



# **Mesquite City Council**

## **Regular Meeting**

### **Mesquite City Hall**

#### **10 E. Mesquite Blvd.**

#### **Tuesday, May 24, 2016 - 5:00 PM**

Minutes of a scheduled meeting of the City Council held on Tuesday, May 24, 2016, at 5:00 P.M. at City Hall. In attendance were Mayor Allan S. Litman, Council members W. Geno Withelder, Rich Green, George Rapson and Cynthia "Cindi" Delaney. Also, in attendance were; Development Services Director Richard Secrist, City Liaison Aaron Baker, Finance Director David Empey, City Attorney Robert Sweetin, City Clerk Tracy Beck, other city staff and approximately 40 citizens.

Mayor Litman called the meeting to order at 5:00 P.M. and excused the absence of Council member Hafen. (NOTE: This meeting has been tape-recorded and will remain on file in the office of the City Clerk for four years for public examination.)

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*Below is an agenda of all items scheduled to be considered. Unless otherwise stated, items may be taken out of the order presented on the agenda at the discretion of the Mayor and Council. Additionally, the Mayor and Council may combine two or more agenda items for consideration, and may remove an item from the agenda or delay discussion relating to an item on the agenda at any time. Public comment is limited to three minutes per person and may only address items that are not on the meeting's agenda.*

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## **Ceremonial Matters**

- INVOCATION - Rev. Gary Jacobs, LaVirgen de Guadalupe Catholic Church
- PLEDGE OF ALLEGIANCE

## **Public Comments**

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*During the Public Comment portion of the agenda comments must be limited to matters within the authority and jurisdiction of the City Council. Items raised under this portion of the Agenda cannot be deliberated or acted upon until the notice provisions of the Nevada Open Meeting Law have been met. If you wish to speak to the City Council at this time, please step up to the podium and clearly state your name. Comments are limited to 3 minutes in length.*

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## 1. Public Comments

[5:02 PM] Minutes:

Mayor Litman opened up the meeting to Public Comments.

[5:05 PM] Minutes:

Chris Kaempfer, Kaempfer Crowell Law Firm: I am here on behalf of Mr. Lee and Lee's Liquor. In the audience with me is Mr. Lee. Mr. Lee is to the right there. Nami (phonetical) Lee and Stephanie Silverstein are here as well. In the 3 minutes we have, we thought it important to speak with you with regard to item 9 on the agenda, which we understand is not an item for discussion, and that's why we are making our presentation now. We very much appreciate what is represented in the background statement provided in your Staff report, and that is "The Council has put off any attempts to raise taxes heretofore, preferring instead to reduce expenses, but it will now seek to benefit largely from those coming from out of State to buy cheaper liquor. The desire is to increase a fee that can be passed through to the consumer without unduly burdening the business."

We understand very much and appreciate very much as well that desire; however, we would like to make some very brief comments, just a few. 1) All customers have to pay this tax, not just out-of-state customers, so this is a tax on anyone and everyone who buys alcoholic beverages in Mesquite from any offsite location. 2) While a substantial number of people coming to Mesquite from Southern Utah do come here to buy less expensive, we prefer that term to cheaper, liquor, alcoholic products, there is a limitation to what they can and will pay. There is a price point at which they will just buy liquor in their home state, instead of coming here. That's not only not good for us; it's not good for others who benefit from their coming here, such as restaurant and other retail uses, gas stations, whatever it might be.

So when you consider the price of gasoline, and you add that to this \$3 for every \$100, we are very much concerned that we're reaching that saturation point. That is why we suggested a fee of 1.75%. From our extensive research, we concluded that this percentage fee could be consumed in the purchase price hopefully without affecting our business, which is one of the primary goals of this particular Ordinance. We are very much concerned, as I say, that the 3% will do that. Whatever percentage is selected, and we hope it's 1.75%, should be implemented with a sunset provision or a defined review period, so that this board can kind of look and see has there been an impact on businesses, what is that impact, should that fee be drawn back or eliminated should it be a problem.

Now finally, and it is very important Mr. Lee that I say this, we are very proud to do business in Mesquite, and this location is one of our most successful stores,

and it's precisely successful because the price point is kept at a level that does encourage people to buy here. So candidly, neither we nor you nor other businesses, we believe, would want to do anything that would alter that successful situation.

Thank you very much. That's the time we have. We are here if there are questions, but we understand this is just for our comments. Thank you and good evening everyone. Thanks for the opportunity.

