MINUTES OF THE

FERNLEY CITY COUNCIL

BUDGET MEETING

MAY 8, 2025

Mayor Neal E. McIntyre called the meeting to order at 5:00 pm.

1. INTRODUCTORY ITEMS

1.1. Pledge of Allegiance

1.2. Roll Call

Present: Mayor Neal E. McIntyre, Councilman Ryan Hanan, Councilwoman Felicity Zoberski, Councilman Stan Lau, Councilman Albert Torres, City Manager Ben Marchant, Deputy City Manager Lydia Altick, City Attorney Aaron Mouritsen, City Clerk Kim Swanson, Administrative Specialist Sandy Harris, City Treasurer Robert Carson, Accounting Manager Jennie Carrick, HR Manager Mitzi Carter, Building Official Charity Birkel, Planning Director Michele Rambo, Public Works Director Barry Williams, City Engineer Maria Paz Fernandez, Utilities Director Seong Kim, Administrative Specialist Lina Farmer, Municipal Court Judge Lori Matheus, Court Administrator Sierra Keathley-Dunn. Councilman Joe Mendoza joined the meeting at 5:05 via zoom

1.3. Public Forum

There was none.

1.4. (For Possible Action) Approval of Agenda

Motion: I MOVE TO APPROVE THE AGENDA. **Action:** Approved. **Moved by:** Councilman Albert Torres, **Seconded by:** Councilman Stan Lau. **Vote**: Passed, **Summary:** Yes 4. **Yes**: Councilwoman Zoberski, Councilman Lau, Councilman Torres, Councilman Hanan.

2. STAFF REPORTS

2.1. Discussion and Possible Action to Hire a Utilities Engineering Manager

Councilman Torres announced that the amendments on SB69, were accepted, and it looks like it goes back to the Assembly next week. SB69 will kick back 10% of a $1 billion abatement to the city and 10% of a $3.5 million abatement from the Governor will come back to the city on both of those as well.

Seong Kim, Utilities Director, stated that currently the Utility Department has 3 divisions with 19 employees. We presented the restructuring of the Utilities Department into five divisions with a total of 30 employees, which includes a new Engineering Division and a new Wet Water Collection System Division. He is seeking the Council's approval to hire a Utilities Engineering Manager. A Utilities Engineering Manager will reduce the response time and greatly enhance the efficiency of the process. An estimate of $50,000 per year savings can be achieved by having an Utilities Engineering Manager.

Motion: I MOVE TO STAFF TO RECOMMEND THE APPROVAL OF THE CREATION AND HIRING OF A UTILITIES ENGINEERING MANAGER. THIS POSITION WILL FILL A CRUCIAL GAP, IMPROVE PROJECT EFFICIENCY, REDUCE COSTS, AND SUPPORT THE LONG TERM SUSTAINABILITY AND PERFORMANCE OF THE UTILITIES DEPARTMENT. **Action:** Approved. **Moved by:** Councilman Stan Lau, **Seconded by:** Councilman Ryan Hanan. **Vote:** Passed, **Summary:** Yes 5. **Yes:** Councilwoman Zoberski, Councilman Lau, Councilman Torres, Councilman Hanan, Councilman Mendoza.

Mayor Neal E. McIntyre called for a break to address technical issues - 5:21pm - 5:35 pm.

2.2. (For possible action) Discussion regarding the Fiscal Year 2025/2026 proposed final budget including but not limited to: All funds within the Water Enterprise Fund; Wastewater Enterprise Fund; General Fund; Special Revenue Funds; Capital Improvement Program; rates; all city departments; the budget process; timelines, goals, and existing budget; debt, staffing, including but not limited to reorganization, reclassification, employee positions and contracts, new positions, and other matters related thereto.

Robert Carson, City Treasurer, stated there were updates to pages 41 through 44, 52, 53, 55, and 56 in your packets. They are stamped with a revised watermark. and highlights on items that were changed.

Ben Marchant, City Manager, went through the updates and changes that were incorporated since the previous workshop on April 3rd. He went over the changes, particularly in the water fund and pertaining to the water ancillary fee.

