

CARSON CITY BOARD OF SUPERVISORS
Minutes of the Special March 28, 2002, Budget Session
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A special budget meeting of the Carson City Board of Supervisors was held on Thursday, March 28, 2002, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, beginning at 6:30 p.m.

PRESENT:	Ray Masayko	Mayor
	Jon Plank	Supervisor, Ward 2
	Robin Williamson	Supervisor, Ward 1
	Pete Livermore	Supervisor, Ward 3
	Richard S. Staub	Supervisor, Ward 4
STAFF PRESENT:	John Berkich	City Manager
	Noel Waters	District Attorney
	Robey Willis	Justice of the Peace
	Al Kramer	Treasurer
	Andrew Burnham	Development Services Director
	David Heath	Finance Director
	Daren Winkelman	Health Director
	William Naylor	Information Services Director
	Steve Kastens	Parks and Recreation Director
	William Callahan	Undersheriff
	Matthew Fisk	Chief of Alternative Sentencing
	Sheila Banister	Chief Juvenile Probation Officer
	Larry Werner	City Engineer
	Tom Minton	Deputy Finance Director
	Brian Percivable	Asst. Chief of Alternative Sentencing
	Barbara Singer	Recreation Superintendent
	Jerry Mather	Chief Deputy Sheriff
	Scott Burau	Chief Deputy Sheriff
	Neil Rombardo	Deputy District Attorney
	Liz Teixeira	Administrative Assistant
	Katherine McLaughlin	Recording Secretary
	Janet Busse	Management Assistant

(B.B.O.S. 3/28/02 Tape 1-0001)

NOTE: Unless otherwise indicated, each item was introduced by staff's reading/outlining/clarifying the budget request and supporting documentation. Staff members present for each Department and any other individuals who spoke are listed immediately following the item heading. A tape recording of these proceedings is on file in the Clerk-Recorder's office. This tape is available for review and inspection during normal business hours.

CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE - Mayor Masayko convened the meeting at 6:30 p.m. Roll call was taken. The entire Board was present, constituting a quorum. Mayor Masayko led the Pledge of Allegiance.

PUBLIC COMMENTS (1-0016) - None.

PUBLIC HEARING ON FISCAL YEAR 2002-2003 BUDGET - DISCUSSION AND ACTION ON THE CARSON CITY 2002-2003 FISCAL YEAR BUDGET - POSSIBLE ACTION ON BUDGET MATTERS PREVIOUSLY CONSIDERED AT PUBLIC HEARINGS (1-0018) - Mayor Masayko began the meeting by describing the protocol to be followed during the meeting. Discussion indicated that staff should identify any changes which had been made between the last meeting and today's meeting. Methods to increase the revenues to meet the projected deficit for the next two years were also requested. Supervisor Staub also urged the Board to be judicious in making decisions this evening due to the forecasted three year budget deficits.

Mr. Heath explained that there may not be any savings created by terminating the contract with the radio technician. The General Fund's share of that position is \$29,901, which is 48 percent of the \$62,294 listed on the first cut list. The Alternative Sentencing position may not be able to obtain any grant funding. Therefore, the entire cost of the position is shown on the list. Mayor Masayko complimented staff on the clarity of the exhibits and the display of the revisions in the handouts. Discussion indicated that the budget is all the ongoing expenses and revenues. The \$1 million in reserves had not been included. Board comments had expressed an interest in reducing the reserves due to the belief that the impact of Walmart's leaving Carson City will not be as bad as originally projected. The tax increase for Aurora Springs and the \$250,000 for the Regional Youth Center had been included in the figures. The increase to the Regional Youth Center had raised the City's share to \$500,000. The public transit budget had been increased from \$260,000 to \$313,000 of which \$35,000 is the transfer of costs for administration which the City General Fund had been providing. This change is an attempt to acknowledge the full amount funded by the City. The City is only increasing its funding by \$18,000. Negotiations are continuing and an effort is being made to reduce the City's costs. It may be possible to reduce the cost if the City becomes an MPO or if the services are rebid.