[5:06 PM] Minutes:

Amanda Schweisthal, Retail Association of Nevada: Again here to speak with you guys on the liquor ordinance. I do have some preliminary numbers from one of my members that kind of contradicts from the Business Impact Statement the estimated \$242,611 that this City estimated this will raise. I can tell you that just from one of our members we have a 6-figure tax increase raise, which really concerns us, because no other city within the nation at this level taxes liquor. We do have many concerns with the Ordinance. The more information we gather, the more kind of concerns we do have. I think there are many unintended consequences that I believe we can work out. I appreciate all the time that the Mayor has put into not only trying to fix the hole that you guys just recently were able to balance the budget, by collecting that revenue for those essential services. We would love to be a part of the conversation. We would love to answer any questions that you guys have. I will have some more numbers sometime next week that I will be sending to any and all of you. I do have some cards with me. I would love as much information as you guys can give me, as much of that dialogue. I appreciate your time. Thank you so much.

## **Consent Agenda**

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*Items on the Consent Agenda may not require discussion. These items may be a single motion unless removed at the request of the Mayor, City Council, or City Manager.*

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2. Consideration of Approval for the May 24, 2016 Regular City Council Meeting Agenda; the April 26, 2016 Regular City Council Meeting minutes and the May 3, 2016 Technical Review Meeting minutes.

- Public Comment
- Discussion and Possible Action

[5:08 PM] Minutes:

Mayor Litman introduced the Consent Agenda Items 2 and 3 and asked for a motion.

**Council member Withelder moved to approve Items 2 and 3 of the Consent Agenda. Council member Delaney seconded the motion.**

**Passed For: 4; Against: 0; Abstain: 0; Absent: 1 (Hafen)**

3. Consideration of approval of:
  - a) Notification of Budget Transfers
  - b) Notification of Budget Amendments
  - c) Notification of Bills Paid
  - d) Purchase Orders
- Public Comment
- Discussion and Possible Action

**APPROVED WITH ITEM 2 OF THE CONSENT AGENDA**

## **Resolutions & Proclamations**

4. Consideration of Approval for Resolution 896 - A Resolution in support of closing the online sales tax loophole.
  - Public Comment
  - Discussion and Possible Action

[5:08 PM] Minutes:

Mayor Litman: Item 4 has been removed from the agenda tonight at the request of Council member Withelder. It will be brought back at a later date.

## **Department Reports**

5. Mayor's Comments

[5:09 PM] Minutes:

Mayor Litman read this item by its title.

Mayor Litman: I have several comments to make tonight. The first one deals with our budget. I want to thank our Finance Staff for the hard work they have done to get us to the point where we are at. For the first time almost in the time I've lived in this city, we are balancing a budget. I can't say it was an easy task, but it was done. However, there are consequences to balancing the budget, and

hopefully we will be able to work through those as the year progresses, but I have to commend Staff.

The second item that has been brought up that I will mention is natural gas. You're going to be getting an online survey coming forward about natural gas in Mesquite, and I am going to urge everybody to answer that questionnaire when it comes on. They are very interested. This is on the front page of the City website. This is Southwest Gas.

The next one, it's not an item that is on our agenda tonight that I want to comment on before this is up for discussion, and that is the item that deals with our Family Night at Mesquite Days this year. It relates to the greased pig chase and chicken chase or whatever terminology we want to bring to this item. I want to mention that I think that I acted within my jurisdiction in cancelling this pig and chicken activity as one of the many events that we had that evening at Family Night. The activity is not part of any Ordinance, Resolution, or previously passed motion. It is just something that has been occurring in Mesquite over the years. In NRS 266.190, the General Duties of the Mayor, Section C, I felt that I took all proper measures to preserve peace and order in any form of public disturbance by cancelling this event. I do have in my possession a number of emails that indicated that the event would have not gone real smoothly had this other event taken place in the event itself. For that reason, that is why I cancelled that event. I hope that answers everybody's question on that.

## 6. City Council and Staff Comments and Reports

[5:12 PM] Minutes:

Council member Withelder: I just like to address the Resolution on Item number 4. The reason it was pulled tonight is that we had a very, very long meeting yesterday in Las Vegas with the Nevada League of Cities, and we decided that there is just not enough pertinent information to be disseminated to the public at this time. We have another scheduled meeting in early August, and we will be more pronounced in our opinions as to what is going on with that particular Resolution, and we will bring it back somewhere around the end of August.

