

SPECIAL MEETING OF THE SPARKS CITY COUNCIL
April 17, 2006 3:00 p.m.

1.
Call to Order Time: 3:00:21 p.m.
The regular meeting of the Sparks City Council was called to order by Mayor Pro tempore Ron Schmitt at 3:00 p.m. in the Council Chambers of the Legislative Building, 745 Fourth Street, Sparks, Nevada.

2.
Roll Call Time: 3:00:25 p.m.
Mayor Pro tempore Ron Schmitt, City Clerk Debi Dolan, Council Members John Mayer, Phillip Salerno, Judy Moss, Mike Carrigan, City Manager Shaun Carey, Acting Finance Director Joyce Farley, City Attorney Chet Adams, PRESENT. Mayor Geno Martini, ABSENT.

Staff Present: Rick Bareuther, Tom Clewell, John Dotson, Ben Hutchins, Wayne Seidel, Karen Todd, Teresa Gardner, Dan Marran, Neil Krutz, Joyce Farley, Rob Joiner, Gary Hutchinson, Pete Etchart, Adam Mayberry, John Martini and Carrie Brooks.

Comments from the Public Time: 3:00:47 p.m.
Mr. Buzz Harris, AGC, 500 Ryland #300, spoke in support of item 6.5, issuing sewer bonds for Phase II of the Spanish Springs Sewer Interceptor, stating it was good to see we are planning for the future.

Mr. Al Hesson spoke against President Bush's policies regarding illegal aliens.

Pledge of Allegiance Time: 3:05:05 p.m.
The Pledge of Allegiance was led by Community Development Director Neil Krutz.

Approval of the Agenda Time: 3:05:21 p.m.
Consideration of taking items out of sequence, deleting items and adding items which require action upon a finding that an emergency exists.

The City Manager requested that items 5.7 and 6.4 be pulled from the agenda. Item 5.6 was pulled for discussion.

A motion was made by Council Member Moss, seconded by Council Member Mayer, to approve the agenda as modified. Council Members Mayer, Salerno, Moss, Carrigan, Schmitt, YES. Motion carried.

Minutes of the Special Meeting of the Sparks City Council for April 17, 2006

3. Time: 3:06:39 p.m.
Approval of the Minutes A motion was made by Council Member Mayer, seconded by Council Member Moss, to approve the minutes of the Regular Meeting of March 27, 2006 and the Special Meeting of March 31, 2006. Council Members Mayer, Salerno, Moss, Carrigan, Schmitt, YES. Motion carried.

4. Announcements, Presentations and Recognition Items and Items of Special Interest: NONE

5. Consent Items: Time: 3:07:15 p.m.
Community Development Director Neil Krutz noted that the final subdivision maps in items 5.1 through 5.5 added an additional 241 single family lots to the total counts approved by the Council this fiscal year, taking the total number of lots created in the City of Sparks to a new record of 1910 homes so far this fiscal year, with two more months left to go. He said that we have already surpassed last year's total of 1491. He recognized staff for all their hard work in continuing to see that the infrastructure we add to the city maintains the high standard we set.

A motion was made by Council Member Salerno, seconded by Council Member Mayer, to approve Consent Items 5.1 through 5.6, 5.8 and 5.9. Council Members Mayer, Salerno, Moss, Carrigan, Schmitt, YES. Motion carried.

5.1
Final Subdivision Map for the Foothills at Wingfield – Village 3B
An agenda item from Community Development Director Neil Krutz recommending the City Council approve a final subdivision map for the Foothills at Wingfield, Village 3B. This map will create 55 lots on 14.11 acres within the Foothills at Wingfield Planned Development and will be generally located east of Vista Boulevard, east of Hubble Drive and south of Bare Back Drive. The current zoning for this subdivision is PD and the developer will be Reynen and Bardis (The Foothills), LLC. The map and civil improvement drawings have been reviewed and have been found to be acceptable. A performance bond has been filed with the City Clerk to guarantee the construction of the public improvements.

5.2
Final Subdivision Map for the Foothills at Wingfield – Village 7C
An agenda item from Community Development Director Neil Krutz recommending the City Council approve a final subdivision map for the Foothills at Wingfield, Village 7C. This map will create 16 lots on 5.97 acres within the Foothills at Wingfield Planned Development and will be generally located east of Vista Boulevard, east of Hubble Drive and south of Bare Back Drive. The current zoning for this subdivision is PD and the developer will be R& K Homes. The map and civil improvement drawings have been reviewed and have been found to be acceptable. A

performance bond has been filed with the City Clerk to guarantee the construction of the public improvements.