Mr. Berkich explained that the employee insurance costs will be nine percent which is included in the revised budget. A meeting had been held with Sierra Pacific. It is the consensus that it is possible for the Board to implement a franchise fee increase of less than one percent, which would be similar to a business license fee. They are also willing to consider deferral into the future. Mayor Masayko explained his reasons for suggesting an incremental increase over time. He opposed forcing future Board's to either implement or prohibit an increase due to a policy decision made by a different Board. Such a policy could be detrimental to the future Board's budget. He was also concerned about the lack of growth in sales taxes and Carson City businesses leaving the area. The budget as presented is barely balanced. It includes \$800,000 to cover the loss of sales taxes created by the relocation of Walmart to Douglas County. If this money had remained in the budget, it could have provided service enhancements. The community should understand that there is a lot of work going on to replace the sales tax. Clarification indicated that the Board could increase the franchise fee by one percent or less.

Discussion ensued concerning the request for additional dispatchers and the upgrades. Undersheriff William Callahan clarified the intent as being to upgrade two positions to supervisors and to hire three new dispatchers. The figure provided in the budget is the amount needed to accomplish this.

Chamber of Commerce Chief Executive Officer Larry Osborne explained the Chamber's involvement in meetings and review of video tapes on the City's budget. The Chamber believes that the Board had not shown a need to increase taxes nor had it shown that there will be a true deficit in the future. It was felt that the utility increases and projected increases by the Legislature should be considered in any decision made by the Board.

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He urged the Board to be more fiduciarly prudent. Labor costs must be controlled. Although he understood that the contracts were driving the employee costs, something must be done to curb labor's increasing costs. Medical benefits are a large problem for everyone. This is a national problem which the locals cannot solve by themselves. Group medical dependent care is too costly. Only a few in the private sector can afford this benefit. It should be abandoned. The subsidy for the retirees is a benefit not granted by the private sector. It should be abandoned as it cannot be afforded. It is unfair to impose increased taxes on private industry to provide such benefits. These changes could be phased out over a reasonable period or capped. The Board should establish the acceptable service levels and support the Fire and Sheriff Departments accordingly. This could include the response time for emergency calls. It could be a reasonable area to lengthen in lieu of increasing taxes. A survey had purportedly supported increasing law enforcement and providing less fire and ambulance services. It had also indicated that 74 percent of the respondents were satisfied with the current service levels. The \$5 million in reserves should be used before the franchise fees/taxes are increased. Franchise fee increases will immediately impact the residents and businesses in a period when they are already experiencing increased energy costs. Franchise fees are paid by governmental entities but their revenues are generated by taxes on businesses, nonprofit agencies, churches, etc. We cannot support a franchise increase. He volunteered to assist the Board/City in its efforts to address the problem at the Legislature. The franchise fees are unfunded mandates placed against the businesses even though they will be passed on to the citizens. The Silver Springs youth facility is a needed regional facility. Its service level must be determined by the Board. At \$300 a day, it should be a good facility. It may not break even in the future. Family support should be provided. A property tax should not be implemented at this time as a change in the fee structure may occur within two years. He reiterated his request that the Board continue to look at and challenge the projections. He did not believe that the Board should make a decision tonight to solve a deficit forecast four years in the future. Adjustments will need to be done in the future as well as this evening. Supervisor Williamson pointed out the franchise fees imposed in Clark and Washoe Counties. State funds also subsidize those Counties. Carson City has not raised its franchise fees for ten years. Discussion indicated that the State collects \$500,000 in franchise fees. These funds are spent in other areas as well as at the collection site. The franchise fees will be passed on to the businesses. Mr. Osborne felt that a one percent increase would cost more than the monthly \$1.20 or \$1.40 fee projected. The increase is based on usage. He also felt that the Board would not have to wait another ten years before having another opportunity to increase the franchise fee. The City deserved an excellent grade for refusing to increase the property tax to cover the regional juvenile facility, specifically, in view of the fact that the other participating counties had done so. Public safety had not been neglected to provide that funding. The Board has attempted to meet staffing levels as requested when funding is available to do so. Carson City is a consolidated municipality which enjoys the lowest tax rate in the State. It is difficult to make comparisons with other communities as Carson City is a combined city/county government. The City's ability to push the envelope during declining economic times was commended, however, this may not continue. It was hoped that the City's economic planning for the future will pay off.

(1-0595) John Nicosia, a Carson City manufacturer, explained the impact a one percent increase in franchise fees will have on his business. His health insurance increase had been held at five percent as compared to the City's nine percent. The franchise fee increase would add an insult to the injury already incurred by the spiraling utility costs. Next year when the utility costs are reduced, the franchise fee should be considered. His cost reduction efforts had included reducing staff. His contracts had not included an increase in franchise fees. These are long-term contracts. He could not adjust those contracts to make up for the increase. Cuts must be made in other areas to fund the increased fees. The same impact will be created throughout the industrial field.

