



MAYOR
Geno Martini

CITY COUNCIL
Julia Ratti, Ward I
Ed Lawson, Ward II
Ron Smith, Ward III
Mike Carrigan, Ward IV
Ron Schmitt, Ward V

CITY ATTORNEY
Chet Adams

CITY COUNCIL WORKSHOP MINUTES
12:00 P.M., Monday, March 18, 2013
Sparks City Hall, Lower Level, 431 Prater Way, Sparks, NV

1. Call to Order (Time: 12:01 p.m.)

The workshop of the Sparks City Council was called to order by Mayor Geno Martini at 12:01 p.m.

2. Roll Call (Time: 12:01 p.m.)

Mayor Geno Martini, Council Members Julia Ratti (arrived at 12:20), Ed Lawson, Ron Smith, Mike Carrigan, Ron Schmitt, City Manager Shaun Carey, City Attorney Chet Adams and City Clerk Teresa Gardner, PRESENT.

ABSENT: None

Staff Present: Jeff Cronk, Stacie Hemmerling, Andy Flock, Rich Brown, Kathie Roberts, Kathy Clewett, Adam Mayberry, Chris Cobb, Neil Krutz, Steve Keefer, Steve Driscoll, Chris Syverson, Heidi Shaw, Jason Edmonson, Jennifer Parmenter, Armando Ornelas, Tracy Domingues, Bob King, John Martini, Jon Ericson, Jill Valdez, and Dan Marran

Comments from the Public (Time: 12:02 p.m.) - None

Lunch will be served at a time uncertain.

3. Consideration and possible approval of the minutes of the Sparks City Council workshop of January 28, 2013 (FOR POSSIBLE ACTION) (Time: 12:02 p.m.)

A motion was made by Council Member Smith, seconded by Council Member Schmitt, to approve the minutes of the Sparks City Council workshop of January 28, 2013. Council Members Lawson, Smith, Carrigan, Schmitt, YES. Passed unanimously with those present.

4. Presentation of the 2013 Public Survey (Time: 2:02 p.m.)

Administrative Analyst Kathy Clewett presented the results from the 2013 Public Attitude Survey. Phone numbers of those surveyed were obtained from the Washoe County registrar of voters. 173 hours of temporary staff time and 18 volunteer hours resulted in 7,300 phone calls made over five evenings. The surveyors completed 503 telephone calls for a 6.9% response rate. Surveys took about nine minutes to complete. Survey results included ...

- The quality of life improved by seven points since 2011.
- Local and regional unemployment and housing/foreclosure issues were named as the top concerns two years in a row.
- Complaints were heard about the length of traffic lights.

- Satisfaction with overall quality of city services improved from last year and although ratings are not as high as in 2006-2007, many surveyed indicated their understanding of problems with the overall economy and believe the city is doing the best it can, considering overall economic conditions.
- People are feeling a little less safe in business areas, especially at night.
- Quality of snow removal posted high improvements over last year.
- Unanimous across the wards: people would like to see progress with Pyramid and McCarron road construction.
- Some surveyed said they would like improved bus service in Spanish Springs and quicker service overall, especially on perimeter roadways. Responders were referred to the RTC.
- People appreciate the availability of viewing city meetings on TV; several commented about not having access to a computer.
- The importance of sustainability, which includes green technology, remains very high.
- Consolidating the governments of Washoe County, City of Reno and City of Sparks is still a resounding no.

Council discussed the possibility of a variety of survey methods, the low percentage of people concerned with flooding and the upcoming sewer rate increase to pay for flooding.

5. Review and discussion of the Capital Improvement Plan, including priorities and needs. (FOR POSSIBLE ACTION) (Time: 12:18 p.m.)

