

**CARLIN CITY COUNCIL
CITY OF CARLIN, STATE OF NEVADA
CARLIN MUNICIPAL COURT ROOM
101 SOUTH EIGHTH STREET
CARLIN, NEVADA**

**October 14, 2020
7:00PM**

Call to Order and Roll Call

**Mayor Dana Holbrook called the meeting of the Carlin City Council to order
at 7:00 p.m.**

**Council Members Present: Mayor Dana Holbrook
Vice Mayor Lincoln Litchfield
Councilperson Pam Griswold
Councilperson Margaret Johnston
Councilperson Cameron Kinney**

Council Members Absent: None.

**Staff: Madison Mahon, Carlin City Manager
LaDawn Lawson, City Clerk
Carlos Esparza, Public Works Director
Nathanial Sexton, Police Officer
Lila Sexton, Code Enforcer
Michael Klotzche, Police Officer
Karen Carr-Brian, Police Department Administrative Assistant**

**Public: Ferron Konakis, Farr West Engineering
Tabatha Rowe,
Jackie Wiscombe,
Fred Montes De Oca,
Brandy Holbrook**

Pledge of Allegiance

- 1. Comment by the General Public (Non-Action Item):** Pursuant to NRS 241.020(2)(D)(3)(I & II) this time is devoted to comments by the general public and possible discussion of those comments. No action may be taken upon a matter raised under this item until the matter has been included on a successive agenda pursuant to the required procedures at the discretion of the City in accordance with applicable law and identified as an action item.

Municipal Code: 1-6-11: MANNER OF ADDRESSING BOARD; TIME LIMIT:

Each person addressing the board shall first give his name and address for the records, and unless further time is granted by the presiding officer, shall limit his address to five (5) minutes. All remarks shall be addressed to the board as a body and not to any member thereof. No person, other than the mayor, the members of the board and the person having the floor, shall be permitted to enter into any discussion, either directly or through a member of the board, without the permission of the presiding officer. No question shall be asked except through the presiding officer. (Ord. 81, 9-10-1975, eff. 9-17-1975)

PUBLIC COMMENT MAY BE TAKEN DURING DISCUSSION OF INDIVIDUAL AGENDA ITEMS.

- ❖ Brandy Holbrook stated that she has been in contact with the administration in Carlin schools to inquire how to get the school open. She has also emailed the Board of Trustees and Carlin presented a full open plan of K-12 for next quarter. The School District stated that they couldn't start earlier than November 9th. She stated when she talked to the kids, they weren't mentally doing well through virtual. The reopening plan was just the start. She heard that they are going to have substitute issues so they need people to step up to become substitutes. She stated that we need to bridge the gap between the school and the community to ensure our school has the resources to reopen and to work together beyond COVID.
- ❖ Tabitha Rowe stated that she has talked to the administrator several times and has had a lack of communication with him. He gives vague answers and throws issues back on the teachers. He is the administrator; he should know what's going on with the system. He refuses to give direct answers. The teachers have been really great but their hands are tied. Maybe there are different communication tactics that we can take with him, but he has been less than cooperative.

2. Council Member Reports (Non-Action Item):

A) Mayor Dana Holbrook: Report on School Board Meeting

- a. Mayor Dana Holbrook stated that he watched the six-hour School Board Meeting. He stated that Carlin proposed to open full time on November 9th. The schools that did make an effort to contact the parents, 80-90% of parents did say that they wanted their kids to go back to some sort of school. They wanted them back in there. It appeared like the majority of teachers want the kids back in school. One of the things that I thought was concerning was that nobody contacted the kids to see what they wanted. I realize that they are students, but if we are going back to full time school, we have to have their input. They are the ones that are going to make this work. The teachers can do the social distancing and the mask. The students are the ones that need to cooperate and help, because if they can help, then it will work. I think there was a miss on that that they didn't get input from students. Two students

presented at the School Board Meeting and were in favor of going back to school. Another concern is that we did not have a School Board Trustee representing the Carlin district. They have done interviews. They had them there, but they hadn't appointed them, hadn't voted on them, so they hadn't got them seated. So, all of this, which is very important for our schools, we didn't have a representative sitting on that board and I'll tell you that with only six members. I'm questioning why they couldn't have had a special meeting so that they could have a member at that meeting representing Carlin. Mayor Holbrook stated that they are moving forward and that the teachers of Carlin are very supportive in trying to get this to happen, and get it to happen safely.

- b. Mayor Dana Holbrook stated that at the School Board meeting they elected Luke Gerber to the Board at the end of the meeting to represent District 3.

