



ANNUAL REPORT 2018

City of Fernley

www.cityoffernley.org

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Mission

It is the mission of the City of Fernley to provide all municipal services in a proactive, innovative, and fiscally responsible way to continue to enhance the community's quality of life, provide a high level of responsive local government services, and promote future prosperity and the balanced growth of the community.

Vision

It is the vision of the City of Fernley to deliver and provide public services in a way that is fiscally stable and results in a safe, responsive, forward-thinking, and collaborative community. The City of Fernley strives to be an organization that is responsive to change and public needs by being proactive rather than reactive and to aspire and excel at providing enhanced and excellent municipal services.

Core Values:

Trust, Innovation, and Engagement through Communication

City Council Priorities

On December 7, 2017, City Council directed staff to continue the previous fiscal year's priorities of revenue analysis and asset management with a focus on planning and plan implementation for the upcoming year (FY18/19).

Long-Term Planning

The City has established many long-range plans. In 2017/2018, the Fernley City Council directed staff to pursue priorities of Asset Management and Funding Plans with a focus on fees and alternative revenue generation tools to support the FY 2017-2021 Strategic Plan for the General Fund and Water and Sewer Enterprise Funds.

The following were completed to address these priorities:

Preliminary Redevelopment Feasibility Study

The Fernley City Council commissioned a study in 2015 to determine the existence of blight conditions within the City. At the unanimous direction of the Fernley City Council, the University Center for Economic Development in the College of Business at the University of Nevada, Reno, prepared a comprehensive study which describes blight conditions within the City and identified the feasibility of redevelopment opportunities in the community. These identified areas could potentially be considered for inclusion into a future redevelopment project area as defined by Nevada Revised Statutes, Chapter 279 Redevelopment of Communities.

The UCED completed this study in January 2016. For a proposed study area to be eligible for inclusion into a redevelopment project area, the legislative body (City Council) must, in part, determine that the project area is financially and economically feasible.

Five separate geographic areas were selected including:

- Historic Downtown
- Industrial Area
- Residential Area
- West Development Area
- East Development Area

In April 2016, the City Council unanimously voted to move forward with a request of proposal of a possible area within the City of Fernley that could potentially include a possible redevelopment project area.

On December 21, 2016, the City Council approved a contract with the University Center for Economic Development to conduct a redevelopment planning study for the City of Fernley.

In June 2017, City Council unanimously adopted Resolution 17-008, a resolution to direct staff to examine, explore, and assess the feasibility of establishing a redevelopment area and a redevelopment agency for the City of Fernley as laid out in Nevada Revised Statute Chapter 279 with the expectation that staff reach out to key stakeholders to participated in the process. UCED staff conducted the blight survey from July 13-16 and July 22-23, 2017.

In November 2017, City Council received the summaries of the blight analysis, blight survey results, the assessed value analysis for the study area, and the socio-demographic and economic analysis. Several community workshops were held to engage both internal and external stakeholders during the formation process. These workshops were held on:

- August 18, 2017
- January 27, 2018
- February 5, 2018
- February 10, 2018
- February 26, 2018

In addition to the community workshops, the City reached out to external stakeholders and held a meeting on October 3, 2018. The purpose of this meeting was to seek input on the draft Redevelopment Plan and draft Owner Participation Agreement/Ruse. Representatives from Lyon County, Lyon County School District, North Lyon Fire Protection District, Fernley Pool District, and the State of Nevada were all invited to the meeting.

On October 17, 2018, City Council unanimously adopted Resolution 18-003, a resolution relating to community development; creating a redevelopment agency pursuant to Nevada Revised Statute 279.428; providing for the functions and duties of said agency; providing for an effective date. This Resolution created the Redevelopment Agency, which allows the Agency to complete the required process as established in NRS 279.

The process will continue with an adoption of the Preliminary Redevelopment Plan and the Preliminary Owner Participation Agreement/Rules. If successful, day one of the Fernley Redevelopment Agency will be May 2019.

Parks Master Plan

The primary purpose of the Parks Master Plan update is to ensure the City's fiscal resources are appropriately utilized and that parks, trails, and open spaces meet the needs of the community and enhance the quality of life for residents. This plan provides recommendations for funding, a list of improvements for short and long-term implementation, and a high-level of review and recommendations for operations and maintenance. The plan was adopted in September 2017, and funding has been allocated in the FY 2018/2019 to begin implementation.