[5:12 PM] Minutes:

Mr. Sweetin: I just want to note that the CEAB is having a meeting this Thursday night that relates to AB394 which the City has been engaged in and working with the Technical Advisory Committee on down in Las Vegas. That will be at 6:30 p.m. at the auditorium at the high school. All community members are invited to attend that. It is a public meeting, and it has been noticed.

## Zoning Items

7. Consideration of the introduction of Bill No. 500 (Deep Roots Medical LLC) to amend Mesquite Municipal Code Sections 2-14-5 and 2-14-9(J) by expanding hours of operation, and by reducing video storage requirements for dispensaries.

- Discussion and Possible Action

[5:14 PM] Minutes:

Mayor Litman read this item by its title and deferred to Mr. Richard Secrist.

[5:13 PM] Minutes:

Mr. Secrist: On August 5, 2014, the City Council approved Ordinance #485 establishing business license regulations for medical marijuana facilities, and they included hours of operation for dispensaries and security video storage requirements. Deep Roots Medical has now brought this Proposed Amendment to modify both of those sections of the Code. The Staff recommends introducing Bill #500 as Ordinance #500, and set the public hearing date for June 15<sup>th</sup> at 5 p.m.

[5:14 PM] Minutes:

Council member Withelder: Richard, what is the proposed date of opening the dispensary, do we have any idea?

[5:14 PM] Minutes:

Mr. Secrist: I am not sure of the exact date. The first part of June, end of the month, first part of June is what I've been told.

**Council member Rapson moved to Introduce Bill number 500 (Deep Roots Medical LLC) to amend Mesquite Municipal code Sections 2-14-5 and 2-14-9(J) by expanding hours of operation, and by reducing video storage requirement for dispensaries. Council member Green seconded the motion.**

**Passed For: 4; Against: 0; Abstain: 0; Absent: 1 (Hafen)**

[5:15 PM] Minutes:

Mayor Litman: We have made a change in the agenda, and we are moving Item 11 up for the gentlemen that are here tonight, I believe from the Hoover Dam,

11. Consideration of an Electric Service Contract ("ESC") between the City of Mesquite and the Colorado River Commission of Nevada ("CRC") and the

First Amended Agreement to Share the Costs of Implementation of the Lower Colorado River Multi-Species Conservation Program ("MSCP Agreement") with CRC and other Nevada Hoover electric service contractors and other matters properly related thereto.

- Public Comment
- Discussion and Possible Action

[5:15 PM] Mayor Litman read this item by its title and deferred to Mr. Aaron Baker.

[5:15 PM] Minutes:

Mr. Baker: You have before you an Electric Service Contract between the City of Mesquite and the Colorado River Commission and a First Amendment to the agreement to share the costs of implementation of the Lower Colorado River Multi-Species Conservation Program with the CRC and other Nevada Hoover Electric Contractors and other matters are in thereto.

So, to give you the translated into English version of that, the City of Mesquite will enter into a contract with the Colorado River Commission to have up to a megawatt of power for the City of Mesquite to use as an organization, not necessarily to be spread across City wide. It would help us keep down our costs on utility. It is a 15-year contract. We do need to still enter into a transmission agreement with Overton Power District. If for some reason once all final costs are determined that it is not in the best interest for the City of Mesquite, there is the ability to opt out of the agreement. Let's say for some reason rates are better through Overton Power District than through Hoover, we have the ability to do that. So these two agreements are necessary in order to do that. Two staffers from the Colorado River Commission are here if you have any questions you would like to ask them, as well, happy to answer to those.

[5:16 PM] Minutes:

Mayor Litman asked if there were any questions from Council. There were none.

**Council member Delaney moved to accept an Electric Service Contract ("ESC") between the City of Mesquite and the Colorado River Commission of Nevada ("CRC") and the First Amended Agreement to Share the Costs of Implementation of the Lower Colorado River Multi-Species Conservation Program ("MSCP Agreement") with CRC and other Nevada Hoover electric service contractors and other matters properly related thereto.**

[5:17 PM] Minutes:

Mr. Baker: I have a question on that motion, as well. One of the recommendations is to authorize the Mayor to execute the contracts and then to

authorize the City Manager or designee to approve and sign documents authorized by those agreements moving forward, so they don't have to keep coming back.