General funds:

City Manager Marchant answered questions relating to the General Fund.

Councilman Torres asked about the IT RFP's after our study. He also inquired about the increase for the Municipal Court.

Ben Marchant, City Manager, stated that the RPF still needs to be drafted. We have funds allocated in next year's budget and until we get the RFP we have a placeholder of $250,000. Regarding the Municipal Court, all the positions, except for Municipal Judge, are going to be receiving their step increase according to the collective bargaining agreement, which is a 7% increase with a 2% cost of living adjustment. For the exempt positions there is a 3% increase. The judge is compensated by contract at $45,000 a year, and we're increasing that by $50,000 to $95,000 a year. We budgeted for it and will bring the new contract back next month.

Special Revenue funds:

Ben Marchant, City Manager explained the transit lodging tax and the City Ordinance 2021-005 allocate at least 60% of the revenue to a convention and civic center, and no more than 40% to be dispersed to outside agencies. That was not reflected in prior budgets. This is being broken out, and in this budget under the general government this will be used to account for construction, operation, and maintenance of the convention and civic center. We can read that as the Community Response and Resource Center (CRRC) and the line items include our normal operation and maintenance accounts. So that 60% represents $333,600, which is budgeted for that purpose. The other 40% amounts to $222,400, and the community support has been increased from $140,000 to $220,000 accordingly. The other line items in this function have minimally increased to account for any administrative costs in administering the FCTA grants and any funds that are not spent out of this fund will roll over to the city's General Fund balance. Budgets for ensuing years will allocate all budgeted revenues in the same manner.

Councilman Albert Torres asked with the huge increase does it have to come back to council or the FCTA to approve where that goes.

Robert Carson, City Treasurer, stated at the first Council meeting in June, they are planning on holding a joint FCTA and Council meeting. We'll explain the budget and the increase and, as the FCTA board, can decide how those funds are going to be divided up.

Councilwoman Felicity Zoberski inquired about the extra amount for the CRRC. The CRRC got adjusted down by $1 million and that's also being carried over for expenditures. So, we're using this money, and then also an extra $1 million that we didn't use because it came in under budget. So, we're using that $1 million for expenditures as well. She also asked how much it's going to cost to run the CRRC, because that seems like an exorbitant amount, as far as taking care of everything that we need to. Anything extra out of maintenance will we be putting towards the gym, or different phases that we're supposed to get to with the CRRC.

City Manager Marchant explained that the $1 million we're carrying over is the cost of the current construction project. We need money in that year to pay the remaining invoices that are sent in as they complete the building. How much is it going to cost to run the CRRC, that's a City Council policy issue on how you want to allocate those funds.

Robert Carson, City Treasurer, stated the savings that we had of the $4 million we had allocated in the general fund, whatever's not spent on that, will revert to the general fund balance, and that can be allocated at the Council's discretion, based on what your priorities are in future years. This year, because we don't know what the actual cost is going to be, the $1 million is just a carryover and finish the construction of the CRRC because the TLT fund does not have a million dollars, and we don't want to bankrupt that fund. So, we'll take it out of the general fund because we already had it allocated and then in subsequent years, the TLT funds that aren't spent on operations or maintenance or construction, will go to the fund balance, and that can be allocated to new projects or upgrades at Council's discretion as.

Water Fund:

Ben Marchant, City Manager, stated the Water Ancillary fee has been removed from the final budget. The council has asked Staff to explore different ways to provide relief for the ratepayers, and if this ancillary fee is not collected, it will save ratepayers hundreds or thousands of dollars on their property tax bill. This ancillary fee was adopted at the point in time where the operating revenues of the Water Fund were insufficient to cover the debt on the water treatment plant. Water Fund has the resources now to fund its operations and debt requirements without collecting this fee, by removing the ancillary fee, it's going to come off of the property tax bills. This will have an impact on the Water Fund of a $4 million reduction. We'll be operating on $13.8 million instead of $17.8 million, but because the reserves in the Water Fund are healthy, we're still going to have the means to be able to keep up with the capital projects over the next 3 years, which we will be spending down quickly.