City's Master Plan

Staff appropriated \$100,000 in FY 2017/2018 to update the Master Plan. The Master Plan contains guiding principles, goals, policies, implementation strategies, and various supporting maps, including a land use plan map. These components of the Master Plan will guide future decisions related to development and planning use, natural resources, mobility, infrastructure, public services, and other issues of interest to the City and its citizens as the community experiences new growth and development. City Council adopted Resolution 2018-011, certifying the Planning Commission's approval of the Master Plan amendment associated with MPA 2018-002 to adopt the City of Fernley Comprehensive Master Plan and repealing the existing comprehensive Master Plan.

Growth and Development

The City of Fernley adopted Resolution 17-020 establishing policies related to new development. How and where the City of Fernley chooses to grow has a direct impact on revenues and the City's ability to provide services to residents. Providing for the timely, orderly, and efficient arrangements of adequate public facilities and infrastructure that support existing and planned land use patterns densities will benefit the residents of Fernley by ensuring any development will be fiscally sustainable. Focusing planning efforts on fiscally sustainable development will, at the very least, help to preserve and maintain the quality of life indicators.

Communication Plan

A strategic communications plan was developed in coordination with the organizational strategic plan. This effort was in response to the challenges within the City of Fernley related to growth and development and the need for new or expanded service delivery. Along with the increased demand for public services from area residents, property owners, and businesses is a growing insistence of increased awareness regarding the City's policies, actions, implementation, and administration. The plan was accepted in September 2017, with a two-year planning horizon of FY 2018 - 2020. The following items have been implemented from the Communications Plan:

- A CIP Committee has been implemented, which includes internal staff to develop a strategy for implementing a process for review of Capital Improvement Projects and determine a long-term strategy for infrastructure sustainability.
- The legislative team is appointed annually and includes members of staff, contracted lobbyists, two council members, and the Mayor.
- An internal Customer Service Team has been created. They are responsible for assessing both internal and external customer service needs. They have revamped the customer service survey and established a process to review areas of improvement and accomplishments. They have developed a welcome letter to be distributed to new customers that provides information on city departments.

- Community Liaison Officer/Government Information Officer duties are managed in the City Manager's office.
- A formal media policy and social media policy has been established.
- Communication training opportunities are provided, and staff attends. We will continue to look for more opportunities as they become available.
- The City has a Facebook page on which information is provided about various City projects and issues.
- The City has implemented a quarterly newsletter that is distributed in the utility bills as well as on the City's website and social media.
- The Citizen's Academy is an annual program that is provided each February. The program lasts 7 weeks and provides citizens with information about all the City Departments. Approximately 80 citizens have completed this program over the past 2 years.
- The Coffee with the Mayor is held quarterly. This is an opportunity for the Mayor to share information about various topics within the City.
- Information is shared at many service groups throughout the year including Rotary, the Chamber of Commerce, Fernley Builders Association, and others. This will continue to keep the public informed about various topics.

Communication will continue as outlined in the Communication Plan for FY 19/20.

Water Resource Plan

City Council set water management as a top priority in the Water Enterprise Fund for the last several years. Water resources are critical to the City of Fernley's future. Staff is working on developing a basic Water Resource Plan focusing on limited resources in managing the water resource program. This plan will officially document and provide policy related to the City's ability to provide a sustainable water supply to customers in periods of above and below precipitation. Plan development began during FY 2017/18 and additional funding was provided in FY 2018/19. Funding for this project comes from "in-lieu-of fees," that were collected and set aside specifically to expand the use of surface water within the City. A Water Resource Plan provides policy related to the City's ability to provide sustainable water supply to customers and will address source water reliability, management of water resources, future water resources, and water rights. The plan will be completed by June 2019.

Water Conservation Plan

The Bureau of Reclamation reviewed the City of Fernley Water Conservation Plan and it meets the requirements contained in the Mid-Pacific Region's 2014 Standard Criteria. The Plan shall be revised at five-year intervals beginning October 1, 2022.

Asset Management Plan

Pursuant to the priorities set by City Council, staff continues to work with VueWorks to identify the City's needs regarding the City's asset management systems and available data. Staff is in the process of obtaining a quote for a GAP analysis, which will provide the scope for future needs. A timeline and budget request will be submitted once a quote is received.

