision to cut a particular position was made. Mr. Carey stated he relied on the Department Heads to look very closely at the way we provide services and to find the reductions in services and employees that would yield the ability to maintain the best quality of services. He stated that in the Police Department we are currently understaffed by six officers and we have a need for an additional 46 officers. He stated that he relied on the Police Chief to look at the magnitude of the cuts and in his opinion it was not a good time to take further cuts in sworn personnel; therefore, he chose some civilian support positions. In doing so, he understood the impact it would have in keeping our officers on the street. This example applies to Parks and Recreation, Public Works and Community Development. In the opinion of the experts in those departments these employee cuts represent the best of a bad set of decisions that had to be made.

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Mr. Carey stated there has been no weight placed between employees by bargaining groups, nor would there ever be. Our system is designed to look at our budget and our services and produce outcomes. As an example of the impacts, our Public Works Department has made a tremendous effort to maintain services, even though their workforce has been severely reduced.

Mr. Carey stated that any single decision must be considered in the context of all the services we provide and that is what the plan that is being presented to the Council today represents. Staff was asked to look at services and provide recommendations to make very severe cuts. Those cuts involved employees and much more in terms of delays in future services, etc. He said the decision that the Council is being asked to make is a heavy one--they are being asked to provide less response of government to citizens who expect it. I.e., graffiti being removed within 24 hours; closing both outdoor public swimming pools; and not providing public swimming at the Marina this summer. These are the types of severe cuts that the Parks and Recreation Director, Mr. Sherer, in looking at his department, felt were the best choices to make in a tough, budget cutting mode. Mr. Carey stated that the department directors were present at this meeting if the Council wished to question them regarding their recommendations.

Council Member Schmitt stated he was sure that the department directors did not make any decisions to cut services lightly. He asked Mr. Minton if the recommended cuts would get us to June 30th (the end of the fiscal year) or would we be looking at additional cuts in March. Mr. Minton stated he thought this would get us to June 30th. The Economist are saying that things are in "free fall" and in the fourth quarter of 2008, the economy is predicted to contract 6% to 8% and they expect the same result for 2009. He said that we are in completely uncharted waters--there have been so many stimulus packages and so much money thrown at this problem, but most people will tell you that we don't know what's going to happen. All we really do know is that employment is going to lag... it will probably go over 9%, approach 10%, and employment only recovers at the end of a recession. So, you may not see those employment numbers recover until the end of 2009 or the first quarter of 2010. This is why staff has recommended severe revenue reductions and plan on the revenue numbers remaining flat for the next fiscal year.

Council Member Schmitt stated that 2.6 million people lost their jobs last year and over 2 million of those were the last 120 days of the year. This is truly a tough situation. He stated that Parks and Recreation has had to reduce services by approximately 20%, but he was concerned about the recommended closing of the outdoor pools and no swimming at the Marina this summer. He was also concerned about personnel losses in other departments that would affect the City's ability to respond to citizen complaints and concerns.

City Manager Carey emphasized that reports were provided to the Council that looked at the individual impacts of each budget cut. Mr. Carey stated he is recommending all the cuts as a package, but if the Council provides additional direction regarding specific items, the management team to carry out those amendments to the best of their ability, in concert with keeping the Council informed on how the economy performs.

Council Member Ratti commented that the impact statements for each cut have been extremely informative and she encouraged the public to read these statements if they had questions regarding a particular budget cut. She also commented that she was struck by how many people at the mid-management/professional/technical level chose to take voluntary reductions. She said

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that some of those reductions involved their car allowances. Mr. Carey confirmed that different mid-managers, looking at the cuts in their department, have reduced their car allowance to save positions and services within their departments. Mr. Carey emphasized that the car allowance benefit is reexamined every year to determine the necessity to the position.

Ms. Ratti stated she felt that the City was being progressive in doing a pilot program to allow employees to work from home or from another area of the City. She said cities across the country have seen that this can save money, as long as that employee is being productive. She said this is "green" because people are not commuting.