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He urged the Board to reconsider the franchise tax.

Additional public comments were solicited but none given. Mayor Masayko thanked them for their comments. He then explained the process the Board should follow and its wish not to raise property taxes or fees. The public is owed a level of accountability and efficiency. All efficiencies cannot be created within one year. The challenge to hold the employee compensation at five percent has been heeded. The budget was felt to be realistic and conservative. The sales tax will not grow at the same rate as it has been. Methods need to be found to reduce the annual budget's demand for an increase of \$2 million in sales tax just to balance the budget. His experience with the budget indicated that he could support 4-1/2 new positions and \$250,000 in new spending. He could not accept \$180,000 for fire resources. Its funding request should be done incrementally. This requires reconsideration of the contract requirement that once 51 firefighters are hired, three people are allowed to have time off at the same time. Also, the capital funding and employee requirements for dispatch need to be reconsidered. Although he was chagrined at dispatch's demand for annual increases in the funding, the Board should support the two supervisory dispatch positions, a patrol deputy and his/her vehicle, a jail deputy, and the Information Services personnel request for a full-time position. He could not support the tax for the Silver Springs Regional Juvenile Facility. He acknowledged the lack of information regarding the true costs required for startup for that facility, however, accountability and efficiencies should be required. He suggested that the funding level be held at the previous level and that \$200,000 in one-shot funds be reserved for it with the challenge that it stay within the allocated funding allotment. The community can afford \$300,000. Carson City needs only 22 or 23 percent of the facility. If necessary, the ad valorem tax can be considered in the future. He reiterated his suggestion that staffs continue to look for ways to reduce the budget and improve the efficiencies. He suggested that the Board use \$400,000 of this year's reserves originally proposed to be used to meet any shortage created by the loss of Walmart. The \$400,000 would then be allocated to have \$250,000 for the positions as he had suggested and \$150,000 for one-shot funding purposes. He also suggested that \$200,000 be allocated for Silver Springs. This could be done without increasing taxes or fees.

Supervisor Plank explained his support for the personnel requested by the Sheriff's Office and the Parks Department. He urged the Regional Youth Facility to look at fees assessed to its clients and their families for additional funding and acknowledged the need to consider their income levels in the assessment process. Clarification indicated that the entire \$450,000 in ongoing funding should not be allocated to the Sheriff's Office.

Supervisor Williamson felt that the Board should have made this funding proposal known before this evening's meeting. Mayor Masayko pointed out that this could not have been done outside the Open Meeting process. He also indicated that the Board should at this time consider any other funding program including, if a majority of the Board wish to do so, an increase in the fees/taxes.

Supervisor Staub explained his learning curve on the budget process. He had been flabbergasted at the amount of requests which had been made without any consideration of the impact or revenue sources required to afford those increases. This process wrote checks which could not be cashed. The projected shortfalls must be considered. He complimented everyone on their efforts to keep the ad valorem rate low and the Board on its ability to refrain from implementing the youth facility and Fire Station 1 tax levies. The Board could have saved a considerable amount of time and effort by simply stating there would be no tax increase and that no

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supplementals will be considered this year beyond that provided by the reserves which the Board had prudently saved. This would have provided approximately \$200,000 in one shot funds. The ongoing funding requests total \$998,607 with \$415,701 in one-shot funding requests. He did not wish to use the reserves. They should be saved for the future. Although he appreciated the District Attorney's presentation, he did not feel that there were funds available for the investigator's position which had been the District Attorney's priority since 1998. He did not wish to fund any ongoing positions with one shot funds. This includes those requested by the community service organizations. He also pointed out the difficulty they will encounter when attempting to obtain individuals to fill these positions without an ongoing funding source. He recommended funding those community support agencies to the same level as they had received last year and consideration given to those who had not received funding in the past. The radio technician position funding request of \$29,000 should be considered. He also recommended increasing the compliance officer to three-quarters time. The gear bags and hot shields funding should be found somewhere. The other personnel requests could not be supported at this time. His concerns regarding the dispatch facility were noted. He supported upgrading one supervisory position and increasing the dispatch personnel by three, however, this is not the requested ratio. He was willing to fund either the patrol deputy or the jailer position but not both. He wished to see the work release program implemented. Reasons he could support the half-time Parks position for Centennial Fields were limned. The Information Services position should be provided. The requests for: library training of \$5,000, \$10,000 to \$20,000 for additional books, additional Personnel training of between \$2,500 and \$5,000, and the Public Information Team's request for the annual report should also be supported. He was willing to consider some modest fee increases although he preferred to hold the line as much as possible. The funding commitment already allocated to the Tiburon dispatch system was noted. It should function at its optimum level possible with the funding that could be provided. The 911 franchise fee should be addressed. It provides an ongoing funding source for defraying the costs of the communications facility including its personnel. He was also willing to consider other fee increases. He acknowledged the funding needs for the Regional Youth Center and its intent to sell any surplus beds, increase their revenues wherever possible, and reduce the operational costs. He then indicated his willingness to consider an incremental franchise fee increase as this may make it possible to balance the budget for the next three years.