**Council member Delaney: So Moved. Council member Green seconded the motion.**

**Passed For: 4; Against: 0; Abstain: 0; Absent: 1 (Hafen)**

8. Consideration of engaging the audit services of HintonBurdick, PLLC CPA's & Advisors for the annual financial statement audits for the three years ending June 30, 2017, June 2018 and June 2019. NRS 354.624.

- Public Comment
- Discussion and Possible Action

[5:18 PM] Minutes: Mayor Litman read this item by its title and deferred to Mr. David Empey.

[5:18 PM] Minutes:

Mr. Empey: This item has to do, as you correctly remind us, that we are seeking the engagement of the CPA firm HintonBurdick for a 3-year period of time. Currently, we are in the third year of a current audit engagement with the same firm, and we seek to renew that with this firm, who we have engaged for a number of years now, but I might pass this along to you from the audit partner from HintonBurdick, who tells me that because he came to us with an engagement proposal at my request and when we went through another round of budget cuts, I circled back with him and asked him to refine his engagement letter and the fees related to that, which he did. Over the 3-year period, he has reduced net fee about 3.4%. I think what is interesting for the City of Fernley, our audit engagement initially was \$5500 less than Fernley, and now it is probably \$7000 or \$8000 less than what they proposed for the City of Fernley. Also, they submitted a bid to audit the City of Elko, who has a fund balance at the end of 2015 of \$5.3 million General Fund Revenues less than ours, General Fund Expenditures less than ours, and they were paying their current firm, who was Kafoury Armstrong, \$80,000 a year. HintonBurdick went in with a proposal a little higher than ours, a very similar sized city and financial structure as ours. So I think we are getting value for our money there. For that reason, I would recommend that we approve this 3-year audit engagement with HintonBurdick CPA's and Advisor, and authorize the Finance Director to sign the Engagement Letter.

Council member Rapson: If it was my old firm Arthur Anderson, it would be twice that. Without any other comments, I would make a motion.

**Council member Rapson moved to engage the audit services of HintonBurdick, PLLC CPA's & Advisors for the annual financial statement audits for the three years ended June 30, 2017, June 2018 and June 2019. NRS 354.624. Council member Green seconded the motion.**

**Passed: 4; Against: 0; Abstain 0; Absent: 1 (Hafen)**

9. Consideration of the Introduction of Bill No. 495 Amending Mesquite Municipal Code Title 2 Chapter 1, Section 2-1-5 Entitled "Payment of License Fees," Subsection Entitled "Liquor License Fees;" And Chapter 4, Section 2-4-23 Entitled "Origination Fees and License Renewal Rates;" and other matters properly related thereto.

- Discussion and Possible Action

[5:21 PM] Minutes:

Mayor Litman read this item by its title.

[5:22 PM] Minutes:

Council member Rapson: I know this is an introduction, but I have got to tell you I have got some problems with this thing, and I sympathize with Mr. Lee and Mr. Kempfer there, and the Retail Association, Allen's over here, and I appreciate their involvement. I think they need to stay involved, and I think we need to reconcile the differences between their calculations of impact and what we have calculated in our package here, because I think it is skewed, and I do think it impacts the citizens of Mesquite. I will tell you my principal argument is tax increases that are not purpose-specific, they're just going to get lumped into the General Fund, I said this before when it was introduced, is problematic for me. It somehow miraculously disappears with very little benefit. That's my position, and I look for more information to support the retailers in this Town.

[5:23 PM] Minutes:

Council member Delaney: I support this Bill in theory. I understand where Mr. Lee is coming from, and we did have a discussion with Amanda from the Retailer's Association. I also looked at the fact that I am of the mind that recreational marijuana, which I do believe will pass in November, and alcohol are both recreational products and should be treated the same. If we are going to change it and turn this into a gross fee type thing, because people keep calling it a tax. We have gone round and round about this, and we cannot call it a tax. That is correct, Mr. Sweetin, right?

[5:24 PM] Minutes:

Mr. Sweetin: Well, it's not a tax; it is an adjustment to the license fee.