Ms. Ratti said she respected the ability of the Department Heads and Managers to look at their departments to decide what the cuts are. However, she also felt it was important to make sure that one category of employees is not bearing the brunt of the layoffs. She said because of this, she asked the Human Resources Department for a report on what categories of employees were getting laid off. The results were that the confidential employees are taking the biggest hit at a 27% reduction. The next level down is the mid-management, which has lost 19 percent of employees. Below that is the OE3 non-supervisory category at 17%. Ms. Ratti said it was important to have an element of fairness overlaying the decisions that go into each department and their ability to provide services. She asked Mr. Carey to explain why we have not seen any layoffs in the top level of management category.

Mr. Carey discussed the City's organizational chart and noted that one department head position was eliminated through reorganization after the previous City Clerk retired. This position was is now mid-management, because we must have this function by law. Mr. Carey stated there is a need for a span of control - the Fire Chief and the Police Chief are responsible for the proper delivery of public safety and they spend about 53% of all our revenues. He noted that the command structures for police and fire are very flat and we have also reengineered the public works department so that there are only about 15 general fund employees out of 170 public works employees.

Mr. Carey continued to discuss the City's organization, stating this City went through an unprecedented expansion and our Community Development Department increased staff to 84 persons to handle the work demand. These positions were heavily weighted toward mid-managers because the planners, engineers, etc. were all professionals. The recent cuts in the department were necessary because of the economic downturn and the cuts were largely born by the technical professional (mid-management) group.

Mr. Carey stated we have two assistant city managers to deal with the span of control Community Development and Public Works are two dynamic divisions with two Redevelopment Agencies, housing programs, etc., and we have to make sure we have sufficient expertise and oversight for these programs. It is common in cities to have a director of administrative services--we use an assistant city manager to provide our internal service functions such as Human Resources, Risk Management, Emergency Management, Information Technology and other systems. We also need an Assistant City Manager to deal with collective bargaining agreements. The City is also part of a region of over 400,000 people and we work in concert with Reno and Washoe County on shared services such as the Regional Transportation Commission (RTC) and the Economic Development Authority of Western Nevada (EDAWN). One Assistant City Manager heads a department, as well as acting as an Assistant City Manager, which allows us to

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be present and advance our regional, state, and federal programs. The other Assistant City Manager works on economic development, redevelopment, and public works issues, which are again, interrelated on a regional basis. We are the only City in Nevada that has two Redevelopment Agencies and they both have very challenging futures.

Mr. Carey stated our Parks and Recreation Department is the envy of any similar department in the country because of what they have done with their management and employees. Their recovery of revenues is about twice the national average because they are providing innovative programs on a continuous basis.

Mr. Carey stated that in considering the question of fairness [of the layoffs], our search for efficiency is so ingrained that across the board, there has not been a time in our City where we has had the resources to do the job correctly. We have asked so much of our departments up to this point. The cuts being made today will put a lot more burden on our Assistant City Managers and Department Heads in key areas. We will not have an Emergency Manager or a Risk Manager. We will not have a Redevelopment Planner or an Economic Development Manager. These services will now be provided by the Assistant City Managers. He emphasized that he is confident that the recommended layoffs are appropriate.

Ms. Ratti said with a “pie” that has been getting smaller and smaller, the portion of the pie for Police and Fire has gotten a little bigger and Public Works, Community Development, and Parks and Recreation are receiving significantly less of the pie than they were a year ago. This is because the City Council prioritized public safety as first. So even though there have been cuts in public safety that are not particularly comfortable, in terms of how much pie is available, they are still getting a higher percentage of the pie than they were a year ago, when we started the budget reductions. Mr. Carey concurred with Ms. Ratti’s statement, stating that we will have tough challenges in the coming months in providing public safety, but he trusts that the Fire and Police Chiefs have made the best decisions for their staffing, given the circumstances.