Mayor Masayko asked staff to review the statutes and determine whether staffing can be provided with the cellular phone franchise fees. He did not believe that it can be used for manpower but felt it may be possible to use it to improve the ability to locate the individual using the cellular phone. He also pointed out that there are a lot of hoops which must be jumped through in order to implement this franchise fee.

Supervisor Staub felt that staff was looking into the uses. If the fee is implemented, it will free up the funds presently allocated to the communications system. This will allow the released funds to be used for the dispatchers. He also recommended that the \$63,000 in one shot funds for the District Court Clerk's office be provided.

Supervisor Livermore expressed his feeling that the Board should have indicated early on that it was not willing to consider any fee increases and save itself the time that it had taken to hear all of the requests. He pointed out that Carson City is a consolidated municipality which combines the governmental services and avoids duplications found in other cities and counties throughout the State. This allows Carson City to have an ad valorem rate of \$2.57 and one percent franchise fee. The Board does not receive complaints regarding the condition of the roads, dangerous trees in the City right-of-way, etc. The Board does receive complaints

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concerning traffic congestion. The Silver Springs levy has not been imposed but could have been sometime ago. The other regional partners have implemented it. The loss of Walmart will change the face of how the City does business for several years. The actual long term impact remains to be seen. A reserve was established to help get the City through this period. Spending the reserves without increasing the fees/taxes is not prudent or intelligent. Concerns regarding the cost of health care were noted. He acknowledged the service which the retirees had provided to the community and the City's inability to provide more for their insurance. The community support groups have executive directors and some staff whose compensation does not include health insurance or retirement benefits. Volunteers do not make up 100 percent of their efforts. He agreed that the Board's procedural change should be discussed in public and not behind closed doors. Previously the Board had established the funding levels and then filled in the items which are to be included in the budget. Staff had provided suggestions on what those items should be. He also agreed that one shot funds should not be used for ongoing positions. This practice has been done in the past but should not be continued. The user costs for Alternative Sentencing, the Juvenile Center, and the Courts should be increased. He had received numerous telephone calls from individuals' families who had used the Silver Springs facility. They had expressed a willingness to pay an increased portion of those fees. He agreed that a sliding scale should be used for the fees. The Judges should request an increase in their fees. This fee increase should be implemented. A one percent franchise fee would have little impact on the users as indicated by his personal example. Reasons he supported the ongoing positions of radio tech and Alternative Sentencing were limned. He could not support the District Attorney's investigator, Community Development or the Fire Department's requests. The gear bags and hot shield funding should be found somewhere. The fuel management officer's funding may be found in the future. Dispatch's needs should be provided including the upgrades and two additional positions. He also supported funding the patrol deputy and the vehicle, the patrol secretary, the Parks hourly positions at Silver Saddle Ranch and Centennial which should be made a permanent part of the budget, the Information Services technician, \$50,000 for books, \$5,000 for library training, \$50,000 for the District Court Clerks for the mandated AOC improvements, and \$15,000 for the Public Information Team. The Urban Interface Ranger should be a joint position between the Sheriff's Office and the Parks Department and not between Parks and BLM. He could not support the Parks intern at this time.

Mayor Masayko explained the reasons for going through the sessions and conducting these discussions is that it allows the Board an opportunity to learn the needs of the different Departments and make a decision regarding whether to add to the resources to meet those needs. He also pointed out that the Board had been able to meet the needs for several years without increasing the overall ad valorem rate. This was done by using the rate which the School Bond had not needed as its bonds were paid off. The electorate has supported this program. This program is not possible this year without finding a funding source. He was not willing to approve tax or fee increases and allocate the funds without hearing all of the requests. He also pointed out that it would be possible to revisit the list in the future if desired. The personnel requests total between \$300,000 and \$400,000. A funding source for it must be found if the Board wishes to approve those requests. He did not want to implement the Silver Springs Regional Youth Facility tax as he preferred to use the reserves for this purpose.