An agenda item from Capital Project Manager Chris Cobb to review and discuss the Capital Improvement Plan, including priorities and needs. City staff has been working to identify and utilize appropriate funds available to maximize capital improvement within the city. An executive summary, a listing of the proposed capital improvement projects categorized by fund/funding source, the vehicle replacement plan for Fiscal Year 2013-2014, and a brief description of each project was included in the staff report documentation. Projects slated for Fiscal Year 2013-2014 have been referenced by Project Number. All projects listed are subject to the City Manager's recommendations and City Council approval of the final budget.

Questions posed and additional information included ...

- Personnel costs will be approximately \$1.6M. Operational crack seal and other maintenance supplies is estimated at an additional \$450K.
- RTC's work is additional and will be about 1.5M square feet on arterial roadways for slurry seal including East Nugget Avenue. Industrial areas are being completed with RTC-5 money.
- In spite of the success of Sparks PCI program in recent years, the numbers have fallen since 2011.
- Two years remain for the Storm Drain Diversion Monitoring as directed by NDOW and US Fish and Wildlife.
- In the industrial area is a portion of Mary Wahl ditch that is still open ditch with no concrete lining. It is a flooding concern, as is the back flow valve.
- The North Truckee Drain Access and Trash Removal System pertains to a ditch area behind Wild Island which is not concrete lined.
- The effluent system is now maintenance and operation. Meters need to be upgraded every so often and other expenses are emergency or maintenance issues.
- Flood fees equal approximately \$2.9M per year.

- Three capital projects funded by Ad Valorem funds are proposed for the police department. One project is the installation of bullet-resistant glass at the Prater Way lobby area to create a secure area as well as interrogation noise reduction.
- Other capital projects include the annual city-wide elevator retrofit to bring the 13 elevators up to code, starting with the Victorian Square garage elevator; city hall HVAC design upgrades; Fire Station Three exterior lighting project; and time-keeping software for Finance, the next phase of upgrades to Agresso system. Council Member Ed Lawson asked about timing of the LED Retrofit and suggested waiting to see if NV Energy Sure Bet funds might be available for that portion of the project.
- Recreation Management Software is being considered for online sign-up and reservations.
- The Alf Sorenson Ventilation Project is much more expensive than initially estimated because the system installed when the center was built was done incorrectly.
- The GERP concrete deck sealer hasn't held and needs to be replaced.
- Victorian Square Amphitheater: Three options include
 1. Complete demolition, or
 2. Rip the roof off and bird-spike the edges, or
 3. Install a full roof, with a bird net underneath.Options 2 and 3 will include about \$25,000 in clean-up costs.
- The GERP playground upgrade will replace wood chips with rubberized play surface to reduce maintenance costs.
- Council Member Ron Schmitt asked if it is feasible to sub-contract the work for the maintenance of the GERP park. Mr. Cobb said it can be reviewed; there is no time limit in which to expend the funds. Approximately \$140K in revenues come from the park each year.
- All three park projects may have extra funds.
- Community Development Block Grant is typically \$200k/year and used for sidewalk rehab. Prater to Victorian curb and sidewalk repair is scheduled.
- Muni Court projects include design for improving marshal and public defender areas and bringing the bathrooms up to ADA code standards.

6. Presentation of proposed budget/forecast with approved Financial Policies applied, discussion and possible direction on budget priorities for FY '13-14. (FOR POSSIBLE ACTION) (Time: 12:45 p.m.)

An agenda item from Financial Services Director Jeff Cronk to discuss fiscal policies, general fund financial summaries and projections, cause of change analysis, preliminary budget, general fund expenditures, and financial reports. Staff recommends the Council approve the recommended fiscal policy changes and provide direction to staff regarding the production of the 2013-2014 budget.

Mr. Cronk led a review and discussion of the six financial policies and proposed changes in wording of those policies for clarification purposes:

Fiscal Policy 1: Minimum general fund unrestricted ending Fund Balance level equal to 8.3% of expenditures.

- No change to policy is requested.
- The general fund will experience a \$2.5M shortfall in FY14.

Fiscal Policy 2: Establish a contingency budget up to 3% of total expenditures in the annual budget.