Transportation Plan

The City of Fernley has never had a transportation master plan. The Comprehensive Plan adopted in 2005 indicated that the City shall create and adopt a transportation master plan, but it was never completed. A transportation master plan is a guiding document for how

vehicular and pedestrian traffic move through the community. It is a critical document for any community and is extremely helpful when dealing with proposed development. This project will pay for a consultant to assess the City's current infrastructure and create a master plan for future projects. Funding was provided in the FY 2018/2019 budget for the completion of this plan.

ADA Transition Plan Infrastructure Survey and Inventory

In February 2016, the Nevada Department of Transportation's (NDOTs) ADA Transition Plan was approved by the Federal Highway Administration (FHWA). As part of the approved plan, NDOT is required to ensure any Local Public Agency (LPA) that currently receives FHWA funds (or anticipates receiving FHWA funds in the future) has an approved transition plan. Therefore, the City is required to develop an ADA Transition Plan that will incorporate City policies, procedures, and practices to fulfill the requirements of Section 504 of the Rehabilitation Act of 1973 and Title II of the Americans with Disabilities Act of 1990. The intent of the Transition Plan is to provide information to staff, the State, citizens of the City of Fernley and other interested parties regarding the City's efforts to ensure equal accessibility to City programs, services, and facilities.

The first step in developing an ADA Transition Plan is to obtain an inventory of existing conditions for accessibility of public features on City Owned Facilities and Public Rights-of-Way. Compilation of a final ADA Transition Plan is tentatively scheduled to commence in FY 19/20.

A Contract for Engineering Services was approved by City Council on September 5, 2018, and surveys are scheduled to commence in October 2018.

Capital Improvement Plan

Management of the City of Fernley annually updates the Capital Improvement Plan required by State statute and continues to prepare the necessary facilities plans for the development of a more comprehensive Capital Improvement Plan. The Asset Management Plan and updated information in VueWorks will provide the necessary data for a more comprehensive Capital Improvement Plan.

Roads

Hardie Lane

Hardie Lane reconstruction will include curb and gutter along both sides of the roadway, as well as drainage improvements, water system improvements, sewer improvement and complete roadway construction. Safety improvements within the Right-of-Way, including traffic calming measures and coordination with Lyon County School District for on-site safety improvements, are proposed as part of this project. The project limits extend from Main Street south to north of Cottonwood Lane.

Hardie Lane is a critical North-South connector street for the City and is used to access residential homes off Hardie and for local elementary and intermediate school students. The street was in a state of disrepair with a Pavement Condition Index (PCI) of less than 25. This PCE ranking indicates that preventative maintenance is not appropriate for this roadway and reconstruction is the most effective option. Aside from the condition of the asphalt, the street has numerous safety and access issues, particularly around the elementary school. The City received CDBG Funding in 2012 for the construction of Hardie Lane from Main Street to

Dianne Way. CDBG funding is currently exhausted. The City received FHWA Funds, administered through NDOT, in December 2013. To date, costs associated with Preliminary Engineering, Right-of-Way and a portion of utilities have been expended from FHWA Project Funding.

The project will use a combination of FHWA Funds, Regional Transportation Commission (RTC) Funds, Committed (General Fund), Public Works Future Roadway Improvements, per City of Fernley Resolution 13-014 and 14-014, Water Enterprise Fund, Wastewater Enterprise Fund and a portion of the Capital Fund.

The construction is in progress with an expected completion date of Fall 2019.

Farm District Road Multiuse Path Phase II

The City was approved for grant funding to construct an additional multi-use path along Farm District Road. The path will extend down Farm District Road from the existing multi-use path that currently ends at Crimson Road (past Cottonwood Elementary School) and will extend east to Jasmine Lane. The path will be ten feet wide and separated from the main roadway by at least five feet. The design of the path as well as the construction administration will be completed by NDOT.

The proposed multi-use path will provide a safe passage for pedestrians and bicyclists from Silverland Middle School and surrounding neighborhoods into the center of the community.

The City will be required to pay NDOT \$215,000 as part of the grant agreement. The total cost of the project is estimated to be \$1,653,800. The City will also be responsible for all costs not eligible for grant funding and all costs more than the total grant budget.

PMP Project, Truckee River Ranch, Silverland Estates, Desert Bluffs

This project is to complete appropriate maintenance treatments for streets that have been selected by Staff using key parameters of the City of Fernley Pavement Management Program, Resolution 2015-008, adopted by City Council September 16, 2015. The Pavement Management Program (PMP) provides staff the necessary direction to move forward effectively with pavement preservation projects, and ensures all stakeholders understand project selection.

