

CARSON CITY BOARD OF SUPERVISORS
Minutes of the Special August 18, 1999, Meeting
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A special meeting of the Carson City Board of Supervisors was held on Wednesday, August 18, 1999, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, beginning at 9 a.m.

PRESENT:	Ray Masayko	Mayor
	Kay Bennett	Supervisor, Ward 4
	Robin Williamson	Supervisor, Ward 1
	Jon Plank	Supervisor, Ward 2
	Pete Livermore	Supervisor, Ward 3
STAFF PRESENT:	John Berkich	City Manager
	Kit Weaver	Assessor
	Alan Glover	Clerk-Recorder
	Noel Waters	District Attorney
	Rod Banister	Sheriff
	Al Kramer	Treasurer
	Gary Kulikowski	Internal Auditor
	Walter Sullivan	Community Development Director
	William Naylor	Information Services Director
	David Heath	Finance Director
	Louis Buckley	Fire Chief
	Daren Winkelman	Health Director
	Steve Kastens	Parks and Recreation Director
	Richard Post	Cooperative Extension Interim Area Director
	William Milligan	Chief Court Administrator
	Phil Herrington	Building Official
	Tom Minton	Deputy Controller
	Steve Mihelic	Assistant Fire Chief
	Traci Haakinson	Deputy Library Director
	Cheryl Adams	Deputy Purchasing Director
	John Sims	Service Program Coordinator
	Tom Hoffert	Utility Operations Manager
	Liz Teixeira	Admin. Assistant to City Mgr.
	Katherine McLaughlin	Recording Secretary
	Pat Hughey	Community Develop. Office Supr.
	Judy Jackson	Building & Safety Admin. Asst.
	Dan Nevin	Fire Dept. Admin. Asst.
	Margaret Robinson	Personnel

(S.B.O.S. 8/18/99 Tape 1-0001)

CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE - Mayor Masayko convened the meeting at 9 a.m. Roll call was taken and a quorum was present although Supervisor Bennett had not yet arrived. Mayor Masayko lead the Pledge of Allegiance. Supervisor Bennett arrived at 9:03 a.m. (The entire Board was present, constituting a quorum.)

CITIZEN COMMENTS - None.

DISCUSSION AND POSSIBLE ACTION ON POTENTIAL CHANGES IN POLICIES AND PROCEDURES THAT AFFECT THE BUDGET PROCESS - Mayor Masayko began the meeting by explaining its purpose. Mr. Berkich welcomed those present and described the process. A overhead projector was used to highlight the current budget process. (A copy is in the file.) The five percent merit increase had been used throughout the budget in accordance with the contracts. The supplementals are presented by the Department.

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Board direction will be solicited later on this process and how to develop Board priorities within the supplemental requests. The internal review of the requests was described. Mayor Masayko suggested a linkage in the process which would tie the Board's priorities to the supplementals. Staff comments explained reasons why this could not always be done. Mr. Heath explained his intent to include the Board's goals within the budget packets. Mr. Kastens felt that the Committees and Commissions he works with are aligned with the Board's goals. Board assistance was solicited in educating the public and the Commissions/Committees that the overall City picture is more important than their one concept or program. Comments explored this need. Examples of how the program incorporates the Board's goals were described and the need for better direction on the timing and funding levels for these goals noted. The Board's perception of the current budget process was then limned by each member and supported the need for linkage and for staff to provide feedback to the Board. The revised process also needs the Board to develop its top priorities and recognize the funding limitations.

Discussion ensued on the proposed biennial budget process, its procedures, and definition which would abbreviate the current procedure. The abbreviated process should reduce staff time and paperwork. The disadvantage is created by the use of a less reliable forecasts, the lack of flexibility, and the need for frequent revisions to the budget. The proposal is a one-time only, pilot project which will be scrapped if it does not work. Forecasts and budgets will be developed for two years. All supplemental requests beyond the base budget will be submitted. Only Departments with requests outside the CIP process appear before the Board. Departments not seeking additional funding could provide a "state of the department" report throughout the year. During Legislative years unanticipated budget impacts would be considered within the second year's budget. Supplemental requests would be submitted the same as the previous year. The Board would approve the first year's budget and adopt the second by resolution. Mr. Heath then described the Scottsdale, Arizona, biennial budget process and its disadvantages. Reasons for using a modified Scottsdale plan were noted. Support for having presentations by Departments seeking supplemental funding with "state of the department" reports later was indicated. Clarification by Mr. Berkich indicated that the second year revenue projections would be amended to match any change in financial conditions which may have occurred between the periods. (1-0750) Staff support/concerns were voiced. All were willing to give the program a try. Mayor Masayko acknowledged the projected staff savings and supported the need to have periodical departmental reports. Budget changes should require Board time and study. He also suggested that the year-by-year budgets be streamlined which may create the same savings. He also felt that a new Board member's wishes/desires would not be addressed for three years under the biennial concept. He also felt that Board review should occur on how the Department delivers its services through either an internal auditor or a zero base budget particularly for Departments which do not have changes or are growing very quickly. He objected to maintaining the status quo. He was also concerned about how the process would handle economic slowdowns. Mr. Berkich felt that the second year projections would indicate that a recession is occurring and allow for better forecasting than the current process. He also felt that if staff time is reduced by the biennial budget, additional research and activity based costing could occur. The pilot program could provide this commitment by requiring a zero base budget. He then explained that the process would not eliminate a new Board member's ability to change things as the second year would address increases to service levels and could include those programs/ideas. All supplementals will be reviewed the second year as part of this process.