- Council set a policy to cover the unknowns, which are usually emergency in nature, and they set a budget of up to 3% of total expenditures, which is the maximum allowed by NRS. 1% was set aside in FY12 and 2% in FY13. 2% is included in the FY14 budget recommendation, which equals about a million dollars. Mr. Cronk said he is also continuing the practice of matching the 2013 contingency budget with a \$1M transfer in from the Vehicle Fund, should we need it. If it is not needed, the transfer never happens. If we need to access the contingency funds, they are available. Mr. Cronk said he is trying to provide the flexibility we had in 2013.
- Staff proposed a language change for Fiscal Policy 2 for clarification purposes: “Establish a General Fund Contingency amount up to 3% of total expenditures in the annual budget.”

Councilman Ed Lawson asked why the general fund versus the contingency fund. Mr. Cronk said it is just clarification of where we use it. Other than that, there is no real significance.

Fiscal Policy 3: Transfer an amount equal to 2% of total expenditures from the General Fund to the Capital Projects Fund.

- This policy is intended to meet the needs of the city’s infrastructure.
- Staff proposes a policy change to shift focus toward allocation of resources, rather than allocation of expenditures. This will not change the dollars, but does change the perspective.
- Staff requests policy language change to: “Transfer an annual amount equal to 2.5% of total revenues from the General Fund to the Capital Projects Fund.”
- There is no monetary change.

Fiscal Policy 4: Transfer an amount equal to 2% of total expenditures from the General Fund to replenish the depleted Stabilization Fund.

- The Stabilization Fund can be accessed only in the event of a revenue decline of 4% or more in the General Fund from the previous year, or in the event of a declared natural disaster.
- Mr. Cronk proposed a policy language change which is in compliance with GASB54: “Commit a portion of annual business license receipts to the Stabilization Fund up to the maximum Fund balance allowed with NRS 354.6115.”
 - This would bring the Stabilization Fund balance to \$429K (from \$229K) and is still far below the \$5M allowed by NRS.
- There is no direct dollar impact.

Fiscal Policy #5: Reduce General Fund Personnel costs so that they do not exceed 78% of General Fund Base Revenues

- This fiscal policy has been problematic because of significant reorganizational changes within the city. Staff recommends expanding this policy to include more than just personnel costs and to include total revenues by major expense categories. Financial Services recommended a change in policy to include a more sustained and balanced allocation of expenditures according to the level of resources available. This change would help the current trend of expenditures outpacing revenues, which is not sustainable.
- Mr. Cronk proposed a replacement policy: General Fund total uses match total revenues within the confines of the Council’s fiscal policies, seeking a balanced allocation of resources.
- The policy change allows flexibility because it removes the tie to personnel costs and is applied throughout the budget.

Council Member Carrigan asked what caused personnel costs to increase from 76% to 79% and then to 81%. Mr. Cronk said he will present the review of cause of change after the fiscal policies review and will explain what drove our costs. Council had a lengthy discussion on the policy.

A motion was made by Council Member Ratti, seconded by Council Member Carrigan, to continue the policy of reducing general fund personnel costs so that they do not exceed 78% of total revenues and use the proposed expanded dashboard to provide context. Council Members Ratti, Smith, Carrigan, Schmitt, YES. Council Member Lawson, NO. Motion carried 4-1.

Fiscal Policy #6: Consider funding the Other Post Employment Benefit (OPEB) liability. Financial Services Director Jeff Cronk requested policy language change to better describe the actual fiscal policy and to clarify its meaning.

Discussion ensued about the unfunded liability and heart/lung expenditures. Mr. Cronk explained the heart/lung issue is treated as pay as you go, so as claims come up they become expenditures and at some point the city will face a really high health insurance bill because of this.

Mr. Cronk was asked why we would have a policy this year to establish an irrevocable trust if we weren't ready to fund it and he explained there are two pieces to the issue: 1) the liability already on the books and 2) the ongoing required contribution to the extent that if left unpaid, continues to build the liability.

