

TONOPAH TOWN BOARD
BUDGET HEARING MINUTES

MAY 16, 2013

Town Board Chairman Horace Carlyle called the workshop to order at 9:01 a.m. Also present were Ron Kipp and Javier Gonzalez. Duane Downing called in at 9:18 a.m. There were four other people in attendance.

1. Public Comment

James Eason explained that the Board was provided a handout about an Assembly Bill regarding the BOCC appointing Town Board members. He recommended that Board members send emails of support to Assemblyman Oscarson. Horace Carlyle noted that the email states the bill will be heard on Friday at 1:30. James Eason explained that the Board members can send emails individually and it will be followed up later by the Board.

No action taken by the Board.

2. Public Hearing, discussion, deliberation on tentative budget for Fiscal Year 2013/2014 and possible decision to adopt, amend and adopt, or reject the Final Budget for the Fiscal Year 2013/2014

Chris Mulkerns explained that she emailed the Board the budget documents. She highlighted the changes from the Tentative Budget. Based on discussions at the workshop last week, the Town is doing a transfer from the Ending Fund Balance in the Town General Fund of \$650,000 into the Capital Projects Fund. She noted that this is a little lower than initially discussed. She explained that the estimated Ending Fund Balance for FY 13/14 is based on the budgeted revenue collections and the budgeted expenditures. The estimated Ending Fund Balance of \$750,000 will most likely be higher.

James Eason explained that the Board talked about different portions of the Convention Center, a roof replacement for the Old Firehouse, working under NRS 279 for revitalization, the parks, including playground equipment, paver projects, turf, gravel, etc., the swimming pool, including redoing the internal liner and covering it, the fairgrounds, the OPEB obligation, equipment, a new Town Office, and the Mining Park, including the doors and rehabbing exhibits.

Horace Carlyle wanted to know when the Town was looking at getting a new vehicle. Chris Mulkerns explained that the Town is in the process of getting that done this budget year. It is a Ford Explorer. Horace Carlyle wanted to know what the price will be. Chris Mulkerns explained that it is through State Purchasing and it will be the 2014 pricing because of the time of year.

James Eason explained that on the TPU Sewer side, the Board discussed equipment, a plan for the replacement of sewer collection lines, paying off the Sewer Debt of \$565,000, and

supplementing OPEB. Javier Gonzalez noted that by paying off the sewer debt, the Town will no longer be accruing the interest. Chris Mulkerns noted that it will be a savings of about \$498,000.

James Eason explained that on the TPU Water side, the Board discussed tank inspections, updating the distribution lines, equipment, and a well refurbishing plan. The wells are at least 10-20 years old and the rehab was not been done before the current water project. If they are on a 5-10 year cycle, the Town can continue to keep the well life at a more upgradable stage. The Board also discussed OPEB and radio meter reads.

James Eason explained that with the radio meter reads, the goal is to decrease O & M costs. Chris Mulkerns noted that it takes a week to conduct the meter reads and rereads. The radio reads could cut that process to half a day. James Eason explained that from a management standpoint, the Town can continuously monitor water consumption. Chris Mulkerns explained that it reads in real time. If there is a bad leak, Staff will get an alarm. Javier Gonzalez explained that with the leakage notification, the Town will have to state that it is not responsible for notifying the customer that they have a leak. It can be done as a courtesy. James Eason explained that when the reads come in, Staff reviews the reads and looks for the high reads so they can be verified before printing the bills. Horace Carlyle wanted to know what the cost is. James Eason explained that the parts were between \$200,000 and \$300,000. This does not include the installation. Chris Mulkerns noted that the Town did put this down on the list for State Revolving Loan Fund – Safe Drinking Water. James Eason noted that the new Sensus meters being installed can be converted to radio read.

Ron Kipp asked about the lift station. James Eason explained that the Town should be getting the report on the lift station back soon. The study covers the replacement of the lift station in its entirety, doing a gravity feed system, or only doing a partial replacement, including the pumps and the chains. The lift station only impacts 4-6 apartments. The motors have been in operation for over 30 years. The usage right now is the highest it has been since they were put in. The lifespan is normally 10 years. The electrical has already been upgraded. He explained that Michael Lach has submitted plans to the Town for his development. They discussed several options regarding the sewer system. He also submitted information regarding the number of ERUs he will need. Since the Town is doing Phase II of the Water Project, which includes pumps, the Town needs to look at what it will cost to upgrade the pumps to meet that capacity.