The annual slurry project associated with the City's Pavement Management Project was implemented in Spring 2016. Three slurry projects have occurred between 2016 - 2018, with an approved budget allocation of \$500,000 per year. This has allowed the City to completed preventative maintenance treatments on just under 25% of the City's total paved network. The original five-year plan for the annual slurry project proposed funding in the amount of \$500,000 per year for the first three years (through FY 17/18), and \$1.2 Million for the next subsequent two years. Due to delayed construction of the Hardie Lane Roadway Reconstruction Project, staff requested \$500,000 for FY 2018/2019.

The FY 18/19 project will consider application of appropriate maintenance for residential streets within the Truckee River Ranch, Silverland Estates, Country Ranch 2 and Desert Bluffs subdivisions.

Annual Crack Repair, Monitoring and Maintenance

Within the industrial park on the northeast side of Fernley, streets such as East Newlands Drive, Nevada Pacific Parkway, and Stanley Drive have extensive transverse and longitudinal shrinkage cracks, that range in width up to approximately twelve inches. In general, cracks within this area exceeding a width of two inches are repaired through the City's Annual Wide Crack Program (previously, the East Newlands Drive Crack Repair, Monitoring and Maintenance Program).

The only permanent solution to the severe cracking exhibited in this AC behavior, is to fully remove the existing AC surfaces and reconstruct the roadways (from curb to curb). This is a costly proposition for the City, with previous cost estimates ranging between \$5 and \$10 Million. To improve ride quality and safety for motorists, the City has chosen to manage the wide cracks as part of the yearly pavement maintenance program until sufficient funding is available to replace problem pavements. Since crack widths continue to expand, additional maintenance (and associated costs) will be required on an annual basis to address settlement of previous crack repairs and to repair previously unaddressed cracks that have grown to a minimum width exceeding two inches.

The City has completed wide crack repairs for the AC crack prevalent in East Newlands Drive, Nevada Pacific Parkway, and other areas of the City, during the last three fiscal years. The FY 14/15 project completed repairs on 10,276 linear feet (LF) (just under two (2) miles), of cracks in the City's industrial area, including: East Newlands Drive, Nevada Pacific Parkway and Stanley Drive. The FY 15/16 project was expanded to include crack repairs on residential streets exhibiting similar wide crack distresses. 5,177 LF (just under one (1) miles) of crack repair in the City's industrial area and a portion of the Golf Course area were completed in FY 15/16. The FY 16/17 project completed approximately 7,027 LF of wide crack repairs in the Upland Ranch Estates and Country Ranch Estates areas.

For the FY 18/19 Annual Crack Repair Project, staff proposed construction of a slurry seal test section of East Newlands Drive. The test section will include a portion of East Newlands Drive, from Stanley Drive to Lyon Drive. The slurry will be installed over repairs completed in previous fiscal years, with the addition of an HMA cap prior to installation of the slurry. The performance of the test section will be monitored and will provide staff with an indication of the potential effectiveness of applying a slurry to the remaining portion of East Newlands Drive, and other streets that have received wide crack repairs.

FY17/18 PMP Assessment, Analysis and Final Report

This project updated the City's StreetSaver Database that is used to track the Pavement Condition Index (PCI) of the City's Street Network.

Project complete.

FY 17/18 Maintenance Project

This project is to complete appropriate maintenance treatments for streets that have been selected using key parameters of the City of Fernley Pavement Management Program, Resolution 2015-008, adopted September 16, 2015. The project area proposed included maintenance treatments for selected streets within the Truckee River Ranch subdivision, Desert Lakes subdivision and possibly Desert Springs, Country Ranch Estates and Country Ranch 2 subdivisions, along with pavement located at selected City Facilities, including the Water Treatment Plant.

Project complete.

Storm Drains

Retention Basin Maintenance

Retention basins are designed to be filled with excess storm water during storm events to ensure a functional storm water system, protect life and health of the community, minimize property damage and protect water quality. Basins treat incoming storm water runoff by allowing particles to settle and plant life to take up nutrients. Basic maintenance items, such as vegetation management, debris and litter removal, etc. should be routinely addressed for city-owned basins to function properly. Current staff of 4 FTE is not adequate to address 45 citywide basins (22 owned by the city currently).

Planning for a retention basin maintenance program is currently in progress to maintain an acceptable condition for existing city-owned/maintained basins. \$50,000 was allocated in FY 18/19. The Homeowners Association in Southwest Meadows brought two basins into as-built conditions, and the Fernley City Council accepted the basins with staff recommendations.