A motion was made by Council Member Ratti, seconded by Council Member Carrigan, to report the annual obligation for the Other Post Employment Benefit (OPEB) and determine annually whether to establish an irrevocable trust fund or pay as you go. Council Members Ratti, Smith, Carrigan, YES. Council Members Lawson, Schmitt, NO. Motion carried 3-2.

Fiscal Policies #1,2,3,4 (Time 1:54 pm)

A motion was made by Council Member Lawson, seconded by Council Member Carrigan, to approve fiscal policies 1, 2, 3 and 4 the same as they are now. Council Member Carrigan seconded the motion, then withdrew his second in favor of proceeding with individual voting for each fiscal policy separately. Motion died.

Fiscal Policy #1 Minimum General Fund unrestricted ending Fund Balance level equal to 8.3% of expenditures (Time 1:55 pm)

A motion was made by Council Member Smith, seconded by Council Member Carrigan, to approve fiscal policy #1 with no change. Council Members Ratti, Lawson, Smith, Carrigan, Schmitt YES. Passed unanimously.

Fiscal Policy #2 Establish a Contingency budget up to 3% of total expenditures in the annual budget (Time 1:56 pm)

A motion was made by Council Member Carrigan, seconded by Council Member Ratti, to approve fiscal policy #2 to establish a general fund contingency amount up to 3% of total expenditures, in the annual budget. Council Members Ratti, Lawson, Smith, Carrigan, Schmitt YES. Passed unanimously.

Fiscal Policy #3 Transfer an amount equal to 2% of total expenditures from the General Fund to the Capital Projects Fund (Time 1:56 pm)

A motion was made by Council Member Ratti, seconded by Council Member Smith, to approve fiscal policy #3 to transfer an annual amount equal to 2.5% of total revenues, from the General Fund to the Capital Projects Fund. Council Members Ratti, Smith, Carrigan, Schmitt YES. Council Member Lawson, NO. Motion carried 4-1.

Fiscal Policy #4 Transfer an amount equal to 2% of total expenditures from the General Fund to replenish the depleted Stabilization Fund (Time 1:57 pm)

A motion was made by Council Member Smith, seconded by Council Member Carrigan, to approve Fiscal policy #4 to commit a portion of annual business license receipts to the Stabilization Fund up to the maximum Fund balance allowed within NRS 354.6115. Council Members Smith, Carrigan, Schmitt YES. Council Member Lawson, NO. Council Member Ratti, ABSENT. Motion carried 3-1.

Council recommendations to close the FY14 \$2.5M Budget Gap:

Financial Services Director Jeff Cronk reviewed the FY12 actual revenues and the FY14 projected revenues indicating an increase of about \$3M which will result in a \$2.5M budget shortfall. Mr. Cronk also reviewed the cause of change, and answered Mr. Carrigan's earlier question of "How did we get here and what's driving the costs?" Mr. Cronk said most of the change is due to adding Council approved positions. Also attributable is a significant increase in overtime and an increase in PERS rates. These have been offset by a decrease in our health insurance contribution, which has been offset by our desire to fund that account at a lower level, and utilizing the fund balance in the health insurance fund.

Council Member Smith asked Chief Keefer about the \$193K in police overtime. Chief Keefer said an investigation is underway to establish if it's training, the higher than normal year of officers assigned to light duty, covering shift minimum staffing or something else. Council Member Smith asked if this was average and what is usual to spend for police overtime. Mr. Cronk answered:

- FY12 actuals were \$1.3M
- FY13 is \$1.0M
- FY13 actuals are trending at 1.2M

Discussion continued on the police overtime budget, regional investigative support, part-time employees, reserves, and sharing police services in the region.

Fire Chief Andy Flock said the \$371K in the fire budget had to do with a spike in overtime and he fully anticipates it will be reduced as vacancies are filled. The fire department has been running below the 85% personnel utilization rate. Also, fire had a significant amount of light duty claims this year, one being a long-term heart/lung who has now retired.