Ben Marchant, City Manager, stated because our water fund is healthy and balanced and is not in a structural deficit, the justification for the ancillary fee is no longer there, and so we are in a position to remove it this year, which is great news for the ratepayers, and it won't come back unless we find ourselves in a structural deficit for the terms of the ordinance.

Councilman Mendoza asked if we have to do another study in the future to figure out if we could lower the current rates that the residents are paying as a whole, or is there some way to monitor the income coming in as opposed to having another study so that we could revisit this in 6 months or a year to try to lower some of our communities bills.

Ben Marchant, City Manager, stated that we currently have a water rate study in process which will be completed this summer and be presented to the city council in the September-October at that point, the city council will be able to make decisions as to what rate increases the Council thinks are appropriate for the coming years.

Ben Marchant, City Manager, presented the expenses for the Water Fund.

Councilman Albert Torres asked how much money are we looking at in salary increases in 25/26.

Ben Marchant, City Manager, stated that we budgeted the for the contractual increases, 9% based on the step increases and 3% for the non-represented.

Robert Carson, City Treasurer, stated that it's about $400,000 for salary increases that are budgeted.

Councilman Torres, inquired about the current operating standards for who gets a fleet car, who does not get a fleet car, and what those standards are.

Ben Marchant, City Manager, stated we're following the fleet management policy that the City Council adopted, and recently we found that there were a number of deviations from following that policy. In the last 3 months, together with Public Works Director Barry Williams, we've sent notices to employees that fall outside of that policy. There are a certain number of employees who are no longer receiving the benefit of a take-home vehicle. Those that are emergency responders that we expect to respond 24/7 to whatever incident, directors and certain people are able, within 8 miles of responding to their city job site, are able to have a take-home vehicle. Those outside of that 8-mile limit and do not have those critical needs, will no longer have a take-home vehicle.

Barry Williams, Public Works Director, stated we still have 5 vehicles that are leaving the city limits. Four are employees that respond to emergencies on a 24-hour basis.

3. PUBLIC FORUM

Councilman Torres inquired about funding and hiring Utilities Engineers 1 and 2.

Ben Marchant, City Manager, stated the original proposal was to hire in January. Based on the comments we received last month; it was understood that it was up for discussion. Presently they are in the budget funded for January 1, 2026, going forward. The item was to only approve the Utilities Engineering Manager, which the Council had approved in February, and then asked for it to be delayed hiring until we had this meeting. So that's only the one position that was approved. The other two positions that were mentioned in Director Kim's report, engineering 1 and 2 positions, are going to offset the funds that are being expended in outside services for outside engineering. So, the cost justification is bringing these positions in-house, we're going to be able to get done more efficiently and more cost-effectively with the same dollars we're already spending on outside services.

Robert Carson, City Treasurer, stated that at our tentative budget meeting we discussed these positions, and it was stated that this is the allocation. We don't have the job descriptions here for approval. This is just the allocation to hire them in January. This isn't holding you to anything. You can have a discussion, but until we bring those positions forward with job descriptions and salaries, this is just the allocation in the fund to have them there if you decide to move forward with them.

Councilman Lau stated that he feels that hiring at least one engineer would be sufficient to start, because we do have quite a bit of design work to get going.

Councilman Hanan stated his thought process just for transparency is that, since we're not hiring them in July, we can reassess, over the next 6 months how our budget is doing, how the economy is doing, and then the need from those departments, if, in fact, those things are still a requirement at that point.

Councilman Joe Mendoza stated he supports it as a placeholder. This will give us time to do our efficiency study to see where we're efficient or deficient in what areas that might be. He did want to follow up on Councilwoman Zoberski's request for a line item for public safety. It wasn't discussed this evening, as far as just putting a placeholder for potential funding for public safety. If the city has the ability in the budget to help provide better public safety for our community, since we are the entity that is creating and allowing the growth that's coming in a crazy rate, he believed that we should be able to look at those things and at least have a placement holder in the budget for further discussion. He would personally like to see a line item there to have further discussion throughout the year.