5.3

Final Subdivision Map
for the Foothills at
Wingfield – Village 8C

An agenda item from Community Development Director Neil Krutz recommending the City Council approve a final subdivision map for the Foothills at Wingfield, Village 8C. This map will create 13 lots on 2.84 acres within the Foothills at Wingfield Planned Development and will be generally located east of Vista Boulevard and south of La Posada Drive. The current zoning for this subdivision is PD and the developer will be Reynen and Bardis (The Foothills), LLC. The map and civil improvement drawings have been reviewed and have been found to be acceptable. A performance bond has been filed with the City Clerk to guarantee the construction of the public improvements.

5.4

Final Subdivision Map
for the Foothills at
Wingfield – Village 10

An agenda item from Community Development Director Neil Krutz recommending the City Council approve a final subdivision map for the Foothills at Wingfield, Village 10. This map will create 83 lots on 39.64 acres within the Foothills at Wingfield Planned Development and will be generally located east of Vista Boulevard, east of Hubble Drive and south of Bare Back Drive. The current zoning for this subdivision is PD and the developer will be Morrison Homes. The map and civil improvement drawings have been reviewed and have been found to be acceptable. A performance bond has been filed with the City Clerk to guarantee the construction of the public improvements.

5.5

Final Subdivision Map
for the Miramonte, Phase
3A

An agenda item from Community Development Director Neil Krutz recommending the City Council approve a final subdivision map for Miramonte Phase 3A. This map will create 74 lots on 74 acres and will be generally located west of Los Altos Parkway, adjacent to the Vistas Planned Development. The current zoning for this subdivision is PD and the developer will be Centex Homes. The map and civil improvement drawings have been reviewed and have been found to be acceptable. A performance bond has been filed with the City Clerk to guarantee the construction of the public improvements.

5.6

Agreement for a Bio-
Solid Waste Landfill
Disposal Agreement with
Lockwood Regional
Landfill

Time: 3:07:20 p.m.

An agenda item from Public Works Director Wayne Seidel recommending the Council approve a Bio-Solid Waste, Landfill Disposal Agreement with Refuse, Inc, doing business as Lockwood Regional Landfill, for a reduced rate for disposal of Bio-Solids at the Lockwood Regional Landfill. This agreement will reduce the tipping (dumping) fee rate that the Truckee Meadows Water Reclamation Facility (TMWRF) pays to dispose of bio-solid waste from the water treatment process at the

Lockwood Regional Landfill from the current \$10.00 per cubic yard to \$8.50 per ton, saving the Facility approximately \$15,000 for the remainder of the 2006 calendar year.

Council Member Salerno asked why this agreement was only for the remainder of the year and wasn't the last agreement for 10 years. Mr. Seidel explained that this was not that same contract as the 10-year sludge hauling agreement with Empire Farms. It was noted that the vast majority of the sludge is still being hauled out to Empire Farms and this is a back-up method and it also covers us when the roads are so bad that we can't get the trucks out to the farm. Mr. Seidel noted that the current sludge hauling contract ends October 31st of this year and staff is currently reviewing the requirements and will be putting out a bid package for a new contract.

A motion was made by Council Member Salerno, seconded by Council Member Mayer, to approve Consent Items 5.1 through 5.6, 5.8 and 5.9. Council Members Mayer, Salerno, Moss, Carrigan, Schmitt, YES. Motion carried.

5.7
Award of Multiple
Contracts for the Fire
Station No. 1 Dormitory
Remodel Project

An agenda item from Public Works Director Wayne Seidel recommending the City Council award to Building Solutions, LLC the construction contracts in the amount of \$146,614.00 and to Burgarello Alarm Inc., for modifications to the existing fire alarm system in the amount of \$5,664.78 for the remodel of the 3rd floor dormitory in Fire Station No. 1 (Bid No. 05/06-040).

This item was pulled from the agenda.

5.8
Contract Extension with
CFA, Inc. for Consulting
Services on the East
Truckee Canyon
Cooperative Plan

An agenda item from Advance Planning Manager Rob Joiner recommending the City Council approve a contract amendment with CFA, Inc., for consulting services on the East Truckee Canyon Cooperative Plan in the amount of \$10,000. The properties located in the East Truckee Canyon Sphere of Influence are obligated to cooperative plan for future development with Washoe County. Sparks staff, with the assistance of Washoe County staff, embarked on this process in 2002. As part of this process, CFA, a local planning consulting firm, was retained in 2004 utilizing \$23,000 of professional services funds. The scope of work was expanded in 2005, bringing the contract total to \$53,000. These costs were shared between Sparks, Washoe County and the Reno Tahoe Commercial Center; however, this amendment in the amount of \$10,000 will be borne solely by the City of Sparks and will further assist the City in completing the East Truckee Canyon Cooperative Plan.