Council Member Carrigan, referring back to total salary, wages and benefits, suggested looking at the FY14 health care insurance 8% reduction, asked what would be left in the fund and what could it be reduced to. Mr. Cronk said he doesn't want it to go down any further because of potential changes in the health care industry and other unknowns.

Mr. Cronk said we will see \$350K in General Fund savings. Transfers out show several activities:

- Parks and Recreation
- Offset some cost pressure to general fund

- Transfer to the Redevelopment Agency of about \$750k because there are not enough revenues from property tax
- The amount Redevelopment 2 is able to cover is the TIF bonds issued in the Redevelopment Agency's name. What isn't covered is the city-issued debt that's being paid for out of the Redevelopment Agency. The revenue sources are the same: property taxes. This debt will be off the books in FY17.

Mr. Cronk said CTAX is volatile right now and offered his view of future projections. He said there are pressures from CTAX that affect us this year and won't affect us next year. Mr. Cronk will continue to work with the numbers, especially the volatile CTAX numbers, and will present the numbers with the final budget recommendations. Mr. Cronk also said property taxes are more stable and we will see about a 4% decline in FY13 compared to FY12. Last week's property tax assessments may provide a smaller decline. Most other areas are flat, with the biggest change being in the charges for central services. Overall revenues are down about 2% this year and about 1% next year.

Mr. Cronk reviewed department expenditures and changes from FY12 to FY13 and then FY13 to FY14, with an increase of about \$800k in FY14. Parks and Recreation shows a decrease in revenues in FY12 and FY14. An increase in expenditures of about \$425k represents restricted revenue that can only be spent on specific facility development purposes, as established by ordinance in 1992. If the expenditure doesn't happen, the funds still need to be restricted.

Council Member Lawson asked Parks and Recreation Director Tracy Domingues about the reduction in youth watch. Ms. Domingues said the elimination of year-round programs for multi-track schools caused the participation to be extremely low; total of about 6 children. Three tracks no longer need day care. Ms. Domingues expects change this year because all schools will be on the same calendar and child care services will be available for all, starting mid August. She anticipates revenues will increase. She said her department's transfer in last year was \$375K and she doesn't anticipate any difference this year. Ms. Domingues said when revenues drop, expenses drop as well. When there's fewer kids, there's fewer staff.

Mr. Cronk reviewed and explained the city's redevelopment debt. The general fund subsidized the development services fund for \$1.16M over two fiscal years. Previously the Council said they wanted to pay that back.

Council Member Carrigan asked if the unspent CTAX money is included. Mr. Cronk confirmed it is. Mr. Cronk said we have about \$900k left and it can be used only for debt service. Debt service needs for the general fund are \$723k. CTAX is being used to cover Redevelopment District 2. Mr. Cronk said expenditures are greater than revenues and they have been so for about a year.

Council Member Ratti said one of the challenges is to get to a sustainable solution. The COPS grant requires the people hired to come back on to the general fund this year. She pitched the idea to consider action to raising the property tax rate to the cap because we committed to that expense and always cutting and never adding to the revenue side is not sustainable.

Mayor Martini said every year the cost of living goes up and the cost of doing business goes up for the city, too. He said we've always addressed that by cutting something on the expense side. And

most of it – the worst part – has been personnel that we’ve had to let go. We may have had a few little frills in there, but that’s why we have a 91% grade of satisfaction of what they think of our city. Mayor Martini said the city can only do more with less for a certain period of time and pretty soon we wind up doing less with less and I think we’re at that point. He said the cost of doing business is going to go up every year and revenues don’t stay commensurate with it on the government side.

Council Member Carrigan said the city has a contingency fund of a \$1M, and a \$200k stabilization fund. We can ask the police department to reduce their overtime to FY12 levels. Mr. Carrigan is against raising taxes unless it is the last resort. Sparks’ residents may be looking at four cents from the City of Sparks, five cents from the state for the school district, 1/4% sales tax increase, and we have not heard about our sewer rate increase for next year, which will be 4.5%. Council Member Carrigan thinks it is overloading.