Ben Marchant, City Manager, stated that it was not put in the budget. There wasn't really a defined parameter for what that meant and what it was intended for. There weren't any specific requests and without more specific direction he wasn't clear on what we were supposed to budget.

Councilman Torres stated that he would like added to the agenda for the 21st is a line item looking at, not funding the City Manager's position.

Mayor McIntyre asked Councilman Lau to leave the meeting. A recess was called 6:27pm - 6:38 pm.

Councilwoman Zoberski stated we don't have any plans or designs in place for the fishing pond. Inquiring what the $50,000 is set aside for.

Robert Carson, City Treasurer, stated that the $50,000 is a placeholder. We will adjust to what the actual maintenance is going to be as we go along with it. We didn't want to have those funds not allocated and have something miraculous happen and have a Fishing Pond Park by February and not have the ability to spend to upkeep it and track it.

Councilman Mendoza requested a placeholder to fund a public safety line item to be able to have further discussions if something were to come up between the sheriff's office and the fire department. He also requested that we stop interrupting the recording of the chambers when we have somebody going irate for the protection of our council as well as the public that is in attendance. When we stop recording, we could potentially get rid of evidence or not have the evidence we need to pursue any legal actions.

Councilwoman Zoberski clarified that what we were asking was to create a fund that was specifically for public safety. That was some sort of nest egg, so that if something were to occur in the community that we needed to help with public safety, then the city would have funds to come from. But that didn't necessarily mean that we wanted an efficiency study, because we had decided that we were going to reach out to the Firefighters union and the Sheriff's union and get the statistics from them as opposed to paying the $150,000 to get the study done. Mr. Mendoza is asking that we create a fund that is specifically for public safety. But that does not mean that the funds that are in there are earmarked for that feasibility study as far as public safety goes. That's something that we would have to come back and vote on spending that money out of there.

Robert Carson, City Treasurer, stated we could not allocate money for public safety to a specific fund, because we don't have a public safety function. We could look at creating a gifts and donations fund which is restricted by whatever the donation letter is, or the Council's prerogative for a transfer into that fund to save up for.

Councilman Torres stated when the impact fees come back, we do have an option to add a certain percentage that would go to the fire district, and it's for infrastructure more than anything. The only thing it's not for is staffing. So, a couple percentages on top of an impact fee would greatly help.

Councilman Mendoza stated that the response that we would get from volunteers the way Churchill County does is not going to be the same. Comparing us to all these other districts is not comparable. We're here on an island in a fire district. Our volunteers are here, and they are active. But there's not a huge interest in people that live here in Fernley to volunteer in Fernley. Of the 20 volunteers that have been trained over the last 3 years, we have 6 that have gone through everything that have been invested in, and the return on investment hasn't been good for us. They are encouraged to be here running calls. Just the calling is so much you can't work a full-time job. Public safety includes clean drinking water, proper working sewage plants, roads that are lit up and aren't in danger. Those are all part of public safety issues as well as fire response and law enforcement response. So, to say that this is not an issue for us as a council. Our primary goal should be public safety for the citizens of Fernley, regardless of who's providing that service.

Councilman Ryan Hanan stated that all the things that Mr. Mendoza listed fall on the backs of the North Lyon County Fire Protection District Board. That's their job and that is the service that they are providing. It's not something that this body has any authority to change unless there is some consensus to merge with the city at some point.

The next meeting will be held May 21, 2025, at 5:00 pm.

4. ADJOURNMENT

There being no further business to come before it, the Fernley City Council budget meeting adjourned at 7:06 pm.

Approved by the Fernley City Council on May 21, 2025, by a vote of:

AYES 5 NAYS: Ø ABSTENTIONS: Ø ABSENT: Ø

Neal E McIntyre — Kim Swanson

Mayor Neal E. McIntyre ATTEST: City Clerk Kim Swanson