5.9
Acceptance of a Grant
from the Office of Traffic
Safety for Training

An agenda item from Police Chief John Dotson recommending the City Council accept a Nevada Office of Traffic Safety Joining Forces Grant in the amount of \$1,877.00. The grant will be used to send two officers to the 12th Annual Drugs, Alcohol and Impaired Driving Seminar in Kansas City, Missouri. These officers have a requirement for continuing education in order to maintain their certifications as drug recognition experts and trainers and the seminar qualifies as continuing education.

6. General Business:

6.1
Presentation, Discussion
and Possible Direction or
Approval of Issues
Relating to SCR 26 –

Time: 3:11:41 p.m.

An agenda item from Public Works Director Wayne Seidel requesting the City Council hear a presentation and provide direction to staff relating to Senate Concurrent Resolution No. 26 (SCR 26) – Feasibility and Advisability of Consolidating Water Related Service in Washoe County.

Mr. Seidel gave a power point presentation regarding consolidating water related services in Washoe County as follows:

**City Council Update
Feasibility and Advisability of Consolidating Water Related
Services in Washoe County
Senate Concurrent Resolution 26**

**Development Community Concerns
Selected members claim regional water purveyors have:**

- **Limited water coordination**
- **Significant inefficiencies**
- **A lack of uniformity**
- **Minimal accountability and responsiveness**
- **Slow resource planning and implementation**
- **Been partially responsible for high water costs.**

**SCR26 Subcommittee Supports SNWA Model
SNWA Structure**

- **Coordinates 7 public entities (5 water purveyors and 2 wastewater agencies)**
- **Voting/approval at 3 levels (Directors, Members & Purveyor Members) – voting requirements differ per type of action (not always consensus).**
- **Performs all long-term water resource and infrastructure planning and systems construction**
- **SNWA - State of NV political subdivision**

- **Report provided to State Lands annually**
- **Clark Co. not in authority/leadership role.**

SCR26 Subcommittee meetings to date:

- **November 30, 2005**
- **January 19, 2006**
- **February 13, 2006**
- **March 15, 2006**

There have also been numerous meetings with the regional water purveyors. TMWA has been the lead representative for Reno & Sparks.

SCR26 Legislative Subcommittee

March 15, 2006 Meeting

Presentation by Regional Water Purveyors:

- **Truckee Meadows Water Authority (W.R. = 84%)**
- **Washoe Co. Dept. of Water Resources (W.R. = 13%)**
- **Sun Valley GID (Water Rights = 0.5%)**
- **South Truckee Meadows GID (Water Rights = 3%)**

CONSENSUS ON REGIONAL WATER MANAGEMENT STRUCTURE

Proposed Regional Water Management Structure

Possible Regional Water Issues:

Acquisition:

- **Coordination**
- **Work with private sector**
- **Address growth plans**
- **Free-up water rights used for irrigation with reclaimed water.**

Conservation:

- **Regional uniformity**
- **Ordinances**
- **Enforcement**
- **Public education**
- **Incentive Program**
- **Natural groundwater recharge preservation**
- **Maximize Effluent Reuse.**

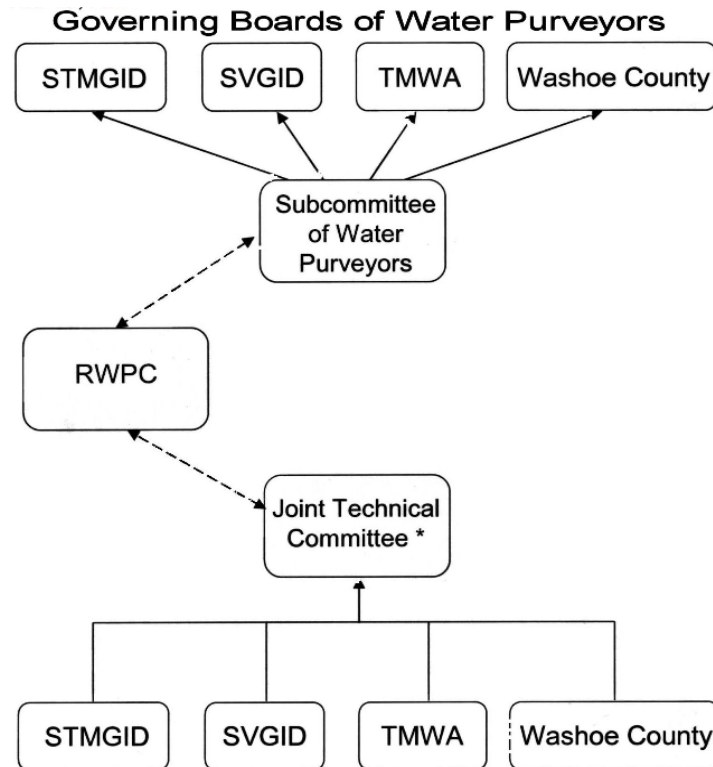
Management:

- **Conjunctive use**
- **Sharing resources**
- **Water rights exchanges between purveyors**

- **Joint resource planning and development**
- **Consistent water demand for customer classes**

Regional Decision Making Process:

- **Joint Technical Committee, with oversight from the RWPC, would make recommendations to the Subcommittee of Water Purveyors**
- **Final decisions approved by Governing Boards of Water Purveyors.**



Outstanding Issues:

- **Make-up of Governing Board?**
- **Voting requirements (level of approval)?**
- **Who has authority over Regional Water Planning Commission (currently Washoe County)?**

SCR26 Legislative Subcommittee Concerns

- **Primary concern: decision making process**
- **Would like an overall Water Authority similar to SNWA to insure accountability**
- **Need to decide reporting structure of Regional Water Planning Commission**

SCR26 Legislative Subcommittee

Meetings left:

- **May 12, 2006**
- **June 8, 2006**
- **June 20, 2006**
- **Per Senator Amodei (Chair): Legislation quite probable**
- **Bill Draft Request would be submitted by the end of June; legal would draft & submit to Legislature by February 2007**

New Regional Water Model

SCR26 Legislation

- **Water Resources, Acquisition, Conservation and Management may be significantly affected by the outcome of any legislative action**
- **Any regional water authority model would require a cooperative agreement between water purveyors.**

After the presentation, Mr. Seidel asked the Council if there were any questions or if they wanted to provide direction to staff regarding this issue.

Council Member Mayer commented that he did not see how the state legislature could tell us how to run our water company when they had no financial investment in the Truckee Meadows Water Authority. Mr. Seidel responded that although there was no state funding used to purchase the water company, the State could legislate how the State's water resources and water rights are managed. Council Member Mayer said he did not know why the legislature is trying to fix something that isn't broke.

Council Member Mayer said that he did not like the equal vote idea when the ownership interests were so different. Mr. Seidel pointed out that with the consensus model, the entity with only 13% interest could stop something from being approved and that it was a hard way to get anything done.

Council Member Carrigan said that the TMWA Board met and came up with the same feeling of "if it's not broke, don't fix it", but they could see the handwriting on the wall: that this legislative committee wants to write some legislation.

City Manager Shaun Carey said he is concerned that with 84% of the water rights being under the control of TMWA, the voting structure becomes a critical issue and we need to ensure that the interests of the two cities and those members who receive water service from Washoe County are served well. He said the issue of governance is critical and while we are using the consensus model

on the flood control program, water is much more complicated and has many stakeholders involved. He said water issues often involve compromise and he urged the Council to look closely at whether consensus would be appropriate for such a broad topic as water management.

Mr. Carey said that in the recent past we have seen the latest version of the Regional Water Plan, which was developed by the Water Planning Commission. It was subject to some iteration with the County Commission and they did entertain some discussion as to whether that should be placed under the Regional Planning Agency; however, Wayne's presentation showed they [the legislature] are looking at reporting to a water authority. Mr. Carey said he would be concerned about the placement of the Water Planning Commission under a water authority because of the broad jurisdiction that the Water Planning Board has, such as flood control, waste water and water and he felt this had not been well researched.

Mr. Carey said he felt that the problem stemmed from a rapid rise and decrease in the availability of water rights in the recent past and he urged the Council to be mindful that this is a very critical piece of our future here in Northern Nevada. He said he felt that the legislature needed to give this further study. He stated that to have to know what the legislation would be by the end of June is of great concern and he asked the council to consider a policy of urging that this issue be studied well into the future and maybe provide the region with an opportunity to bring forth future legislation that can take something which needs corrective action and not to subject it to what appears to be radical surgery that may be very detrimental to us.