Supervisor Bennett then described the history behind the current procedure and the feeling that the open, albeit, arduous process had provided better public awareness and understanding than the previous program. She suggested that a public survey be conducted on the concept. She also felt that the proposed process would tie new members hands for two years. Mr. Berkich reiterated that the concept would allow supplemental requests to be considered in the second year. The base budget would remain as established before. All additional revenue would be on the table for distribution as determined by the Board. Discussion indicated that the current procedure does not add personnel to the budget. Only the Board decides this service level. Current personnel levels will be maintained in the second year's budget. The process was discussed at length. Elected officials will still be allowed to restructure their Departments without Board authorization. Mayor Masayko felt that the process would put the Board at odds with Department Heads particularly if the second year's budget included additional staffing but priorities/funding changes eliminated the ability to provide same. Fire Chief Buckley indicated that 95 percent of his budget is predetermined. Under the new concept during the second year only exceptions would be considered. This process would eliminate the "busy work". The information would still be available for the public. His budget

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report tells the public what happened to the funding, what they plan to do with future allocations, and what had happened. Mayor Masayko reiterated his suggestion that staff look internally and streamline the current procedure. He felt that the two year concept could be tried, however, the Board does not have to commit to the second year budget. He agreed that the two year base budget should be used and that the Departments should only focus on the changes in the second year budget. Mr. Berkich indicated that staff could work within the parameters on this second hybrid.

District Attorney Waters suggested that the two year base budget include a plan whereby a Department's budget could be reduced by five percent. Reasons for his suggestion included concerns about periods of economic slow downs. He requested a voice in how his budget would be cut if a recession occurs. The suggestion would also provide the Board with a indication of where the "fat" is. Mayor Masayko felt that the "fat" in a budget should be determined under the sanity checks. He then explained the purpose of a zero base budget. Mr. Berkich agreed to return with a modified plan which would include a zero base budget.

Thomas Harris from the University of Nevada, Reno, Center for Economic Development gave a slide presentation on the community's fiscal trends and sales tax estimation procedures and explained a model for estimating same. Graph comparisons of the 15 rural counties were shown. (A copy is included in the file.) Discussion included the graph on Carson City mobile homes correcting the figure to 15 percent; the per capita income ratio for 1997 as the graph used 1995; a desire to have a comparison with Washoe and Clark Counties as a separate graph; the desire to have a regional graph of same information which would include Carson City, Reno, and the Counties of Washoe, Douglas, Lyon, and Storey; whether growth pays for itself; the need for demographics and a survey of service requirements and impacts created by population growth in the surrounding counties; economic impacts and growth ratios in other counties; the need to identify economic factors which create good economic periods; (1-2150) and the City's ability to work with the Cooperative Extension Service to obtain additional assistance. Mr. Berkich explained his purpose in having the presentation and feeling that it would assist the City in developing its budget projections. He also indicated that a metro business activity report is being developed by the University. Mr. Harris described the information used to determine the building permit values.

(1-2300) Scott Nash of Howarth and Associates then used overhead slides to highlight his debt presentation. (A copy is in the file.) Discussion noted the amount of debt taken for water, sewer, and the hospital items; a desire to have a graph illustrating the amount of general fund debt without the enterprise debts; and whether to consider structuring the hospital as a not-for-profit agency. (Supervisor Plank stepped from the room at 11:25 p.m. A quorum was still present.) Discussion indicated that the City is not over-extended. The level was considered moderate even when all of the debt is considered.

(1-2857) Discussion ensued on the Capital Improvement Project Program; the statutory three to five year plan; a request for justification of the program to dedicate \$1.5 million to this program; a suggestion that the CIP approach be used for the on-going budget; composition of the CIP committee; the funding for operational costs, which the committee handles, and personnel, which the Board determines; and the pros and cons to the program as perceived by Chief Buckley.

BREAK: A ten minute recess was declared at 11:50 p.m. A quorum of the Board was present when Mayor Masayko reconvened the meeting at 12 Noon, although Supervisor Bennett was absent and Supervisor Plank was present.