Vegetation removal and site improvements have been completed on three (3) retention basins this year including Cloud Drive, Hardie Lane, and Southwest Meadows. Staff is currently in the planning stages for two larger scale improvement projects located on Canary Circle, which will be completed before June 30, 2019.

Depot Community Campus

Community Center Preliminary Design

Funding is for the conceptual design of the future multi-purpose Fernley Depot Campus, including a strong focus on community outreach and visioning for the facility. This project will run concurrent with the design and construction of the new Lyon County Senior Center and Human Services Center, which is to be built on the existing land, adjacent to the future community center. Lyon County broke ground for the Senior Center on November 20, 2018.

The City purchased the vacant 8.5 acres behind the Depot on August 2, 2017, using Transient Lodging Tax funds for \$950,000. The City purchased this land to build the new multi-purpose Community Center. The City has created working group of key stakeholders including Lyon County Manager's Office, Lyon County Human Services (and Senior Center), Lyon County Sheriff's Office, Lyon County School District, Western Nevada College, and the Boys and Girls Club of Truckee Meadows. Additionally, a group of dedicated residents have formed the Fernley Community Foundation to garner support and resources for the completion of the project.

The partnership with Lyon County has helped in establishing a new Senior Center, which broke ground in November 2018. The facility is scheduled for completion in December 2019.

Depot Sewer Lateral Construction and Site Design

This project is funded by a Community Development Block Grant and will be completed in two phases. The first phase will construct the sewer main extension that will extend from the north side of Main Street and terminate next to the Train Depot property. The second phase will complete the design for the site improvements required to construct a restroom and kitchen facility on the Train Depot property. Further grant funding will be required to buy a

prefabricated restroom facility and to complete the site improvements. The site improvements will include, but are not limited to: foundation construction, utility connections for the new building, sidewalk and other concrete flatwork required to provide ADA compliant access, and any required drainage improvements to the site.

Depot Roof Replacement

The project will install new roofing on the train depot building (built 1914). The Train Depot is located on Main Street and is currently not open to the public. The building was moved to the current site in 1986 and upgraded with structural improvements in 1992. The current roof on the building is made up of cedar shake shingles and is badly deteriorated. There is no sheathing under the shingles so there are areas where water can easily make its way into the interior of the building. The new roofing will replace the current roofing of the building and maintain the integrity of the building. Upon further review with a structural engineer, the roof framing and trusses will require a structural evaluation before the project can move forward. Staff is currently working with a firm from our Qualified Professionals List to do the evaluation. A staff report will be forthcoming to act on the evaluation by the structural engineer. Once the analysis is done, the project can be let to bid for replacement of the roof.

Depot Lead-Based Paint Rehabilitation Project

The Train Depot is located on Main Street and is currently not open to the Public. The building was moved to the current site and upgraded with structural improvements years ago. The exterior paint was not replaced since the building was moved and was beginning to wear through the wood in some locations. To prevent further degradation, a new coat of paint was necessary. The new paint matches the historically accurate colors for the building to preserve the historic integrity of the building. A contract for construction was awarded to Fix Painting Company in an amount not to exceed \$173,000, plus a 5% contingency of \$8,650 minus Engineering Costs (\$9,580). The project was completed in May 2018.

Parks

Parks Master Plan Projects

Funding was allocated in the FY 2018-2019 budget for parks projects. Residential Construction Tax is collected from new residential dwelling units, apartment houses, and development of mobile home lots. The purpose of the Residential Construction Tax is to raise revenue to enable the City to provide parks and facilities for parks which are required by the residents. The RCT shall be used in a manner consistent with the City park plan for:

- A. Park facilities including turf, trees, irrigation, playground apparatus, playing fields, areas to be used for organized amateur sports, play areas, picnic areas, horseshoe pits, and other recreational equipment or appurtenances designed to serve the natural persons, families and small groups from the neighborhood from which the tax was collected; or
- B. The acquisition, improvement or expansion of park sites not exceeding 25 acres designed to serve the recreational needs and outdoor needs of natural persons, families and small groups.
- C. Projects will be determined in accordance with the adopted Parks Master Plan which was finalized in June 2017.

This year, the parks division provided additional landscaping at the baseball fields at Out-of-Town Park. They also replaced the turf in the ball fields. At the open space near Walgreen's

park staff completed landscape improvements including the addition of “The Greeter,” artwork, which was a partnership piece established through the Arts and Culture Task Force.