Mayor Pro tem Schmitt said he saw three things that Mr. Carey was looking for from the Council: the voting set up; the Water Planning Commission and where it is going to fall into; and the water rights policy as far as legislation in the next month.

Council Member Moss said that most of the elected officials she has talked with do not support the idea of consensus model at all and she pointed out that Southern Nevada's Water Authority is by no means a pure consensus model. She said that TMWA has already testified before the [legislative] committee and she supports TMWA's position. She said she would also support Mr. Carey's suggestion that as a Council they urge the legislative committee to really study this issue before they do anything in the next session; she said she thinks it is too quick.

Council Member Carrigan noted that he and Council Member Moss sit on the TMWA Board, as well as Mayor Martini, and they have gone over this many times; however, one of the things they did have a problem with was the governance part. He said they were going to ask the interim committee to hold off on this to see if they could work something out in the next two years; in other words, they did not want to see any legislation in 2007. He said they were going to make us “fish or cut bait” and ask us what type of governance model TMWA wanted to see; however, that is one of the things they put off because we can’t agree on it. He said TMWA agreed that we should not have an entity that only has .5% of the water users have an equal vote with someone that has 84%.

Council Member Carrigan said he went on record at the Interim Committee meeting as saying we [TMWA] didn’t think anything was broken in the first place. He said that if something comes down, he would like to know from this (Sparks) City Council where you would like us (TMWA) to keep going with this. He said their philosophy was that nothing is broken; why fix it; however, if they are going to do something with it, then we have to look at the governance part because he has a hard time letting someone sit at the table with an equal vote that only owns .5% of the water.

Mayor Pro tem Schmitt suggested the Council agree on a policy of no action at this time in the legislative session and then we can say what we want on the governance and where we want the Water Planning Commission to sit. He said he felt that the Council could agree that it was very fair to ask the Legislature that, due to the growth demands and the complicated issues, to not take any action in 2007.

Council Member Mayer made a motion that one of our recommendations be that we give our opinion to the Legislature of no action [on this issue] during the 2007 session and that it be for further study.

City Manager Carey requested that because of the importance of this issue, he would like to bring this back on May 8th in the form of a resolution, where the Council could consider a policy statement behind the motion, to provide staff more comprehensive guidance in putting forth a request for further study.

A motion was made by Council Member Mayer, seconded by Council Member Moss, that staff prepare a resolution that one of our recommendations be that we give our opinion to the Legislature of no action [on this issue] during the 2007 session

to allow for further study. Council Members Mayer, Salerno, Moss, Carrigan, Schmitt, YES. Motion carried.

Mayor Pro tem Schmitt asked Council Member Moss to talk about her recommendations on the make-up of the governance issue. Council Member Moss said she did not think the consensus model was the right approach and we don't run our city, the county or the state or federal governments on a consensus model.

Council Member Mayer said he thought the voting should be divided up by the amount of hook ups for each entity and that the governance should be based on one vote per hook up instead of one vote for each entity.

Mr. Seidel explained that the Southern Nevada Water Authority voting is based on, if you need the water, then you buy and participate in a share and if you do not need the water, you don't participate. He said there were three levels and you are in for your cut when you need your share of water. He said that once they did define a governance model, it took them five years of negotiations to figure out the details and the voting and laws.

Mayor Pro Tem Schmitt said to him it is simple; there can be no dilution of any rate payers of the City of Sparks voting capability or their ability to have their rights fairly represented.

Council Member Mayer made a motion that the governing of the water in the Truckee Meadows area be governed by the number of hookups that each entity has and that it be on a majority rule instead of consensus.

Council Member Carrigan asked if this [the governance] would be put into the resolution also. He said he was the Chairman of TMWA, so whatever the Council wanted is what he would put forth. He said one of the things that TMWA had a problem with is deciding who is going to govern this thing. He noted that someone wanted TMWRF (Truckee Meadows Water Reclamation Facility) to also be part of the water authority because it is not only things at the one end, but also at the other end and how much is recharged back into the river. He said TMWA felt that whoever has 84% of the water should have 84% of the vote; but they were deliberately vague to the Interim Committee on how that would happen.

Mayor Pro tem Schmitt seconded Council Member Mayer's motion for discussion. He suggested that the governance be included in the resolution coming forward: that not only do we want to not have any action in 2007, but that they would consider

the makeup of the governing board very critical to the rate payers of Sparks and any formula has to be equal to the representation they have now.

Council Member Mayer said he would amend his motion that they bring back a resolution to this affect at the same time as the other resolution. Mayor Pro tem Schmitt said he would also amend his second to that affect.