B) Vice Mayor Lincoln Litchfield: Report on Public Works and Fire Department

- a. Vice Mayor Lincoln Litchfield stated that he also has a report from Senator Ben he is out of District 16. Part of the conversation was being proactive instead of reactive and that being proactive is part of the key. He voiced concerns regarding the mining tax and the sage grouse besides other concerns we have here in the City.
- b. Public Works: Vice Mayor Lincoln Litchfield stated that Public Works is working on sidewalks and ADA compliant handicap ramps. The one in front of the church is complete with the exception of putting asphalt in, and Public Works is working on the rest along Main Street. That is progressing pretty much on schedule. The sprinklers are winterized at the park and they are working on normal maintenance, so just be aware that they are out there doing what they need to do to get winterized for the City. Please do not flush anything down the toilets that cannot pass through our lift stations.
- c. Fire Department: Vice Mayor Lincoln Litchfield stated that the Fire Department is concerned with people lighting their fire places since it is winter time. Make sure your chimneys are cleaned out. We don't want a chimney fire and be aware that it is a very crucial time to get prepared for winter season.

C) Councilperson Margaret Johnston: Review of City Code for Curb, Gutter, and Sidewalk.

- a. Councilperson Margaret Johnston stated that she will table it for the next meeting.

D) Councilperson Cameron Kinney: Report on Spook Walk

- a. Spook Walk: Councilperson Cameron Kinney stated that Parks and Rec had their meeting last night. The last update is that they were going to get the approval from the LEAP Board with the event. Right before that happened, the Governor changed the mandate to 250 people per event, instead of just 50, and seeing that, the LEAP Board decided that they weren't going to weigh in on the decision as to whether or not we could have our event. Our plan is to

still have the Spook Walk event. There is going to be plenty of space for everybody to spread out and there won't be any more than 250 people in one area. They are still having the sanitization stations that they need. They are still following all of the mandates of wearing masks. There are four vendors that are going to be out there during the event right now. The event will be on October 24th. I just wanted to give an update that they are having this event, we will be following the guidelines still, and that mandate that was passed by the Governor of 250 helped out with this event.

3. Farr West Presentation (For Possible Action):

A) Presentation from Farr West Engineering on CIP alternatives and possible rate adjustments:

- a. *Please refer to the City of Carlin Water and Sewer Rate Study slide show presentation attached to these minutes.*
- b. Lucas Tipton, Principal Engineer of Farr West Engineering out of Reno and Elko, Nevada. I lead our water resources department which includes the utility planning component, which is the individuals that compare rate studies, master plans, and water resource plans, hydrogeology, water rights, and GIS. This is my third time in front of Council on this kind of related topic, which is future improvements to your water and sewer systems. If you remember we prepared a couple of preliminary engineering reports and we are looking to eventually acquire possibly some outside funding to offset the costs of these improvements. Tonight, we are going to be focused on the rate study and presenting some preliminary results of the rate study since we are preparing these projects in parallel, the rate study and the funding acquisition.
- c. *Slide 2 – Tonight's Presentation:* Lucas Tipton stated that the funding acquisition, we are going to look at both the water and sewer systems, what those capital projects are, look at the four different alternatives for each system that we have developed as part of the rate study, what the proposed impacts to user rates would be according to each alternative, and hopefully discussion and direction. The goal for tonight's meeting is to select a preferred CIP Alternative for both the water and the sewer utility.
- d. *Slide 3 – Project Summary:* Lucas Tipton stated that the City has an aging water and sewer system and that infrastructure right now is putting the City at risk, both, from a health and safety standpoint and a financial standpoint, so being proactive, trying to get in front of this so you are not responding to a major water main break or failure in some sort. We also know that these costs are very high. Outside funding will likely be needed to construct these improvements. We also know that the City, at this time, does not qualify for grant funding, so we are looking at 100% loan funding for all of these, and by doing this, by doing the rate study and getting organized financially, the City is setting itself up to qualify for a lot of these programs. That started as recently as July when you set up the separate water and sewer enterprise funds, which, after the rate study will result in a separate water and sewer user rate, not tied to street lights and garbage as it is currently being assessed.

- e. *Slide 5 – How the Study Will Recommend Rates:* Lucas Tipton stated that the first step of the three main steps of the rate study is what is called the revenue requirement step and that's where we are looking at future revenues and future expenses, where we want future revenues to match expenses. We are not looking to build heavy reserves or make a profit. Really, the duty of this rate study is to recover the cost of running that system and we do not want to comingle costs of the sewer system and the water system or vice versa. After we have settled on this alternative, then we will return to the cost of service and rate design phases of the rate study and that will get more into the particulars of: Do we have a commercial rate and a residential rate? Do we have a base rate and a commodity, or kind of a per 1,000 gallons rate? But all of that needs to be based on a single revenue requirement that we agree on here.
- f. *Slide 6 – Water Assumptions:* Lucas Tipton stated that under water assumptions, our period looks over ten years or through fiscal year 2031. We have a total of 832 customers. The majority of your water customers are unmetered, so that does pigeonhole us on the types of rates and the different classes that we can create out of this, so everything you see tonight is based on everybody paying the same rate, but even if we select an alternative, we can modify that in the future as far as this project. We estimate that the water system has a current reserve of \$1,000,000 and we are not looking to build significant reserves but we also don't want to bankrupt the utility or completely deplete the reserves either.
- g. *Slide 7 – Water CIP Alternatives:* Lucas Tipton stated looking at the four CIP alternatives we have created for the water system. Alternative 1 is all of the projects that we found in the report and will give you your highest rate. Alternative 2 was no CIP projects and will give you the lowest rate as possible that keeps you afloat, but bear in mind, you won't have any improvements so it doesn't reduce your risks. Alternative 3 (externally funding top 3 priority projects) we select the top three priority projects and do a couple of different things with funding, maybe delays in the years that are implemented to see how that impacts rates. Alternative 4 (self-fund Spring 1 project and acquire funding for the next two projects) is another tweak on Alternative 3, like I said, to give you some options.
- h. *Slide 8 – Water Alternative 1: All Projects:* Lucas Tipton stated here is the water CIP with a total of nearly \$24,000,000, like I said earlier, the costs are significant. The first priority project is to replace the Spring 1 transmission main, the second is to replace the transmission mains to the water storage tanks north of I-80, the third project is to replace the section of your distribution system in the south end of town because that is your oldest section, and so forth with the other projects.
- i. *Slide 9 – Water System Improvements:* Lucas Tipton stated here is a map showing Spring 1 improvements (in yellow). Those are actually designed and ready to go to bid. This other project in red is the transmission mains to the tank. That's really the life blood of the City's water supply coming from the spring and then going to the tanks, where if either of those were to fail it