Supervisor Williamson moved that the Board, while being cognizant of the School District's consideration of a bond issue on sales taxes/ad valorem tax rate and her wish not to impact it, **increase franchise fees by half of a percent for this year for Sierra Pacific. Supervisor Livermore seconded the motion.** Supervisor Williamson felt that this fee increase would generate \$250,000 beginning July 1. This funding source should

be used for ongoing items and that the reserves should be used for one shot items. Mayor Masayko indicated that there is \$200,000 in one shot funding. It could be augmented with reserves. Mr. Heath explained that the School bond issue is revenue neutral and will not require a tax increase. Mayor Masayko requested that the record show that the Board could put the School District in a "hard bind" if the Board raises the taxes. Discussion indicated that the Board could increase the ad valorem rate by 14 cents which would include the tax for Silver Springs or nine cents without Silver Springs. Supervisor Livermore explained his desire to discuss the ad valorem rate as well as the franchise fees. Clarification indicated that the proposed franchise fee would raise approximately \$250,000 and that there is \$200,000 in one shot funds included within the budget as the Board's CIP funds. The contingency funds should not be spent at this time unless the Board wished to reduce the contingency amount. Discussion ensued on whether to implement incremental franchise fee increases and the impact it will have on the users. The petition against the proposed electrical fee increase was noted. Mayor Masayko felt that the gas and electric rates will stabilize. This is the reason he proposed avoiding the Silver Springs tax increase for one more year. Supervisor Staub felt that the Board had several other options available and that they should be considered before a franchise fee is considered. Mayor Masayko reiterated his intent to oppose any motion that will increase the ad valorem rate for Silver Springs. Supervisor Williamson explained that she understood the fee increases requested by the utility companies. She also pointed out that they are attempting to make that fee increase as palatable as possible. The City has not raised its franchise fee in ten years. Property taxes impact a smaller group of individuals. The franchise fee will impact a larger group. Supervisor Plank pointed out the difference in revenue levels provided by the ad valorem rate compared to the franchise fee. The State escapes the ad valorem tax. The State also has other revenue sources which the City does not share, i.e., gaming. Supervisor Staub expressed his willingness to support the motion if the franchise fee for Southwest Gas is also considered and requested an amendment to include Southwest Gas. Mr. Berkich indicated that Southwest Gas' franchise fee is linked to an increase in Sierra Pacific's franchise fee being implemented first. He explained for the record that the Sierra Pacific franchise fee had not been increased in 20 years. This time frame does not mandate an increase at this time. Supervisor Plank supported consideration of the Southwest Gas franchise after a decision is made on the Sierra Pacific franchise. **Supervisor Williamson amended her motion to include if the increase for Sierra Pacific's franchise fee is approved, the Board/City will increase the Southwest Gas franchise fee when possible by one-half of one percent. Supervisor Plank concurred. The motion was voted and carried 4-1 with Mayor Masayko voting Naye.**

Supervisor Williamson moved to increase the Southwest Gas franchise fee by one-half of one percent effective when possible. Supervisor Plank seconded the motion. Mayor Masayko indicated that the franchise fee increase would generate approximately \$60,000 for a year. **The motion was voted and carried 4-1 with Mayor Masayko voting Naye.** Mayor Masayko indicated that the two motions provided approximately \$310,000.

Supervisor Staub moved to instruct the staff to investigate and implementing the 911 franchise fee and to report back to the Board on the process and procedure to accomplish that including how those funds can be expended. Supervisor Plank seconded the motion. Mayor Masayko explained that the motion imposes the 911 franchise fee and requires staff to report on the steps required to impose the fee before the funds can be spent. The report is to come back to the Board. It will raise \$150,000. Mayor Masayko indicated that he was "chagrined" regarding the ability to spend it for ongoing items. **The motion was voted and carried 4-1 with Mayor Masayko voting Naye.** Both Mayor Masayko and Mr. Heath indicated that it will

take time to implement this fee and may not be accomplished within a year.