A motion was made by Council Member Mayer, seconded by Council Member Schmitt, that that the governing of the water in the Truckee Meadows area be governed by the number of hookups that each entity has and that it be on a majority rule instead of consensus and that this be included in the resolution to be brought back to the council for approval. Council Members Mayer, Moss, Carrigan, Schmitt, YES. Council Member Salerno, ABSTAIN. Motion carried.

Mayor Pro tem Schmitt said the last item is the Water Planning Commission and it was his understanding that Mr. Carey did not want this under the Regional Planning Governing Board. Mr. Carey clarified that he was merely pointing out that it is currently under the Washoe County Commission and as the water plan went forward last time, it was returned to the Water Planning Commission with some directives that they should make some changes. He said as he recalled the process, the Water Planning Commission basically said to the County Commissioners, no, the plan is correct as submitted and this is how the issue ended. He said the concern is that one agency, such as the County, would begin to utilize the water plan for our region for goals that may not be consistent with everyone's viewpoint and the idea of placing it under the Regional Planning Governing Board does place the Water Planning Commission in a regional format where we would have consideration from the two City Councils being directly represented, along with representatives from the County. He said it is certainly worthy of further study to make sure that we position the Regional Water Plan so that it is carrying out the broad purposes that it does have in the areas of wastewater, flood control, and water resource planning.

Mr. Carey stated that in this proposal, the Council would be taking the Water Planning Commission, which has those broad purposes and placing it under an authority that we don't have governance on, and that is the one he would be most concerned about. He said it is of vital importance to this community that we make substantial progress on flood control and he would hate to see an agency that is not clearly defined today, take up the mantle of our

regional water plan because so much of our flood control is really yet to be defined as we move forward. So, the current situation would be preferable to it going to an authority which is ill defined, but a possibility for improvement would be to place it under the Regional Planning Governing Board where we would have more ability to link it with some of the planning issues. The caution with the regional planning process, of course, is we would be drawn to the very difficult time that body is having with the setting of a regional plan, in the context of the settlement of the disputes we have had over the last several years.

He said it is clear that what is most important is that this be given further study and that we not move to a new agency and cede our ability to direct issues and protect our residents from the outcomes of those issues.

Mayor Pro tem Schmitt said he is on record as wanting to go to the Legislature to have the Water Planning Commission moved to the Regional Planning Governing Board in 2005; however, there was no support at that time.

Council Member Carrigan said he has weighed in on this issue at the TMWA level because the Regional Water Planning Commission is the only entity that is in current legislation; the only entity that was formed by Nevada law and also 1 or 2 percent of our water bill goes toward funding this. He said one of the things TMWA talked about was leaving this entity in place because it does have a revenue stream already, but moving it away from the County. TMWA said that in order to have this umbrella agency work and have the Regional Water Planning Commission work, it can't answer to the County, which is one of the voters in the umbrella organization. He said TMWA would like to see this entity moved from under the County to someplace else, but that they did not have a recommendation as to where it should be moved. He said that once again, he did not think we should be doing legislation when all these questions are still not answered.

Council Member Mayer stated that if this needs to be done, the issue is so complex, maybe it needs to go to a vote of the people so there can be a great debate and everyone can see both sides of the issue. Council Member Carrigan said that this is one of the first things that TMWA said to the Interim Committee and it went down faster than the titanic.

Mayor Pro tem Schmitt asked if the Council agreed that we would like to have this seriously looked at for moving in the 2007 Legislative session, but it has to be an agency we can all agree

upon. He said he felt we could agree that it needs to be moved before any type of governance program to work. Mr. Seidel stated that other discussions included creating another level. A comment was made that this was just more bureaucracy.

Mr. Carey stated that the next meeting of the SCR 26 Committee is on May 12th; and there is a Council workshop planned for May 3rd, so he would bring this resolution to the Council at that meeting to allow the Council time to act before the Committee meeting on the 12th.

6.2

Submission of Plan of Corrective Action for Potential Violations of State Statutes or Regulations to the Department of Taxation

Time: 3:47:48 p.m.

An agenda item from Acting Finance Director Joyce Farley requesting the City Council review and approve the Plan of Corrective Action as outlined by the Acting Finance Director in her letter to the Department of Taxation.

Ms. Farley said this is a routine plan that is done every year: we submit a Plan of Corrective Action for potential violations of state statutes as noted by our auditors in our annual audit. She said they are usually very minor and she then reviewed the violations as listed in her letter to the Department of Taxation.