- would be a significant impact to the community. The area in purple there is the south end of the distribution system that we looked at replacing.
- j. *Slide 10 – Water Alternative 1: All Projects:* Lucas Tipton stated looking at Alternative 1, which was all projects for that whole \$24,000,000 CIP. We proposed that the City would self-fund that first project, the Spring 1 improvements, but would get outside financing for all of the remaining projects in the form of loans. This one is going to result in your highest user rate with the user rate in five years, in 2026, being \$78.81 per user per month and in ten years, in 2031, at \$103.33 (per user per month). One of the reasons for the significant increase upfront is that we don't believe that the current rate of \$32.22 was based, maybe it was in the past, but it is not currently matching your own end cost needs, so there is a significant increase that needs to be made just so that you are not in the red year over year.
 - k. *Slide 11 – Water Alternative 2: No Projects:* Lucas Tipton stated that Alternative 2 was no projects. Let's have the water system bring in revenue to match their annual operating expenses, but no reconstruct any portions of the water system. So, we started with \$1,000,000 in reserves, a goal on here is to end with \$1,000,000 in reserves that's why we actually do see some rate increases of 1% year over year there. If you say we don't have any projects, why are we having rate increases, why is it going up? If you did no rate increases, you would lose about \$700,000 over the term of this rate study by not increasing rates over that time, so that is why we do have that 1% year over year, and it's important to note with all of these alternatives that's in addition to a CPI or a Consumer Price Index increase, that's a very common index used by municipalities and utilities. It's basically the cost of inflation, it averages about 2.5% but that at least keeps you on track with rising construction costs, consumable goods costs, we have employee salaries that go up, benefits that go up, health insurance – all of your costs are going up, so if you don't do anything you are really going to be behind the ball in the future.
 - l. *Slide 12 – Water Alternative 3: Externally Fund Top 3 Priority Projects:* Lucas Tipton stated that Alternative 3 pared down that CIP a little bit down to three projects: that spring 1 project, replacing the transmission mains to the storage tanks, and that south distribution.
 - m. *Slide 13 – Water Alternative 3: Externally Fund Top 3 Priority Projects:* Lucas Tipton stated that in this alternative, we looked for outside funding for all of this \$8,447,000. You get a rate kind of in the middle from the previously two alternatives that we looked at, where in five years (2026), it would be \$68.61 per month and in ten years (2031), it would be \$82.28 per month. You would still address some of your most critical needs now and you would have a cash ending balance of \$364,000. Started at \$1,000,000 down to \$364,000 with some of that debt that you would take on to fund those projects, you would have to reserve about \$326,000 of that reserve for - the funding agreement will require you to have one year of debt payments on hand, so that \$364,000 - not all of that will be accessible for improvements or emergencies,