Council Member Carrigan asked about taking the ending fund balance down to 5%. Mayor Martini asked how next year would be affected if 5% was taken from the ending fund balance. Mr. Cronk said it is a one-time deal. The city needs to address it at some point. \$1.7M - \$1.8M was pulled out in FY13 so that process has been started. Mayor Martini asked if Council wanted to take the ending fund balance down to 5% or to increase property tax four cents. Council Member Smith asked what capital projects would not get done?

Deputy City Manager for Community Services Neil Krutz said his department has discussed several capital projects but have removed none. He said if the city did not fund the Alf Sorensen capital project we could fill the budget hole, but we cannot do the Alf Sorensen project.

Council Member Schmitt proposed taking out the \$200k additional funds; reduce capital fund transfers by 10% (\$130K); reduce EFB from 8.3 to 7% (\$500K); instead of half of the gas and electric fees, take a quarter (\$500k); 1% across the board under spend is \$525k; another \$500k from police and fire; plus \$300k; put the 10% back in capital funds as cushion, or leave in the 1/2% gas electric fees.

Finance Director Jeff Cronk reviewed the recommendations:

- Remove the contribution to the stabilization fund - \$200k savings
- Reduce the capital fund transfer by 10% - \$130k savings
- Reducing the Ending Fund Balance policy to 7.3%
- Raise the property tax rate to the max - \$800k
- Shift \$500k of revenue from the road fund to the general fund
- 1% across the board under spend
- Return the police and fire overtime to FY 12 actuals
- Remove the complement error
- Reduce the wellness program from \$400k to \$275k

Total comes to \$3.4M savings; if the 1% under spend cannot be accomplished, the ending fund balance will be affected. It cannot come from property taxes because of timing.

A motion by Council Member Smith, seconded by Council Member Schmitt, to remove the \$200,000 contribution to the Stabilization Fund. Council Members Ratti, Lawson, Smith, Carrigan, Schmitt YES. Passed unanimously.

Council Member Schmitt said he wanted to go on record saying if we go below 7.3 in the Ending Fund Balance, we're asking for trouble.

A motion by Council Member Smith, seconded by Council Member Ratti, to reduce the ending fund balance to 7%. Council Members Ratti, Smith, YES. Council Members Lawson, Carrigan, Schmitt, NO. Motion failed 2-3.

A motion by Council Member Ratti, seconded by Council Member Schmitt, to reduce the ending fund balance to 7.3%. Council Members Ratti, Lawson, Smith, Schmitt, YES. Council Member Carrigan, NO. Motion passed 4-1.

Council Member Carrigan suggested to not require the capital funds transfer for now, citing that the 10% seems to be a big thing. City Manager Shaun Carey said one of the strengths we have now is the investment made in roads; he believes \$500k not being spent here will cost \$1.5M more in a very short time. Mr. Carey said commitments have been made to have this money stay in the roads fund and the parks fund. Sparks will not be able to sustain our road conditions with one half million pulled out.

A motion by Council Member Ratti, seconded by Council Member Lawson, to return Police overtime, call back and worked holiday to FY12 levels saving \$193,580. Council Members Ratti, Lawson, Smith, Carrigan, Schmitt YES. Passed unanimously.

A motion by Council Member Ratti, seconded by Council Member Lawson, to return Fire overtime, call back and worked holiday to FY12 levels saving \$371,915. Council Members Ratti, Lawson, Smith, Carrigan, Schmitt YES. Passed unanimously.

Discussion about the one percent under spend concluded that although one percent seems like a small amount, it can be a huge challenge. Parks and Recreation is already at a 3% reduction and cannot likely deal with an additional percent cut.

A motion by Council Member Schmitt, to remove ½ percent across-the-board under spend. Motion died due to lack of a second.