(1-3343) Mr. Berkich indicated that staff would work toward developing more innovative methods of funding certain CIP items as indicated by the Board's comments. Discussion ensued on the Continuous Quality Improvement (CQI) budget process including its description and staff's support. (2-0061) Supervisor Livermore expressed a desire to consider having a procedure which would allow the Board to increase the retention level for certain Departments/projects and Board discussion concerning office needs for new or expanded facilities; (Supervisor Bennett arrived at 12:10 a.m. The entire Board was present at this point, constituting a quorum.) the need to determine true savings and eliminate inflated budgets where supplies are over-funded; and the need for including the "true savings" definition in the program. Mayor Masayko felt that, although the program illustrates

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the benefits of cost effective government, the Department's budget should be reduced by the savings rather than being adjusted by the cost-of-living which creates additional savings the second, third, etc., years. Permanent savings should be rewarded and recognition of the employee/Department provided. He was also concerned about the over-inflated budgets for personnel as turnover can be predicted and Departments may refuse to hire/fill vacant positions to create a savings even though the workload warrants the replacement. He also suggested that a method be developed which would eliminate any perceived inequity between large and small Departments. Mr. Berkich explained that the personnel budgets are reduced to address any personnel turnovers. The budgets reflect the actual labor costs. Clarification indicated that CQI is based on savings in both services and supplies. The CQI program does not provide a larger incentive for any particular Department than it achieved itself, however, the CIP program had been used to fill the void. Board comments suggested development of a pool of funds which would be open for anyone to apply. The personnel turnover problems for small Departments were discussed. Mr. Berkich agreed to analyze this situation and attempt to develop alternatives. Supervisor Plank suggested that a funding mechanism be developed which would address turnover while allowing a Department to replace the individual(s) without waiting for the budget to catch up. Mr. Berkich indicated that this should be added to the financial stabilization policy. Clarification indicated that actual numbers are used in the CQI and CIP budgets. Mr. Glover expressed his feeling that the personnel turnover for large Departments provides funding for automation and reduces their SPAN funding requests. This "balance" helps the smaller Departments obtain SPAN funding.

(2-0335) Discussion ensued on the Strategic Plan for Automation Needs (SPAN) program and justification for the \$250,000 funding level. Mayor Masayko felt the funding level should be "customer" driven rather than "budget" driven. Supervisor Williamson suggested that some of the SPAN funding be used for automation personnel. Board comments supported developing better, clearer, and more concise criteria. Mr. Naylor noted that the SPAN funds remain within the program and are not included in the CQI/CIP funds. Concerns were expressed about the support availability for the HTE program. Mayor Masayko requested personnel needs be included in the overall SPAN plan. Mr. Naylor indicated that the life cycle costs were imbedded within the Information Services budget. SPAN by definition is for one-time costs. The Committee considers the Department's staffing when acquiring software. Discussion indicated that future funding will include both personnel and automation needs. Advantages of the program were noted.

Mr. Berkich summarized the Board's comments by indicating that a stabilization policy with improvements as discussed would be brought back for Board consideration. The Capital Facilities Funding ordinance will be eliminated. Any excess sales tax over that required for the bond repayment will be brought to the Board for distribution. Mayor Masayko also requested that the ending fund balances be allocated by the Board. Consensus also supported periodic allocation of excess funds which are above that of the budget projections. Potential dates when this may occur were noted.

(2-0742) Discussion explained the reasons the General Fund subsidizes the Ambulance Enterprise Account and the Cemetery Fund. Mr. Berkich committed to clearly designating these subsidies. Comments also limned the General Fund cost allocation program for services and supplies provided to the Enterprise Accounts. Messrs. Heath and Minton agreed to meet with Supervisor Williamson on the process and discuss her concerns further. Mr. Kulikowski explained his overview of the process and expenditures.

Discussion ensued on the ability to reallocate \$82,000 which the budget had originally allocated for NOMADS and for sales tax collection fees. These costs were covered/reduced by the 1999 Legislature. Mr. Waters recommended the funds be for one-shot items. Mayor Masayko suggested that \$25,000 of the funds remain allocated for Mr. Waters and the NOMADS problems and the remainder be added to contingency funding and be considered during the discussion on the Sheriff's personnel request at the Board meeting tomorrow. No formal action was taken on this or any other item. Comments supported the open discussion and thanked all of the participants for attending.

Supervisor Livermore moved to adjourn. Mayor Masayko seconded the motion. Motion carried 5-0. Mayor Masayko adjourned the meeting at 1:15 p.m.

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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.

The Minutes of the Special August 18, 1999, Carson City Board of Supervisors Workshop meeting

1999.

ARE SO APPROVED ON ____December_2____,

_____/s/_____

Ray Masayko, Mayor

ATTEST:

_____/s/_____
Alan Glover, Clerk-Recorder