- but you will definitely be in better financial health at the end of this than you would be currently, but it does nearly deplete your reserves.
- n. *Slide 14 – Water Alternative 4: Self-fund SP 1 Project and Fund 2 Projects Externally:* Lucas Tipton stated that Alternative 4 is very similar to Alternative 3, except that we are proposing that the City would self-fund the spring 1 improvements with the \$1,000,000 that is currently in reserves and get financing for the two remaining projects and delay the south distribution project one year than what was proposed in Alternative 3. When these projects hit or when they get constructed that impacts the annual expenses that year and in the future, so sometimes delaying projects can help ease the impacts of these rate increases.
 - o. *Slide 15 – Water Alternative 4: Self-fund SP 1 Project and Fund 2 Projects Externally:* Lucas Tipton stated that this alternative is very similar to Alternative 3, we are a little higher in 2026 (at \$71.35) because we used the reserves right off of the bat whereas in Alternative 3, we hang onto that \$1,000,000 for a long time so you can absorb more losses. We kind of delay your rate increases, but by the end of this study period both alternatives are nearly identical (\$83.95 in 2031) and with this one we have a little more cash in the bank or reserves available with these rate increases.
 - p. *Slide 16 – Sewer Assumptions:* Lucas Tipton stated that looking at sewer we have a lot of the same assumptions as water. We have looked at a ten-year window. You have nearly the same number of customers. We are also assuming \$1,000,000 in reserves there and we are not looking to build any significant reserves with any of these alternatives.
 - q. *Slide 17 – Sewer CIP Alternatives:* Lucas Tipton stated just like water, Alternatives 1 and 2 are either all projects or no projects, and then Alternatives 3 and 4 are some type of mix, with a mix of self-funding and outside funding, and possibly delaying some projects to offset the impacts of the rate increases.
 - r. *Slide 18 – Sewer Alternative 1: All Projects:* Lucas Tipton stated here is the sewer CIP. Water was \$24,000,000, here this (sewer) is \$17,390,000, once again the costs are very significant. I want to review what the first two projects are. The sewer system condition and I/I survey, when we originally prepared the preliminary engineering report, we kind of prioritized replacement of your sewer system based on age because that was really the only variable we have to kind of say, the older the system probably the leakier it is, and right now the concern with your system is the amount of water that is coming into your waste water system, whether it's via sump pump from people's homes or it's rainfall getting into the system or there is breaks and intrusion coming in from high ground water. Lincoln mentioned the lift station earlier. All of that water is going to the lift station and so it impacts the lift station. The more water you have to move out to your waste water plant, the worse off you are, so our thought here is if we can think of ways to cut down on that infiltration it will reduce the eventual cost of that lift station replacement because instead of building a two-million gallon a day facility, maybe we are only doing a one-million gallon per day facility because we

have cut down on those inflows, because we know not all of your inflows are coming from sewer uses – from sinks and toilets and such. The idea there with that condition survey is we could camera some of your existing system and identify the pipes in the worst condition and just replace those rather than, just do masse replacing the oldest section of pipes in your system because there is a chance that some of that stuff might still be good and that's that project. The waste water treatment plant monitoring wells project, right now you have monitoring wells at your waste water treatment plant facility, but they are technically too far away from the ponds to meet the current regulation so there has been a lot of debate with NEP staff on what should be the highest priority for Carlin on their waste water system and NEP has been pushing for, at the treatment plant the idea here was, if we can spend a little money and get monitoring wells that are compliant, we could hopefully show that the ponds aren't leaking, and so we don't need to funnel money towards the treatment plant, and we can work on the collection systems and the lift station. Whereas, if it does show that the ponds are leaking, well then at least it would confirm that now we need to fix the ponds, but we think if we can cut down on those inflows – it will help save the ponds too because now we know that we don't need to move as much sludge, we have more storage. Like I said, there is a lot of benefits if we can reduce some of those inflows.

- s. *Slide 19 – Sewer System Improvements:* Lucas Tipton stated that the area in the red circle on the map is the original project phase two of replacing the oldest section of pipes. Now, after that first project, it might look a little different. We are trying to take a smarter approach to replacing your pipes rather than just replacing your oldest pipes.
- t. *Slide 20 – Sewer Alternative 1: All Projects:* Lucas Tipton stated that Alternative 1 was all projects and this assumed self-financing for Projects 1 and 2, but then outside financing for all of the others. In five years (2026) it will be \$82.45 a month, and in ten years (2031) it will be \$113.22 a month. Once again, this is the high bar, this is all of the projects.
- u. *Slide 21 – Sewer Alternative 2: No CIP Projects:* Lucas Tipton stated that Alternative 2 is no projects. Here the five-year (2026) rate goes to \$50.46 a month with the ten-year (2031) rate being \$69.46 a month. One reason that these rate increases are higher than what it was shown on the water, the one percent, because just with the CPI increases you would go into the red in your fiscal year 2030 because it basically uses \$1,200,000 of your available \$1,000,000. You would have to bail out this fund with the general fund or with something else, which we do not recommend, that's where we show increases to at least keep this fund solvent through this period, even though there are no capital projects being proposed here.
- v. *Slide 22 – Sewer Alternative 3: Self Fund Projects 1&2, Externally Fund Projects 3&4:* Lucas Tipton stated that we cut down the CIP from \$17,000,000 to just over \$9,000,000. We are assuming self-funding Projects 1 and 2, then bringing in outside financing for Projects 3 and 4. This alternative has some pretty significant delays. We delay the first three projects three years