Deficit of Fund Balance:

- Impact service fee area. This is a very difficult fund to anticipate projects and what revenues and building will be performed by this fund.
- CDBG Fund – we did not account for a receivable due to expenses incurred. Because of the nature of this fund, it usually has a zero balance; we spend money and then we do a reimbursement and sometimes at the end of the year we still have a receivable from HUD and we just didn't get the proper entry made.
- Redevelopment Agency II Revolving Fund – we failed to make a budgetary entry to reflect the inter-fund loan.

Ms. Farley stated most of the violations occurred because of the implementation of our new financial system. She said staff was more concerned about getting our financials right over-all rather than some of the items they missed.

Ending Fund balances were less than budgeted:

- Impact service Fee area and the Street Cut Fund – these were two of the special revenue funds that had this potential violation; however, revenues collected for these funds determine what projects will be done and it is very difficult to anticipate what projects we need to do with these funds.

- Debt Service in the Redevelopment Area – since we distribute tax increment to debt service first, this would never be a problem and this is an on-going thing for this fund because we barely collect enough taxes to make debt service, but we do put the increment in the debt service fund on a first served basis.
- Capital Projects Fund – normally we budget as much as we can, as close to a zero fund balance in these funds as possible to give the most flexibility for projects in this fund during the year, but because of the nature of these funds, it is easy to constrain the spending to what we have available, so we very rarely, if ever, would go over in these funds.

Ms. Farley said the requirement is that we provide a plan of corrective action to the Council, which is listed in the letter to the Department of Taxation, for approval. She noted that staff has begun the implementation of corrective action and they are confident that it will be successful.

Mayor Pro tem Schmitt noted that these items did not have comments from the auditors; they were just notes in the files. Ms. Farley confirmed that there were no comments from the auditors in this year's audit and the auditors said we had a very clean audit.

Council commented that they did not receive Ms. Farley's letter in their agenda packets. It was noted that the letter and attachments were hand outs in hard copy and not part of the information on the council discs.

City Manager Carey suggested that this item be continued to the meeting next Monday, to allow Council time to review the information.

A motion was made by Council Member Carrigan, seconded by Council Member Moss, to continue this item to the meeting of April 24, 2006. Council Members Mayer, Salerno, Moss, Carrigan, Schmitt, YES. Motion carried.

6.3

Acceptance of a Donation from The Sparks Youth Sports Foundation for a Weekend Park Ranger Program

Time: 3:54:03 p.m.

An agenda item from Parks and Recreation Director Stan Sherer recommending the City Council accept a donation in the amount of \$8,370.00 from the Sparks Youth Sports Foundation for a weekend Park Ranger Program.

Mr. Sherer noted that these funds will be used for scheduling Rangers at the little league sites at Shadow Mountain during the course of the season. He said that with the demand for fields in

this community, it is not uncommon to have unauthorized users and the Park Rangers would regulate the uses, mitigate any conflicts and enforce the park rules.

A motion was made by Council Member Mayer, seconded by Council Member Salerno, to accept a donation in the amount of \$8,370.00 from the Sparks Youth Sports Foundation. Council Members Mayer, Salerno, Moss, Carrigan, Schmitt, YES. Motion carried.

Council Member Mayer commented that he had received calls about a tri-athlon to be held in Sparks that would close some City streets this weekend. Mr. Sherer said that yes, there were 600 registered runners and they will be starting in waves, so parts of Sparks Boulevard and Los Altos will be closed most of Saturday morning. It was noted that this is the NC2A College Championship Tri-athlon and that our PIO had already sent out a press release on the street closures.

6.4

Request for Variance to Title 15 for Development within the Regulatory Flood Way

Time: 3:57:10 p.m.

An agenda item from Engineering Manager John Martini requesting the City Council approve a request for a Variance to the Sparks Municipal Code, Title 15 (Sections 15.11.0210 through 15.11.0350, Floodways) to TEC Equipment, Inc. for construction of structures and equipment storage at a new facility to be located at 1955 East Greg Street.

This item was withdrawn from the agenda.

6.5

Resolution No. 3015, Concerning the Financing of a Sewer Project

Time: 3:57:12 p.m.

An agenda item from Acting Finance Director Joyce Farley recommending the City Council adopt Resolution No. 3015, a resolution concerning the financing of a sewer project; directing the Clerk to notify the Washoe County Debt Management Commission of the City's proposal to borrow money and to issue general obligation sewer bonds to evidence such borrowing; providing certain details in connection therewith; and providing the effective date hereof.