[5:25 PM] Minutes:

Council member Delaney: Correct, so it is not a tax. People keep referring to it as a tax. It is an adjustment to the license fee, and I think we should think about it before we settle on whatever the number is. Maybe we should look into what the 1.75% would bring us, because we all know that one of the biggest challenges facing us in the next few years is going to be revenue for the City. Right now, we have medical marijuana set at 3%, and that's a medical modality. I guess I'm just saying that I think we might need to rethink the numbers and find out where these numbers would take us, but in its theory, I think it is perfectly normal, and I really don't believe that 3%, or even 4% or even 5%, I mean, that's next to nothing. That's a nickel on a dollar, so on \$20, it is going to cost you next to nothing. I don't think it is going to make that much difference to most people. They are not going to cringe when they see a bottle of alcohol go from \$19 to \$20. I guess that is really just my opinion on it, and I think we should move it forward for more discussion.

[5:25 PM] Minutes:

Mr. Sweetin: I just want to qualify my answer that it is not a tax. Under Nevada Law, it is not a tax. This would be considered an adjustment to licensing fees. It's just a term of art that's used. So I just wanted to make that clear, my statement it's not a tax. I understand whenever government assesses fees, that might be considered a tax, but that's why it is a licensing fee adjustment.

[5:26 PM] Minutes:

Council member Rapson: I agree. It is semantics. I will make a motion.

[5:26 PM] Minutes:

Council member Green: I, too, would like to see the figures from the Retail Association and see that our Business Impact Statement is accurate or if it is not accurate. You know, why not?

[5:26 PM] Minutes:

Council member Withelder: I think that I am pretty much of the opinion, and I agree with everybody here on the panel tonight, but I also do agree that we probably should do a little more homework on it and see exactly where those increases are going to take us and what benefits we will have. So I do believe we have to crunch some more numbers, anyway, my opinion, thank you.

[5:26 PM] Minutes:

Council member Rapson: I withdraw my motion.

Mayor Litman: So do we have a motion to move this forward?

**Council member Withelder moved that we have to reconsider the numbers that we talked about and bring it back for further discussion no later than the end of June. Council member Delaney seconded the motion.**

**Passed For 3; Against 1 (Rapson) Abstain: 0; Absent: 1 (Hafen)**

10. Consideration for future Mesquite Days event - Pig and Chicken Chases.

- Public Comment
- Discussion and Possible Action

[5:26 PM] Minutes:

Mayor Litman read this item by its title and asked for any questions or comments.

[5:28 PM] Minutes:

Mr. Sweetin: I spoke with Council member Hafen. He said he is fine with the discussion moving forward. The petitioner doesn't need to be present for discussion to move forward, so the Council can do what they want with it.

[5:28 PM] Minutes:

Council member Rapson: This is an interesting one. I am an animal lover. I grew up in a rural environment. We had these kinds of events throughout my childhood and my life, but I certainly get the other side of that, too, from the humanity piece. Here's the real deal here, I think. At the end of the day, Mesquite Days is designed to be a community event. It is intended to be something the entire community can get around and embrace. When you have an event within the major event that becomes divisive, it becomes controversial, and it sort of detracts from the unity and the community spirit that we have, I think it is probably time to go. Out of all the emails I got, the one lady sent me a list of potential alternatives, and I don't remember them all now, but the waterslides and so forth and some other things that would be fun for kids as an alternative to chasing animals around. My wife suggested a petting zoo or something where some of the local farmers who would be providing the chickens and pigs could bring their animals. The Donkey Rescue, get them involved in this and have the donkeys out there, and maybe raise some money for the rescue facility. Those are the kinds of things that I think we need to get around. We don't need something in our premier community event that divides the community. That does not make any sense to me. So in that regard, I would have to support elimination of this event from Mesquite Days in the future. I get both sides of it, though. If this gets to where you can't ride horses anymore, I am out, just so you know.

[5:30 PM] Minutes:

Council member Delaney: As a member of the committee, first and foremost, I want to defend the staff and the volunteers. When we brought this event back to Mesquite a couple of years ago, I think the intent was to bring back as much of the 1984, I think I got the year right, event as possible. I grew up in Texas. We rode bulls and caught lambs, and I got chased by chickens. I never chased the chickens. They always chased me. I don't think anybody meant any harm by it whatsoever, and I think that the staff and all the volunteers felt that it was a fun event. George is right on this one, and so is the Mayor. We don't need to have something that is going to cause strife. I think there are a ton of other things. We still had a wonderful, absolutely fantastic event this year. We had more booths than ever, I think. Chrissy was looking to get maybe 12 or 15. She had like 31 or something. It was amazing. It was a blast.