- and the fourth project is delayed four years, once again, to help you with rate increases to help give you an alternative with a different view.
- w. *Slide 23 – Sewer Alternative 3: Self Fund Projects 1&2, Externally Fund Projects 3&4:* Lucas Tipton stated that the five-year (2026) rate would be \$62.78 with the ten-year (2031) rate at \$78.42 a month.
 - x. *Slide 24 – Sewer Alternative 4: Self Fund Projects 1&2, Externally Fund Project 3:* Lucas Tipton stated that Alternative 4 is very similar to Alternative 3, but has less projects. This does not have the lift station and the force main replacement, but these projects are constructed sooner, and even though it has less projects you see that the rates are actually higher here, that's because we delayed projects so much in Alternative 3 that you were able to hang onto some of your existing reserves longer, where with that self-funding, you need to take some high rate increases early to keep you, solvent here.
 - y. *Slide 25 – Sewer Alternative 4: Self Fund Projects 1&2, Externally Fund Project 3:* Lucas Tipton stated that you are looking at \$66.45 in 2026 and \$99.64 in 2031, but this does keep you on schedule on when these projects would be constructed.
 - z. *Slide 26 – Water Alternative Comparison:* Lucas Tipton stated that here is the gist of all four alternative, looking at what the current rate is and what the rate would be in five years and what the rate would be in ten years. One thing I would say is that with this, no matter what alternative you choose, nothing ties you to a specific rate tonight. If you chose Alternative 2, it doesn't mean that it has to be \$51.30 in five years, like I said, we are going to do some further refinement as part of this rate study project, but it is going to be in that ballpark. Also, even with the rate study, that ten-year rate, we are going to recommend that you reevaluate these rates in five years anyway. I would concentrate a little bit more on the five-year rate than the ten-year rate, but we are trying to give you that broad picture because you do have some significant improvements ahead of you, and you are not going to be able to do them all at once. You are going to need that ten years.
 - aa. *Slide 27 – CIP Alternative Comparison Water:* Lucas Tipton stated that on the pros and cons of these alternatives. One good thing about looking at outside financing right now is that rates are historically low. We assumed a four-year term at 2.5%. I know in Storey County, Nevada we just closed some loans at 1.1%, but because we don't know when these projects are going to go, we still have to stay a little bit conservative there, but there is a chance, if we are able to get funding within the next six months that we could see an interest rate below 2%. With Alternative 2, it does have our lowest rates, but it does nothing to reduce risk to the City in terms of our utilities, and if you were to pursue that in five to ten years, you may not be in financial shape to qualify for external funding because you have been just scraping by.
 - bb. *Slide 28 – Sewer Alternative Comparison:* Lucas Tipton stated on the sewer there is a summary of all four alternatives, trying to give you a smattering of different options. A little bit highish, but that's kind of the direction that you gave us previously, was that you would like to see a few different looks of this. To me, looking at the water, I think Alternative 4 is a nice blend, meets

- your needs, but on the sewer side I think it's a little bit more difficult because Alternative 4 gets your projects done sooner, which is good and helps Carlos and everyone out. It doesn't have the lift station included and I recognize that that's a significant risk and problem as well. With that, let's talk about your thoughts and questions about what was presented.
- cc. Vice Mayor Lincoln Litchfield asked about going into an improvement district for the City, because we don't have an improvement district right now in the City? Is that an alternative for us?
 - dd. Lucas Tipton stated to be a general improvement district, I don't think it would change. I am trying to think if there are any costs, any reason you are experiencing higher costs of running the utility as the City between you as a general improvement district.
 - ee. Vice Mayor Lincoln Litchfield stated that when he was in Cape Coral, they had a general improvement district for water and every running foot got assessed a certain value and everybody would pay the equal amount whether you were a homeowner, whether you were a business, whether you were a municipality. Everyone paid the same amount and you can either pay it off early, which then you revert back to whatever the rate is that we are going to decide upon, if not, then you say I'm going to pay it over the forty-year loan, then you pay whatever that is over the forty years. I was just wondering if you had thought about that also?
 - ff. Lucas Tipton stated that what I'm more familiar with is kind of a special assessment district, I know we are kind of looking at that for roads in the future for the users who have more sidewalk and road, that they would pay a little different rate, but I guess, in my experience working with general improvement districts, and city and county owned utilities is that everyone is assessed the same rate. You have those options to pay off sooner. I don't see why we couldn't offer that but it all would be based off of the same base rate.
 - gg. Vice Mayor Lincoln Litchfield asked if meters are being put in the final numbers also?
 - hh. Lucas Tipton stated no, these projects do not include meters city wide.
 - ii. Vice Mayor Lincoln Litchfield asked if it would be a flat rate for everyone then?
 - jj. Lucas Tipton stated yes, but that's an option, but that would also add cost.
 - kk. Vice Mayor Lincoln Litchfield asked with all the alternatives why wouldn't we do all three mains? Why would we leave one of the mains to the very last? If we have a break in that main, it's not as catastrophic as the first two, but it's still a break in a main.
 - ll. Lucas Tipton asked if you are looking on the water side?
 - mm. Vice Mayor Lincoln Litchfield stated yes, spring two transmission main.
 - nn. Lucas Tipton stated that the reason why spring two was left off was because you don't currently utilize spring two, so that's why it was placed at a lower priority.
 - oo. Vice Mayor Lincoln Litchfield asked why would we not want to put the most risk to the City as number one, with it being the main transmission line that