Ms. Ratti stated that she has faith that the Department Heads have done the best job that they can with regard to staffing, but there are some cuts she is not willing to support: one is the closing of the public pools and not staffing lifeguards for the Marina. She said there are things that are going to have long-term impacts on our City, such as maintaining our streets, but there are some short-term things that will have an immediate impact. When families are struggling for recreation for their children, they are not going to be able to afford to go to Wild Waters or other options and she felt it was important to keep the pools open and the Marina staffed. She said this is also a safety issue, because kids need to learn how to swim.

Mr. Carey stated that it costs about \$150,000 per year to operate all our swimming facilities. In the cuts that were recommended, the Parks and Recreation Director Stan Sherer believes he could reopen the two outdoor pools and provide lifeguards for the Marina with operating hours reduced to peak demand times for a cost of about \$106,000. It would take \$35,500 this fiscal year and the balance of the \$106,000 would come from next fiscal year budget. He said if the Council voted to do so, staff would restore this cost to the budget and the facilities would be open, but at a reduced level of operation.

Ms. Ratti asked if the reduced level of service would mean that there would be swimming lessons only at the two outdoor pools. Mr. Sherer responded that no, it would not be swimming

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lessons only, however, the hours for recreational swimming would be reduced and some of the contracted classes from the Alf Sorenson facility would be moved to Oppio Pool.

Ms. Ratti stated that one of the four things that people discussed most with her during her campaigning for this most recent election was traffic calming. She stated in the public works cuts, we are losing a single asset that has a significant amount of experience in that area. The second concern was neighborhood deterioration. We are cutting down our code enforcement division down to two persons and this will mean that we cannot respond to all code enforcement complaints. Her concern was that in the short-term we may be setting ourselves up for more expensive problems in the future with neighborhood blight, etc. The third concern was graffiti removal--we have halved our graffiti program. The fourth concern was park safety--this goes along with the issue of closing the pools. If we close the pools, we have less activity in the parks and they become less safe.

Ms. Ratti said that as a council member she did not feel it was fair of her to give staff a "wish list" of what she wanted put back in the budget without making some recommendations on how to fund these items. It means that we have to cut more some place else, or we have to find some income sources. She said she is recommending that the Council consider reducing or eliminating our car allowance and/or the Council considering a 4% pay cut. She said that a lot of the management stepped up and did this in order to save positions. She said she felt that the Council could step up and do the same. She emphasized that she had not discussed this with any of the other Council Members, so she did not know how they would feel about this recommendation.

Ms. Ratti stated she has discussed with the City Manager and the Finance Director the need to maintain a 5% ending fund balance, but she believed that if we shifted back to 4.5% instead of 5%, we would be looking at \$340,000 in available income to fund some of these short-term priorities. She stated that she is aware that this would set us up for long-term problems if the economy does not turn around, but she believed that losing these services now would also cause long-term problems.

Council Member Carrigan stated that the City is in the business of services, not providing a product. He noted that some of the Council Members have already taken a 4% cut in their salary. As a Council Member he did not want to get involved in which employees stay and which employees get laid off, however, it is really difficult when you are talking about someone's job and which jobs are more important. He said he agreed that our summer swim program and the swimming at the Marina were important, especially for the at-risk kids. He suggested that delaying the opening of the pools two weeks after school gets out and closing the pools two weeks before school starts would provide service during the most concentrated months of pool/swimming use.

Council Member Carrigan expressed concern regarding the cuts for ammunition for training in the Police Department. He said this could be a problem, because the officers needed to keep their skills sharp and if they get "rusty," someone could get hurt. Council Member Carrigan stated he wanted to stay away from trying to micromanage who stays and who goes, but if we have to spend down the ending fund balance below 5%, he felt that the pools and ammunition would be important enough to do so.