I think that there are a lot of different things we can do. Some of the things maybe that George mentioned. We got that email. There are things that we can do for competition type things like a greased pole where the kids climb the pole, and there is money in envelopes at the top. Oh, frown if you want to, kids love it. Stephanie's frowning here. Yes, they get icky, but that is part of the fun. There are a lot of different things we can do. So I think moving forward we just have to look at it a little bit differently, because we certainly don't want to hurt any animals, and I don't think that was ever intent. Nick had gone so far as to get a veterinarian that was going to check the pigs before and after, and they were going to have fans on them. I just want everyone to know, this was meant with the best intentions, and one of our local veterinarians was going to make sure they were okay. But you know what, if it is going to cause people to be upset and there's any chance the animals were going to be harmed, then it is something we don't want to move forward with.

I don't think we need a motion or anything, do we, on this one? It was just a discussion. We heard from lots of people saying, you know, they were concerned about the pigs, and I think that we are okay with that. There are a lot of fun things that we can do to move forward, and we had this blast year, and we will have a blast next year.

12. Adoption of Bill 501, as Ordinance 501, amending Title 10 of the Mesquite Municipal Code "Animal Control: Amending Chapter 3 "General Provisions" ; Creating Section 19 "Licensed Pet Shops"; and other matters properly related thereto.

- Public Hearing
- Discussion and Possible Action

[5:31 PM] Minutes:

Mayor Litman read this item by its title and opened up the meeting for Public Hearing.

[5:32 PM] Minutes:

Janice Redondo: What a wonderful humane group of people you are. I thank you very much for your last discussion. I am happy to bring pigs out to your event, so I will look into doing that.

In that light, I was here at your last meeting, and I appreciate you giving me the time to please add pot belly pigs to this. I think we talked about that you don't have any pet stores currently in Mesquite. What a wonderful way to do this, so that you don't have to upset a business that might already be here to have them change what they are doing. They are going to know going into it. Having a rescue, possibly, have a pet shop in some (they don't really like that term) but in a way to let you see the animals. While we are still killing tens of thousands down in Las Vegas that are healthy and adoptable and good dogs, they should be showcased, and a pet shop is a great place to do that. I would implore you to please add pot belly pigs to the Ordinance, because if you follow suit with what Las Vegas did, they did the same thing. They are an issue. They get sold for a lot of money in pet shops throughout the United States, and I won't tell you the number that I have in my rescue, but I certainly have a bunch for adoption. Thank you.

**Council member Rapson moved to adopt Bill 501 as Ordinance 501, amending Title 10 of the Mesquite Municipal code "animal Control:" amending Chapter 3 "General Provisions"; Creating Section 19 "Licensed Pet Shops"; and with the inclusion of Pot Belly Pigs. Council member Delaney seconded the motion.**

**Passed For: 4; Against: 0; Abstain: 0; Absent: 1 (Hafen)**

13. Consideration of Adopting FY2016-2017 Final Budget with Amendments proposed during the May 11 and 12, 2016 Budget Work Sessions Meetings and the May 17, 2016 Special Council Meeting.

- Public Comments
- Discussion and Possible Action

[5:36 PM]

Minutes: Mayor Litman read this item by its title and deferred to Mr. David Empey.

[5:37 PM] Minutes:

Mr. Empey: Let me first for the benefit of those here in the audience, there are a couple of additional copies of this budget that's marked final. Hopefully, it will receive Council's approval for adoption this evening. There are also some copies of this PowerPoint presentation, if any of you have an interest for that. I am warning you right now, the font size in those PowerPoint presentations are even smaller than what Council has.

You will recall that on May 11<sup>th</sup> and 12<sup>th</sup>, we had back to back days of budget work sessions, and Council made some recommendations to change the budget, and this page that we are now looking at is the summary of all of the changes that were recommended that would impact the General Fund. Council, at the bottom of your page and the bottom of this page, although my apologies for those in the audience, it is very small. You will see the net impact increase in the General Fund Balance down there on the very bottom row of \$241,000. Again, that is a net increase to the General Fund Balance.

To put that into some context, I would draw your attention to page 18 of this budget book. You will see there that down the left column, the last line in the left-hand margin, Revenues Over/Under Expenditures, the Budget Gap, you will see that under the Council Approved Budget column, you will see a positive number of \$2681. We have arrived at that point, which means that technically we have a balanced budget. For years we have had funded budgets which required the use of General Fund Balance. But this year, and I don't remember the last time this has been the case, it has been a few years, but this year revenues in the General Fund are exceeding General Fund Expenditures by that \$2681.