- goes underneath I-80? If that one breaks close to I-80, it's pretty catastrophic, why would we put that number two?
- pp. Public Works Director Carlos Esparza stated first off, or foremost, it was because we are having more issues with the spring line coming to the park. That's the one we have had at least three breaks in the last five years. It was almost a flip of a coin on bidding on them because they both need to be replaced, but that was the only reason why.
- qq. Councilperson Margaret Johnston asked if we had the year that they put the one under the highway?
- rr. Public Works Director Carlos Esparza stated that he believes he saw 1980, in the mid-80s sometime.
- ss. Vice Mayor Lincoln Litchfield stated so they are forty years old?
- tt. Public Works Director Carlos Esparza stated that they are both important. The spring over at the park got put ahead of the other one simply because we have had more breaks.
- uu. Lucas Tipton stated that he agreed with Carlos, when they all add to that, why we staggered them this way was political. It speaks better to funding agencies. It was low cost on the spring one and that if we are proposing that the City self-funds that, they look at that favorably, like the City is being proactive and funding some of their own improvements, so now I'm going to come in and help them out with these bigger costs that they can't afford. Whereas, if you don't do anything, sometimes, and this was more coming from the state revolving fund than from the USDA, who we are now targeting for funding for this, but it was mentioned by them, so we said hey if this helps them let's do it that way.
- vv. Vice Mayor Lincoln Litchfield asked is there anything going to be put in reserve for twenty, thirty, forty years down the road when we are in the same boat again?
- ww. Councilperson Margaret Johnston stated if we follow the CPI and increasing it all the way along it should cover itself, we will be doing it the right way then.
- xx. Vice Mayor Lincoln Litchfield stated not if we go on Alternative 3, 4, or 2.
- yy. Lucas Tipton stated that the CPI is a good practice, but you are correct, we are not proposing setting aside funds for depreciation, so that you have, you know \$3,500,000 on hand for the next time you need to replace the transmission mains going to the tanks, but because it is a forty year loan, those improvements should last more than fifty years and so after that loan is paid off, it will be revenue that is coming in for that loan payment, which you can then reallocate to then build those reserves.
- zz. Councilperson Margaret Johnston asked if we are replacing spring one ourselves, and it's an existing line, we shouldn't have as many surveys and all of the environmental stuff because it's replacing the existing line, correct? And we are funding it ourselves, so we are not going through lenders that we have to go through their hoops and loops for, right?
- aaa. Lucas Tipton stated yes, so the permitting, it's still a water system project, we will have to get a permit through the Bureau of Safe Drinking Water. I

don't think there is any significant environmental permitting that is required with it. That design is actually already done. You need permission to design for that project. It's ready to hit the streets for bidding, and we see that one as a real, you know in five weeks that project could be bid and you could be pursuing those improvements, if you want.

bbb. Councilperson Pam Griswold asked why Carlin isn't eligible for grants on this? Is it because of the income here?

ccc. Lucas Tipton stated correct, your median household income does exceed the state MHI. We haven't fully engaged the agency, with even some of these stimulus packages and things that come out they are making more and more exceptions. That's all the more reason why we want to start to have a clear-cut plan, and so that we can start going to these agencies and see what's the best deal for Carlin here with these projects.

ddd. Councilperson Margaret Johnston stated that she can agree that we do have a good income in Carlin here, but what she can't agree with is the price of it because you are saying we have seven hundred households that are supposed to pay this money, so the numbers, even though that's the way the state does it is beyond me. You can't say that seven hundred and some odd houses should pay for \$23,000,000. It just kills me.

eee. Mayor Dana Holbrook stated that on that you sort of have to hope a little bit that because of the stimulus funding, some of this, that if we get everything that we are saying we are going to do this, like we are getting set up, I honestly think the interest rates, I think right now is a good time to do it. If we can get a few projects locked in and get the funding, in the long run we are going to be saving and it's just unfortunate that we are – we are going to have to do it regardless, we are going to have to raise rates.

fff. Vice Mayor Lincoln Litchfield stated that he sat on Council during the last two rate increases and the concern by some of the members at that time were our senior citizens and how they could absorb a quarter, twenty-five cents increase, and here is the proof that we have to absorb it. It's not to the point where we can kick this can down the road any further. It's we have to do something now and unfortunately it has come to this right here.

ggg. Councilperson Margaret Johnston stated that there is some federal help for seniors too in water and utility funding available.

hhh. Councilperson Cameron Kinney stated that you said that we don't apply for some of the grant funding because of the way our sewer and water were set up in the past. Now that they are separated how long would it take before we would be eligible for that grant funding now that we have that separation?

iii. Lucas Tipton stated that I think the biggest obstacle with the grant funding is the MHI, but the state revolving fund program has said that you don't have enough financial history with separate funds to qualify for their programs either, that's a 100% loan. I would assume at least five years there. The USDA has indicated that by doing this rate study and documenting it, they are willing to fund improvements because we are showing it on paper that this should work.