A motion by Council Member Schmitt, seconded by Council Member Smith, to shift 10% or \$200,000 of the gas and electric franchise fees from the Road Fund to the General Fund.

City Manager Shaun Carey confirmed that within three years the amount would grow to 600K. Council Member Smith withdrew his second and the motion died due to lack of a second.

A motion by Council Member Schmitt to remove 10% or \$130,000 from the Capital Fund Transfer. Motion died due to lack of a second.

A motion by Council Member Schmitt, seconded by Council Member Smith, to reduce the Employee Development Fund (travel and training) by 50% or \$100,000. This includes travel and training.

Council Member Ratti asked for clarification. Mr. Carey said the Employee Development Fund was created for succession planning and was designed to provide training for people in the lower levels

of the organization (outside of public safety.) Ninety percent of the training goes to line workers and mid managers to keep up their skill sets. For the next year, \$100,000 should be a good amount to be successful.

Council Members Ratti, Lawson, Smith, Carrigan, Schmitt YES. Passed unanimously.

A motion by Council Member Schmitt, seconded by Council Member Lawson, to return Parks & Recreation temp costs to FY12 levels, saving \$122,849. Council Members Ratti, Lawson, Smith, Carrigan, Schmitt YES. Passed unanimously.

A motion by Council Member Schmitt, seconded by Council Member Lawson, to remove the Parks and Recreation vacant Recreation Specialist position, saving \$57,000 and applying that amount towards the under spend. Council Member Schmitt withdrew his motion.

A motion by Council Member Lawson, seconded by Council Member Ratti, to raise the property tax rate from \$3.6163 by 4.37 cents to the \$3.66 cap. Council Members Ratti, Lawson, YES. Council Members Smith, Carrigan, Schmitt, NO. Motion failed 2 to 3.

A motion by Council Member Schmitt, seconded by Council Member Ratti, to increase the property tax by 2 cents (about \$370,000) ½ percent across the board of the under spend (about \$262,500) and shift 10% of the gas & electric franchise fees reductions (about \$200,000.) Council Members Ratti, Lawson, Schmitt, YES. Council Members Smith, Carrigan, NO. Motion carried 3-2.

Council Member Schmitt made a motion to not fill the vacant Parks Specialist position and return the funds (\$57,000) to the under spend. Seconded by Council Member Lawson. Council Member Schmitt withdrew his motion.

A motion by Council Member Carrigan, seconded by Council Member Smith, to reduce the Wellness program budget to \$200,000, moving \$75,000 to be used toward the under spend. Council Members Ratti, Smith, Carrigan, YES. Lawson, NO. Schmitt, ABSENT. Motion carried 3-1.

7. Presentation on Project Innovation (FOR POSSIBLE ACTION)

An agenda item from Employee and Customer Relations Manager Chris Syverson to introduce the Project Innovation (PI) program which is an on-going employee engagement program that will review all city activities to assess the associated value. Item was not presented and will be placed on a future agenda.

8. Consideration and possible approval to fund a Wellness Program for City of Sparks employees and City of Sparks Group Health enrolled retirees and spouses. (FOR POSSIBLE ACTION)

An agenda item from Human Resources Analyst Jill Valdez recommending the Council approve funding for a city wellness program for FY13-14 for \$275,000. The city faces projected inflation in the cost of delivering workers compensation, group health and Heart/Lung/Cancer/Hepatitis Act benefits. Numerous studies show that the return on investment for wellness prevention is a far superior approach to cost reduction as compared with reactionary disease management after conditions develop. Furthermore, wellness adds benefits to employees, retirees, spouses and the community. Item was not presented.

9. Comments

9.1 Comments from City Council and City Manager - None

9.2 Comments from the Public - None

10. Adjournment (Time: 4:27 p.m.)

Council was adjourned at 4:27 p.m.

GENO R. MARTINI, Mayor

ATTEST:

Teresa Gardner, City Clerk