This slide that is now showing shows the details of how that was essentially done. We won't go through the detail of that, but it is provided there to you so you can see how we have wound our way through that Tentative Budget to get to where we are today with this final budget. On the next page are all of the budget changes that impact other Non-General Fund Funds. You will notice there that there is a positive increase there of \$73,675. Moving onto the next slide, these next two slides focus solely on the General Fund. You will notice the General Fund total resources is \$20,772,026. Along the bottom there you will see the legend of what comprises that total resource amount, and then that pie chart, of course, gives us some visual perspective of how much of the total pie taxes represents. Certainly the largest is the InterGovernmental Revenue, which is where our consolidated tax revenues reside.

Over on the next slide, this has to do with the General Fund Spending of \$20,769,345 which is less than what was shown on the previous slide in terms of what the resources to the General Fund were. So again, the legend down on the bottom gives you an idea of where the spending is occurring, which function of government in the General Fund is creating the spending demand within the

General Fund. Again, I think the key number is there the difference between the total General Fund resources and the total General Fund spending is that amount of \$2681, which again technically means that we have a balanced budget.

So here is where we are. The other funds, we have a total of 24 funds. The subtotal of all 24 funds plus the Sewer Fund adds up to \$37,755,888. You will see that government funds is by far the biggest portion of that at \$32,506,035. Within that governmental fund category resides the General Fund, and then our total spending from the General Fund is about \$5,250,000.

So that is how this year's proposed budget breaks down. So the recommendation from Staff is to adopt this proposed 2016/2017 budget as presented to you in your budget books and direct Staff to file the adopted final budget with the Department of Taxation by June 1<sup>st</sup>. That budget, I have here in my hand, and I will seek your signature to this budget that will be forwarded to the Department of Taxation on or before June 1<sup>st</sup>.

[5:44 PM] Minutes:

Council member Rapson: Dave, is this ending fund balance of \$6,410,000, does that include the transfer for the unfunded liabilities?

[5:44 PM] Minutes:

Mr. Empey: Yes, it does. As you recall we discussed some options on those General Fund Transfers. If you will turn to page 21, you will see what changes were made. In the Tentative Budget column, we had Total Transfers from the General Fund amounting to \$1,747,000, but after making a few changes, you will notice some categories there that were adjusted based on our discussions on the 17<sup>th</sup> of May. You will see that there was a change in transfer amount to Fund 87 from \$56,175 to \$240,000. Then immediately below you will see that there was a transfer to the City Services Fund for the accrued leave. We had originally included in the Tentative Budget a transfer of \$500,000 and have reduced that to \$296,000. The reason for the large amount in the Waste Disposal Fund 87 from \$56,000 to \$240,000 was to accommodate a partial early retirement of US Department of Agriculture Rural Development Bond.

[5:46 PM] Minutes:

Council member Rapson: So our ending balance if my math is right, is 30% of our expenditures?

[5:46 PM] Minutes:

Mr. Empey: Yes.

[5:46 PM] Minutes:

Council member Rapson: I thought we had a goal of a little lower than that.

[5:46 PM] Minutes:

Mr. Empey: We talked about that, but there are mutually exclusive objectives there. We wouldn't be in a balanced budget --

[5:46 PM] Minutes:

Council member Rapson: This is a plug number to get to a balanced budget?

[5:46 PM] Minutes:

Mr. Empey: Yes.

[5:47 PM] Minutes:

Council member Withelder: These numbers that you have just given us have absolutely no reflection on the amount of potential savings that we could possibly obtain through the new insurance policies?

Mr. Empey: No, that is not a part of this presentation. Those numbers are yet to be made known.

[5:47 PM] Minutes:

Council member Withelder: Then those insurance policies, when do they take effect if and when we change carriers? Is that on the next fiscal year?

[5:47 PM] Minutes:

Mr. Empey: Our current coverage lapses effective June 30<sup>th</sup>, so our new coverage policy period would need to take affect July 1<sup>st</sup>.

[5:47 PM] Minutes:

Council member Withelder: So theoretically we have a chance to even improve upon those numbers?

Mr. Empey: That's correct.