- jjj. Councilperson Cameron Kinney asked that the MHI would come first, then that would kind of be the secondary, so in the future there is a potential because we have separated our funds? That we could qualify for other grant funding that would change some of this as well in the future?
- kkk. Lucas Tipton stated correct, other items that impact your grant funding eligibility is compliance issues. If you have an outstanding compliance order or by notice of violation. A lot of these organizations use a point system and that gives you more points where you would then, if you have fifty points, then you would qualify for a portion of grant or principal forgiveness. Now that mainly is in the state revolving fund, which, right now we are not targeting.
- lll. Mayor Dana Holbrook stated that he liked Alternative 4 for water and Alternative 3 for sewer.
- mmm. Vice Mayor Lincoln Litchfield stated that he was leaning more towards Alternatives 1 and 1, but when you brought up the five year, that we get those first couple done and then we have a history of separate funds and stuff like that, we could maybe pursue a grant and stuff like that, so I'm with you Mayor, except that I like Alternatives 3 and 3.
- nnn. Mayor Dana Holbrook stated why I liked Water Alternative 4 over 3 is because we are set to start a project and we have the money budgeted, so if we go to Alternatives 3 and 3, then we could be looking for financing and we are not sure if we could actually get it. Whereas, we know right now if we do Alternative 4, we could start working on getting bids. We aren't waiting for funding, correct?
- ooo. Lucas Tipton stated yes.
- ppp. Vice Mayor Lincoln Litchfield asked if both Alternatives 3 and 3 are self-funded? On the sewer it would be projects 1 and 2, and on the water side it would be project 1, right?
- qqq. Lucas Tipton stated that projects 1 and 2 are self-funded on the sewer side and on the water side, under Alternative 3, all projects were outside funding. Water Alternative 4 was self-fund project 1 and outside funding for projects 2 and 3.
- rrr. Vice Mayor Lincoln Litchfield stated that he stands corrected. He wants Alternative 4 for water and Alternative 3 for sewer.
- sss. Councilperson Margaret Johnston stated that she would like to see the results of the cameras going through the pipes too before we make a lot of decisions and see what they come up with.
- ttt. Mayor Dana Holbrook stated that tonight will be giving you a direction and then each project is going to be coming back and before us before we do it the Council has to approve it.
- uuu. Lucas Tipton stated that this helps us (Farr West) and we also have another task order for funding acquisition, so now with this we can refine some of these cost estimates and refine some of the scopes of these projects with those project dollars and start approaching funding agencies because they might say I can give you a better rate if there is a little bit more on this project or now it's limited to five-million or I want to do a joint water and sewer.

They are not used car dealers, but there are nuances to their programs and based on the other communities that didn't take money or that there are leftover funds. They can do different things at different times of the year and you never really know until you go and engage them.

vvv. Ferron Konakis stated that when he was an engineer with Farr West engineering. At one time, from 1986-2006 he was an engineer for Elko, NV. They did something similar, by choosing an alternative to plan out of our major capital projects and what happened is during that mining boom, we had other projects come up, like Walmart moved into an area or Home Depot or you get a shopping center. Every year, what we would do is reevaluate those and shift them around because they could change. Over ten years you are probably going to get some projects that fall a little bit on the priority list and some that might jump up. I think this is a really good way to go. It's kind of something that we did back a long time ago, but every year we would reevaluate. We would update the plan yearly and we would keep a one-year, a five-year, and a ten-year plan. If you look at that plan over time, some of those projects would shift. It worked really well though. It kept us aligned during that whole process so we could adjust our rates to be able to match growth and depreciation on the system, new projects, and project replacement. Yearly, I would just update that list.

www. Lucas Tipton stated that this whole ordinance with this rate study will probably read as up to this amount in these years, but the city manager will take a report to you every June and say we are projected to go to \$49.30 next year, but actually, this project is a little delayed, it's not going to happen, so let's leave it at \$47.62 through next year and you will have some flexibility. It doesn't tie you to these rates.

xxx. Councilperson Cameron Kinney asked Public Works Director what the priority for the sewer was before the development could go in across the freeway?

yyy. Public Works Director Carlos Esparza stated that they would need a lift station and there were requirements on the water side with the developer, they would need a water storage tank and some added pumps.

zzz. Councilperson Cameron Kinney stated that would be an example of something that would cause these projects to be shifted, if we had a development come in, we would have to move that up on the priority list on the lift station. I think that was in Alternative 3, I believe.

aaaa. Lucas Tipton stated yes, if a development came in and said we want to help out. There is a lot of different ways you could go with a development agreement, but let's say that we want to provide \$1,000,000 or 50% of it, we will get paid back as the system extends to the north and maybe their development will spur more development, and maybe that project moves from 2025 to 2022. It can change. All of this is flexible and really, we are creating this whole financial model for your utilities and where we can run these scenarios on a yearly basis or even as a development-by-development basis. We can get you answers fairly quickly.

bbbb. Vice Mayor Lincoln Litchfield asked on the survey of the sewer, on priority number one, replacing pipes, is that a high \$7,000,000 or is that midrange?

cccc. Lucas Tipton stated that \$7,000,000 came from the quantity shown in that original boundary, but this was when we first started reviewing that Preliminary Engineering Report. I now view that \$7,000,000 as a placeholder and we will have to see what the pipes look like and what the bang for the buck is, how much I&I we are going to reduce by replacing those pipes and can we fit it within that \$7,000,000. Maybe it is \$5,000,000, maybe you pay for \$5,000,000, you do reduce 80% of your I and I and the remaining 20% isn't worth chasing.

dddd. No Action Taken.