Chris Mulkerns explained that the payoff of the Sewer Debt was incorporated into the budget if the Board approves. The principal paid is \$561,455. This will be paid off July 26, 2013. The interest payment for that one month is \$1,989. This would still leave an estimated Ending Fund Balance of \$433,336. This will translate to a savings of about \$28,545 a year in interest. All USDA will need is a letter from the Town Board stating what the Town is going and the date it will happen. The Town will be able to use the Debt Reserve money, which is money that is set aside annually. At the end of the current budget year, there will be about \$18,000 in the Debt Reserve Account. That will go towards paying off the debt. The \$2.50 Capital Projects Fee on the water bill was being used to cover the debt payments. Once the debt is paid off, it will go back to funding Capital Projects. It brings in about \$2,500 per month. James Eason explained that the Town is in a position to pay the debt off but still have enough money left to address

emergencies. The Town can now put together a plan and, if necessary, go back out for additional loans at a lower interest rate.

Chris Mulkerns explained that when the Board does the Capital Improvement Plan, there is still enough money left, the Board can also transfer an addition \$100,000. James Eason explained that there are very few communities funding OPEB. The Town is ahead and has opportunities to get the obligation closer to where it needs to be. Chris Mulkerns explained that if the Board wanted to transfer more money for OPEB, she needs to know today so she can make the adjustment on the budget documents. Horace Carlyle explained that a new actuarial study is going to be completed. The Town has changed the benefits policy. Until the new study is completed, the impact of the changes is not known. He feels the Town should wait until the Town receives the new audit and actuarial study.

Chris Mulkerns explained that the only change made to the Water budget was the increase to the Principal Paid and the Interest Paid line items. It includes the new Revenue Bond the Town will hopefully be closing on in March 2014. The total debt on the Water side includes \$82,836 in Principal of \$100,890. There is a substantial Ending Fund Balance the Town can work with when the Capital Improvement Plan is done.

Chris Mulkerns explained that the Water Revenue Bond will be refinanced in March with Phase II. The budget shows a whole year in case that does not happen. If it does happen, the excess will go into the Ending Fund Balance. The budget shows paying off the Sewer Revenue Bond completely. The Town made the first payment for the Water Revenue Bond for Phase I in April. The only other change made was to add Pool/Pact as an annual contract. James Eason explained that the Town did not include BEC Environmental or Shaw Engineering because they are more project specific contracts.

Horace Carlyle wanted to know if the Town would have to go out to bid for the proposed study on the sewer lines. James Eason explained that it would be under a professional services agreement. Since Shaw Engineering is the engineering firm the Town has used before, it will be accepted by NDEP. Horace Carlyle wanted to know when the Town would look at doing that. James Eason explained that it would be in the new fiscal year. It will be done after the water project gets going. Shaw is currently doing the design work for the water project and the time table for Phase II is still very aggressive. The Town is hoping to award the contract in October.

Javier Gonzalez made a motion to adopt and approve the Final Budget for Fiscal Year 2013/2014 as presented. Ron Kip seconded. Motion passed 4-0.

3. Public Comment

James Eason explained that after the Water Board meeting today there will be a tour of the Reuse Plant for the members of Nye County Water Board. He suggested watching the Nye County Budget Workshop and the Regular Meeting next week. He feels there are items that could impact the communities in Nye County.

Tonopah Town Budget Hearing

May 16, 2013

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No action taken by the Board.

4. Adjourn

Workshop was adjourned at 9:42 a.m.

Minutes transcribed by:

Mariah Rivero

Mariah Rivero

Approved:

Horace Carlyle

Horace Carlyle, Chairman

Duane Downing

Duane Downing, Vice Chairman

Ron Kipp, Clerk

Javier Gonzalez

Javier Gonzalez, Member

Vacant, Member