Ms. Farley noted that this is for the Phase II Spanish Springs Interceptor project; not to exceed \$18 million. She said the Debt Management Committee is scheduled to meet on April 28th to review this request, should the Council approve the resolution.

Ms. Farley said a copy of the revenue sufficiency report is attached to the resolution and she thanked Infrastructure Administrator Ben Hutchins and Bond Counsel Kermit McMillin for all their hard

work on the revenue sufficiency test. She emphasized that this resolution was the first step in issuing the bonds and simply authorized the City Clerk to notify the Debt Management Commission and authorized the Finance Director to make a presentation to the Commission to obtain their approval to issue the bonds. She said staff will come back to the Council for further approvals before the bonds are actually issued.

Council Member Carrigan noted that we have about \$23 million in the sewer fund and asked if it would be wiser to pay some of it in cash and bond only a portion of the cost. Mr. Kermit McMillin noted that there were a number of reasons to borrow the money, the primary reason being that there is a sewer plant expansion project going on right now and a lot of that cash is going to be needed for that project.

City Manager Carey stated that the City utilizes a financial model for our sewer system and it is monitored on an on-going basis. He said as we set our capital projects each year, the Public Works Director looks carefully at the amount of cash we have on hand and where we need to use bonds. He said we manage our sewer fund in a manner that keeps our user rates as low as possible. He noted that the new sewer line will mostly be paid for by new user hook up fees.

Council Member Carrigan asked for information on the financial model for the sewer system for his review.

Council Member Moss asked if issuing these bonds would raise sewer fees. Ms. Farley said the short answer is no. The long answer is that issuing these bonds will not raise the sewer fees any further than they have already been planned to go up in the financial model. Mr. Hutchins explained that this sewer model, which was developed by Malcom Pirney Consultants several years ago, is updated by staff on an annual basis. He said there is a balancing act between the debt and the pay-go cash out flow for projects.

Mr. Hutchins noted that the second expansion for TMWRF and Sparks' cost is projected to be about \$39 million and the rate projections only anticipated about \$10 million. Therefore, we will have to adjust the rates for this expansion sometime in the next few years. He emphasized that the current rates support what we are doing right now, but when we do long-range planning, the rates will probably need to be adjusted upward.

City Manager Carey clarified that in the financial model, we are separating the cost of new capacity from that of user fees and the Plant expansion will have a significant impact on our connection fees to the Plant. He said that our 30-year-old treatment plan in the current round of capacity expansion is capturing some of the user fee upgrades that are necessary to restore and refurbish some of the facility. He said it is one of the hallmarks of our model to take capacity improvements and properly assign them out to the future.

Mr. Hutchins explained that he would anticipate the connection fees to go up substantially in the upcoming years and part of reason is because we are significantly under the fees Reno and Washoe County. He said one of the reasons for the fees going up is because the connection fees pay for the infrastructure as well as the capacity and the \$39 million expansion deals primarily with capacity and it is not fair to ask the current users to pay for new development.

Mr. Hutchins said that the amount that the user rates will need to be raised is still to be determined because we are putting together an assessment program for the storm system and sanitary sewer lines and we have a lot to do before we can determine what it is going to cost for rehabilitation of older sewer lines.

Council Member Mayer said that we still have one more raise in fees to go from the last sewer rate study. Mr. Hutchins confirmed that yes, 2007 will be the last increase in that rate study.

A motion was made by Council Member Mayer, seconded by Council Member Salerno, to adopt Resolution No. 3015. Council Members Mayer, Salerno, Moss, Carrigan, Schmitt, YES. Motion carried.

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

8. Planning and Zoning Public Hearings and Action Items: NONE

9.
Comments from the
Council and City
Manager

Time: 4:11:28 p.m.

Council Member Mayor noted that the City of Reno has submitted a request to Washoe County for an item on the ballot concerning consolidation of the three local governments (Reno, Sparks, and Washoe County). He said he is vehemently opposed to this and has been for the last 20 years that this has been discussed. He said that our yearly citizen surveys show clearly that Sparks' citizens do not want to consolidate and he asked the Council for their support in directing the City Manager to send a letter to the

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County Commission saying we don't want any part of any vote on consolidation.

10.
Adjournment

Time: 4:13:02 p.m.

There being no further business, the meeting was adjourned at 4:13 p.m. Mayor Pro tem Schmitt adjourned the meeting in memory of Mr. Chris Exline, who recently passed away. Mr. Exline was a well-known educator at the University of Nevada, Reno.

Mayor

City Clerk

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