B) Review, discussion, and possible direction to staff and Farr West Engineering on how to proceed with the City of Carlin Rate Study and funding agency engagement.

- a. Councilperson Cameron Kinney stated that he kind of agreed with Alternative 4 for the water and Alternative 3 for the sewer.
- b. Mayor Dana Holbrook stated that was what he kind of wanted.
- c. Councilperson Cameron Kinney stated that the only thing with Alternative 4 for the sewer is because it puts it up on the timeline because we wouldn't start any sewer system I&I surveying until 2024, whereas in Alternative 4 it would be next year that we start surveying for the sewer. That would be my only comment on it.
- d. Mayor Dana Holbrook stated that he does see those sewer lines as a priority.
- e. Councilperson Cameron Kinney stated that it does increase the rate a lot faster, the same for 2021 and 2022, but then in 2023 you see the bigger increase for Alternative 4, but I would say that it would be more beneficial to look at the pipes in the sewer than waiting a longer period of time.
- f. Lucas Tipton stated that he agreed with Councilperson Kinney. I really like that about Sewer Alternative 4, is the timing, and I would say that just because Alternative 4 doesn't have the lift station in it, doesn't mean that it couldn't be in it. So maybe it's a \$5,000,000 replacement project and a \$2,000,000 replacement project for \$7,000,000. It's more of that \$7,000,000 placeholder of a project that you are funding externally, and maybe based on the terms you could pull \$8,000,000 with better terms than we were showing before for \$7,000,000 and that could get you pretty much the Sewer Priority 1 Project and your lift station. This doesn't pigeon hole you either that these are the only projects that you can construct. You can still look at a lift station project under Alternative 4.
- g. Councilperson Pam Griswold stated that she liked the idea of doing a lift station in Alternative 4 better because she liked the timeframe of 2021 and then having the lift station going in like it was going in on Project 3. Instead of having it back so late.
- h. Mayor Dana Holbrook stated that they will probably need to be adjusted, and he agrees that they need to get that I&I done sooner rather than later, so he is leaning towards Sewer Alternative 4.

- i. Vice Mayor Lincoln Litchfield made a Motion to direct staff and Farr West Engineering on the procedure to follow for the City of Carlin rate study and funding agency engagement of Water Alternative Number 4, which had the self-funding for Project Number 1, and Sewer Alternative Number 4 with the self-funding of Number 1 and Number 2. Councilperson Cameron Kinney seconded. Motion passed.*

4. Opinion Request (For Possible Action):

- A) Review, discussion, and possible action on an agenda request requesting an opinion from the City Council for a variance on 900 14th Street, and all related matters.
 - a. No Action Taken.*

5. Chief of Police Negotiation (For Possible Action):

- A) Possible discussion, deliberation, consideration, review, entering into a contract and/or further action of potential Chief of Police candidate Lt. Kevin McKinney's response letter to the offer of employment made by the City of Carlin City Council, and all related matters.
 - a. City Manager Madison Mahon stated that she has a 241 waiver.
 - b. Vice Mayor Lincoln Litchfield made a Motion to amend the contract for potential Chief of Police candidate Lt. Kevin McKinney to on his pay, that after the third year it would be a regular rate increase and that we would include a vehicle to go back and forth between Elko and Carlin. Councilperson Pam Griswold seconded. Motion Passed. Mayor Dana Holbrook, Vice Mayor Lincoln Litchfield, Councilperson Cameron Kinney, and Councilperson Pam Griswold were in favor. Councilperson Margaret Johnston was not in favor. Motion passed.*

6. APPROVAL of Expenditures (For Possible Action):

- A) Review, discussion, and possible approval of City expenditures for the period of 09/19/2020-10/09/2020, and all related matters. The expenditure list can be requested by emailing City Manager Madison Mahon.
 - a. Councilperson Cameron Kinney made a Motion to approve the City expenditures for the period of 09/19/2020-10/09/2020 and all related matters. Vice Mayor Lincoln Litchfield seconded. Motion passed.*


7. PUBLIC COMMENTS: (Non-Action Item)

- A) Pursuant to NRS 241.020(2)(D)(3)(I & II) this time is devoted to comments by the general public and possible discussion of those comments. No action may be taken upon a matter raised under this item until the matter has been included on a successive agenda pursuant to the required procedures at the discretion of the City in accordance with applicable law and identified as an action item.
 - a. No Public Comment.

8. Adjournment (For Possible Action):

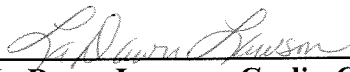
- a. Councilperson Cameron Kinney made a Motion to adjourn. Vice Mayor Lincoln Litchfield seconded. The Motion passed.*

Approved:



Mayor Dana Holbrook

Attest



LaDawn Lawson, Carlin City Clerk