[5:47 PM] Minutes:

Council member Rapson: I know we have re-hashed this stuff a lot. Should we recognize any savings from insurance which will just further increase the General Fund Balance? Is it appropriate to make a motion or to include in that any savings from insurance? So in other words, if we keep this ending fund balance exactly where it is, that that difference would go to the reserve or go somewhere else? I mean, is it too late for that?

[5:48 PM] Minutes:

Mr. Empey: If we could designate a specific purpose for how those funds would be used, we could so designate.

[5: 48 PM] Minutes:

Council member Rapson: For instance, pay down a portion down of that one bond.

[5:48 PM] Minutes:

Mr. Empey: Yes, I think that would come back to Council as a budget augmentation sometime in the new fiscal year that this is a new source of not revenue, but expense reduction, and we could then accommodate early retirement of that entire USDA.

[5:48 PM] Minutes:

Council member Rapson: I would like to revisit that at the time, then, yes.

[5:48 PM] Minutes:

Council member Withelder: I believe we are going to get those final insurance numbers like the 7<sup>th</sup> day of June. Is that correct?

[5:48] Minutes:

Mr. Empey: I think that was the plan.

[5:49 PM] Minutes:

Council member Withelder: We can make a determination that probably the second meeting in June as to what the savings are going to be and where we could designate that fund to go?

[5:49 PM] Minutes:

Mr. Barton: We are actually planning on having that on the agenda for June 15<sup>th</sup>.

[5: 49 PM] Minutes:

Council member Withelder: So we should have everything solidified by June 7<sup>th</sup> and know where we are, and then next meeting bring it up.

[5:49 PM] Minutes:

Council member Delaney: Mr. Empey or Andy, one of the two, even if we make that decision on June 15<sup>th</sup>, don't we have to notify our current carrier with a 90-day notice, so therefore – that's already been done? All right.

[5:49 PM] Minutes:

Mr. Barton: We have already given notice. We would have to notify them before July 1<sup>st</sup> that we are making a change at that point.

[5:50 PM] Minutes:

Council member Delaney: First, I would just like to say that this is very exciting that we have come to a balanced budget, and I would like to thank, as the Mayor did, the Staff and some of these people that have really cut their own budgets to the bones. We have been able to do this and only change two services, and that is with the closure of the Rec Center on Sundays, and the Police Department has changed when they do Vin inspections, and I think this speaks well of our Staff and how hard they work at it.

**Council member Delaney moved to adopt the FY2016-2017 Final Budget with Amendments proposed during the May 11 and 12, 2016 Budget Work Sessions and with all Staff recommendations the May 17th Special Council Meeting. Council member Withelder seconded the motion.**

**Passed For: 4; Against: 0; Abstain 0; Absent 1 (Hafen)**

## **Public Comments**

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*During the Public Comment portion of the agenda comments must be limited to matters within the authority and jurisdiction of the City Council. Items raised under this portion of the Agenda cannot be deliberated or acted upon until the notice provisions of the Nevada Open Meeting Law have been met. If you wish to speak to the City Council at this time, please step up to the podium and clearly state your name. Comments are limited to 3 minutes in length.*

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[5:51 PM] Minutes:

Sandy Ramaker: I am just looking for clarification, and I may have missed it in the comments or in the paper. Are you actually changing your meeting date to June 15<sup>th</sup> this next meeting, instead of June 14<sup>th</sup>?

Mayor Litman: That is correct.

[5:52 PM] Minutes:

Art Perieda: Mayoral Candidate, on a question with reference to your budget, I just have a question, and hopefully I hear a good positive answer. Will any of our City employees be affected? Are we losing any employees?

[5:52 PM] Minutes:

Mayor Litman: No, we are not.

[5:52 PM] Minutes:

Karen Taylor: I just want to thank all of you for your consideration on the pig and chicken races, and I appreciate you taking the time to listen to everybody. I know you got a lot of emails, so thank you very much for your time.

[5:53 PM] Minutes:

Tony Hardway: Just a reminder of what is going to happen next Monday morning, May 30<sup>th</sup>. We will hold a Memorial Service at 7:45.

[5:53 PM] Minutes:

Mayor Litman: That will be at Veteran's Park. That is our annual Memorial Day Program that we hold. Again, 7:45 next Monday morning promptly. Thank you.

## **Adjournment**

[5:53 PM] Minutes:

Mayor Litman adjourned the meeting.

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Allan S. Litman, Mayor

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Tracy E. Beck, City Clerk