Supervisor Livermore moved to increase the water and sewer franchise fees by one percent. Discussion indicated this would be a new fee and was not an increase. **Supervisor Plank seconded the motion.** Supervisor Williamson expressed her desire to wait until the utility rate committee report(s) are completed. Discussion indicated that the franchise fee is a tax and not a user fee increase. It was felt that the one percent will raise \$100,000 per year. Mayor Masayko cautioned the Board against spending this revenue. The fee will impact a lot of individuals who are retired and cannot afford it. **The motion was voted and carried 3-2 with Supervisor Williamson and Mayor Masayko voting Naye.**

Mayor Masayko indicated that these actions created \$410,000 in ongoing funding. Discussion felt that this should be adequate to meet the community needs, establish a contingency, and balance the budget. The public should understand that an ad valorem increase including the Silver Springs ad valorem rate had not been implemented. The budget includes \$500,000 for the Silver Springs Youth facility. This decision allows the Board to have latitude over its use and makes the Board more accountable.

RECESS: A recess was declared at 8:43 p.m. The entire Board was present when Mayor Masayko reconvened the meeting at 8:50 p.m., constituting a quorum.

(1-2435) Discussion indicated that there was \$435,000 for ongoing items. The Aurora Pines facility had been funded by a three-mil ad valorem rate increase. Discussion and the round robin process was used to select the following ongoing items for funding: the radio tech position; the two dispatch supervisory upgrade positions; the patrol deputy and a vehicle; the Information Services technician position; three communication operators/dispatchers; the seasonal Parks employee for the Long Ranch; the 3/4 time compliance officer; the half-time hourly/seasonal for Centennial Park employee; the public information communication plan; and library training.

(1-2883) Discussion ensued on the amount of funding available for one shot items and whether to add \$28,000 to it. **Supervisor Williamson moved to use \$28,000 over and above the \$200,000 for one shot items. Supervisor Livermore seconded the motion.** Clarification indicated that this would provide a total of \$228,000 for one shot items. **Motion was voted and carried 5-0.** Clarification indicated that \$38,000 in one shot funds had been spent with the ongoing items. Mayor Masayko directed that the \$10,000 difference had to compete with the other one shot items as only \$28,000 had been funded.

Discussion and the round robin selection process chose the following items for one shot funding: \$15,000 for the Community Council On Youth bus program; \$20,000 for library books; \$5,000 for Health Smart; \$10,000 for the Brewery Arts Center; \$50,000 for the District Court Clerk case conversion program; \$13,000 for a scanner; \$20,000 for the Council On Youth; \$3,000 for Nevada Day; \$11,000 for RSVP; \$20,000 for the Community Counseling Center; \$10,000 for CASA; \$5,000 for the Carson Valley Conservation District; \$10,000 for the Nevada Hispanic Services; \$3,000 for the Alano Club; \$5,000 for the Soroptimists; \$5,000 for the Nevada-Tahoe Conservation District; \$5,000 for Capital Humane Society; \$2,000 for the Independent Living Center; \$500 for the Salvation Army; and \$1,500 for the Senior Services Network. (1-3200) Discussion explained that funding for the Fire Department's hot shields and gear bags had been found elsewhere. GROW had been listed but had not requested any funding.

Supervisor Plank moved that the Board go into the reserves for \$10,000 for one shot funds for the City Manager's public information and communications plan. Supervisor Williamson seconded the motion. Motion carried 5-0.

Clarification indicated that The Meeting Place was not funded. (2-0001) Discussion indicated the Fire Department had submitted a new request for overtime. Mayor Masayko suggested that a full presentation be given and discussed on this request for one shot funds before the final budget is approved in May. Mayor Masayko also clarified the Board's action regarding the retirees' health insurance as being that the reserves will be used to pay an additional portion of the premium for one year. It had not received support from the Board for use of ongoing funds. The payment is to be considered one shot funds and for this one time only. The Board will continue to try to reach the "magic number provided in the formula". The one shot funds will enhance the \$92,000 and provide another step toward a health insurance subsidy. Mr. Heath felt that the reserves would be "fine for the coming year". The experience ratio will impact next year's premium. Mayor Masayko emphasized the need to focus on the health insurance premium and its increase and not on the subsidy. If future premiums can be held down, the subsidy may be successful. Supervisor Plank thanked staff for the scheme to handle the retiree subsidy. He hoped that the subsidy could be continued and suggested that other programs be considered such as converting an individual's unused sick leave to pay the premiums. Mr. Heath described the current reluctance to consider such a program.

There being no other matters for consideration, Supervisor Williamson moved to adjourn. Supervisor Plank seconded the motion. Motion carried 5-0. Mayor Masayko adjourned the meeting at 9:40 p.m.

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ARE SO APPROVED ON July 18, 2002.

/s/
Ray Masayko, Mayor

ATTEST:

/s/
Alan Glover, Clerk-Recorder