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Council Member Smith agreed regarding the need to keep the pools open. He asked if the reduced service hours would be satisfied by the time frame recommended by Council Member Carrigan (June 15th to August 15th), or would it mean fewer hours of operation during each day. Mr. Sherer stated the reduced hours would be daily. He then reviewed the specific hours of operation, open swimming and swim programs that would be scheduled at each pool. In response to questions from Council, Mr. Sherer stated that from a staff prospective, it is better to cut the daily hours the pool is open rather than shorten the number of days the pool is open so that we don't lose our participant base. In response to further questions from Council Member Smith, Mr. Sherer confirmed that having swimming lessons at the outdoor pools would increase revenues by \$40,000 collectively, and that the cost for lifeguards at the Marina did not include park rangers.

Council Member Schmitt stated that while he was not in favor of reducing the ending fund balance, he felt it was extremely important to have someone assigned to respond to citizen complaints, now that the Citizen Services Coordinator position has been cut.

Council Member Ratti commented that while coordination of citizen involvement was important, she felt that it was more important to be able to respond to complaints via code enforcement--providing the service rather than coordinating the services. She said the Council, in the past had made neighborhood appearance a priority and we are backsliding on this priority--even before we had a foreclosure crisis. Whether this means replacing a position or getting someone else assigned to this problem, and understanding the importance of the ending fund balance, she would support reducing the ending fund balance to support some critical services and leave it up to the Department Heads as to which positions need to continue these critical services.

Council Member Salerno noted that travel and training had been reduced in some departments and asked if the Council's travel and training had also been frozen. Mr. Carey stated that there is a recommendation that eliminates the Council's travel budget. He stated that in December all employees were told that we would not be traveling out of state for conferences and conventions because of the budget situation, except in the cases of public safety, where it is part of the job.

Mayor Martini commented that there has been a lot of good input from the Council. He stated that this is a serious situation and he agreed that the pools and the Marina should stay open. However, the more suggestions that are put forward and the more we want to keep, the less money we will have to spend. As far as spending down the ending fund balance, \$340,000 does not sound like a lot, but if we had not been cautious in previous years about spending down the ending fund balance, we would be in worse shape than we are today. He stated that he felt we still needed to be cautious in spending down the ending fund balance. Mayor Martini thanked all the staff who have been working so hard to be proactive in the last two and a half years.

Council Member Carrigan ask that the citizens understand that we are cutting services down to the bare bones and to have patience if we can't get to something right away--we will try to get to it. Council Members Carrigan and Ratti both encouraged citizens to call them if they had problems they felt were not being addressed.

Council Member Schmitt stated he would not be supporting the motion, because he felt that communication is the most important link [between government and citizens] and that we really needed someone to coordinate this communication [Citizen Services Coordinator].

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Council Member Smith agreed that we really did need this position, but he was going to support the motion. He pointed out that at any time the Council could go back and revisit the budget situation. Mr. Carey agreed, stating that the Council will shortly begin the budget planning for next year and the Council will have opportunity to make decisions, as needed.

Council Member Ratti stated that the departments are coming up with strategies for providing services without the personnel they had before. Since the Citizen Services Coordinator is part of the City Manager's office, she asked Mr. Carey how he was planning to address the issue of communication with the public. Mr. Carey stated that this challenge will fall to the Community Relations Manager and the Executive Assistant in his office. He said they will be slower and subject to lapses in communication, but the remaining people in his office will do their best to respond to citizen concerns.

Council Member Ratti stated, for the record, that she was not pleased that she was unable to make a case that some services needed to be put back in the budget, but that she would support the motion, because we need to move forward.

City Manager Carey stated that he notified the Code Enforcement Officer and the Citizen Services Coordinator of their layoff a week ago. He said if the Council had a desire for those two positions, then this is a good time to do that, because he could return those employees to the work force. It is more difficult to bring them back once they have left. He said if an amendment to the motion were to include restoring a Code Enforcement Officer and the Citizen Services Coordinator, staff would manage two of those outcomes in the ending fund balance and report those outcomes to the Council.

A motion was made by Council Member Salerno, seconded by Council Member Carrigan, to approve additional 2008/2009 budget reductions as outlined in alternative one, as recommended by the City Manager, and to direct staff to keep our swimming pools and the Marina open at a cost of \$106,000. Council Members Ratti, Salerno, Smith, Carrigan, YES. Council Member Schmitt, NO. Motion carried.

7. **Public Hearings and Action Items Unrelated to Planning and Zoning:**
None

8. **Planning and Zoning Public Hearings and Action Items:**

- 8.1 **Public Hearing, PCN08055, review and possible action for Tentative and Final Approval of an amendment to a Planned Development Handbook, from Spanish Springs Medical, LLC, to revise the section entitled "Signs" which would alter the sign criteria to allow for a maximum 20-foot tall freestanding sign for Parcel IV-E and other modifications related thereto, on a site approximately 5.33 acres in size in the NUD (New Urban District-Kiley Ranch South Planned Development) zoning district located on the southeast corner of the intersection of Los Altos Parkway and Ion Drive, Sparks, NV (Time: 3:24:45 p.m.) (This item was heard out of order.)**

Senior Planner Tim Thompson noted that this was a request for an amendment to the Kiley Ranch South Planned Development Handbook; specifically related to the office park located at the southeast corner of the intersection of Ion Drive and Los Altos. This site is currently under

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construction, with one building completed and two more similar buildings to be completed in the future. Under the City's current zoning code, the applicant is subject to the Professional Office standards for signs. This standard does not have an allowance for any kind of freestanding sign or sign that exceeds six feet in height. The applicant is requesting a single, 20 foot tall, sign (not to exceed 200 square feet of sign area) to be located on the northwest portion of the site (near the intersection).

Mr. Thompson stated that given the location of the sign and the proximity of the development to residential areas, staff is recommending approval of this amendment--subject to the findings PD1 through PD21 as listed in the Planning Commission staff report.

Mayor Martini opened the public hearing and asked if anyone wished to speak regarding the proposed amendment. There being no comment, the public hearing was closed.

A motion was made by Council Member Salerno, seconded by Council Member Ratti, for Tentative and Final Approval of an amendment request to the Kiley Ranch South Planned Development Handbook associated with PCN08055, adopting findings PD1 through PD21 and the facts supporting these findings set forth in the staff report. Because the request includes final approval, the City Council does not require a bond at this time as stated in NRS 278A.490. Council Members Ratti, Salerno, Smith, Carrigan, Schmitt, YES. Motion carried.

Mayor Martini thanked the Council for doing an excellent job with something that is very difficult. He said that we are affected by the economy the same as other businesses in that if we don't have revenues, we have to make cuts.

GENERAL BUSINESS CONTINUED

6.8 Possible motion to adjourn to a Closed Door Session to review labor issues (Closed per NRS 288.220) (Time: 4:45:16 p.m.)

A motion was made by Council Member Salerno, seconded by Council Member Smith, to adjourn to a closed door session after the Redevelopment Agency meeting to review labor issues. Council Members Ratti, Salerno, Smith, Carrigan, Schmitt, YES. Motion carried.

9. Comments:

9.1 *From the Council and City Manager (Time: 4:38:52 p.m.)

City Manager Carey stated the City of Reno, Washoe County, and the Flood Control Staff have asked for a special joint meeting at 8:30 a.m. on January 26, 2009, to review the Flood Control Project and the need for the introduction of legislative measures that allow for the governance and for the project to be funded and built.

Mr. Carey noted that a second issue was setting priorities for the State stimulus package. He said the Council approved submitting our issues, but did not set specific priorities. Reno and Washoe County have requested to prioritize all three of the stimulus package requests; however, he is reluctant to recommend this because it is difficult to establish priorities across jurisdictions because of how each issue affects each entity differently.

After discussion, the Council consensus was that this issue was not ready for a meeting at this time.

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10. *Adjournment (Time: 4:45:52 p.m.)

There being no further business, the meeting was adjourned at 4:45 p.m.

Mayor

City Clerk

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