Water

Water Meter Replacement Citywide

In 2013, Public Works made the decision to begin upgrading the meter reading program to a system called “Flexnet.” The decision was made due to the large number of failing components in the current system, primarily radio read units (MXUs). The hardware and software, made by Sensus, is outdated and the warranty no longer supported by their company. MXUs are electronic components that transmit the meter reading to City trucks equipped with an antenna and a computer with the reading software installed. Currently, staff drives a route across the City to read all the meters in the City. The “Flexnet” system is an industry standard. Meter reads are taken remotely without the need for a truck mounted unit. This remote reading capability allows meters to be read in “real time.” This network will eventually require an antenna or set of antennas to relay information to a central network. New software can be used to track and graph a customer’s usage (like NV Energy graphs) which is a great tool for addressing high usage complaints and disputes.

Currently, 50 to 75 meters are being replaced per month.

Hardie Lane Waterline Replacement

This water line replacement project is for the design and construction of improvements to portions of the City’s Water Distribution System that are approaching the end of their useful service life.

The City has received multiple grants to reconstruct Hardie Lane. Design and construction of portions of the water distribution system beneath Hardie Lane should occur in conjunction with the Hardie Lane Safe Routes to School and Roadway Reconstruction improvements. Performing the work while the street is being reconstructed is economically and operationally more efficient than if it were scoped as a separate project. The City will realize savings on design and construction by including it in the Hardie Lane Project. This area of town is part of the older portion of Fernley and the infrastructure is nearing the end of its useful service life. The waterline replacement portion of the Hardie Lane Reconstruction Project includes replacement of approximately 4,500 linear feet of waterline, starting at approximately 150 feet south of Main Street and ending at Rachel Street.

Pipe Bridge Rehabilitation Construction

This project is for the construction of improvements to two (2) existing Water Distribution System pipeline crossings; one located at Ricci Lane and one at Cottonwood Lane.

The FY 16/17 Pipe Bridge Rehabilitation Project includes plans, specifications and estimates prepared by Hyytinen Engineering, LLC for repairs of the Pipe Bridge at Miller Lane, Ricci Lane, and Cottonwood Lane. Construction improvements at the Miller Lane crossing are anticipated to be complete prior to end of FY 17/18. Hyytinen’s existing contract for engineering services will need to be extended to complete construction at the remaining crossing locations. These services were not included as part of the FY 16/17 Design Phase.

A contract for construction services, including construction management, inspection and materials testing services for the project will be required as well.

EWWT Fire Line and Potable Water Main Design

The East Wastewater Treatment Plant does not have access to clean, treated drinking water. The site is served by a one-inch line that extends from one of the City's groundwater wells. The water is not treated, and the pressure is not adequate to operate in any capacity for fire prevention. This project will extend the water line from the existing water lines in Nevada Pacific Parkway out to the plant. The line will be approximately 6500 feet long and will require valves placed every 500 feet and hydrants placed every 300 feet. The line will finally provide drinking water to the wastewater employees as well as fire protection. The new waterline will also be utilized for future sludge removal processes. This project will pay for the design of the water line with the bidding and construction to occur in FY 19/20. Staff is currently reviewing the proposal received from Lumos Associates.

Peach Tank Demolition

When the Ricci Tank was installed and incorporated into the Water Distribution System (approximate date built, 1996), storage provided by the 500,000-gallon capacity Peach Tank was no longer necessary and was taken offline. When the tank was taken offline, the only isolation completed was the closure of valves. As such, the NDEP Bureau of Safe Drinking Water (BSDW) requires the tank to be flushed and sampled (typical maintenance), since the tank is physically connected to the Water Distribution System. The monthly and quarterly inspection and testing performed by the department are not very costly, however the condition of the tank is beginning to be a concern. During the last inspection of the tank interior, the interior elements of the reservoir were assessed at a consistent Rust Grade of 4, which translates to rusting to the extent of 3% to 10% of surface rusted. This project will pay for the demolition and removal of the tank.

A staff report will be presented to City Council on December 5, 2018 for the approval of a contract to Resource Development Company for the Peach Tank Demolition in an amount not to exceed \$30,500 plus a 5% contingency of \$1,525 for a total amount of \$32,025. The contract includes the demolition of the Peach Tank, 54' in diameter x 30' of welded steel material. Salvaged material as well as paint chips will be taken to Schnitzer Recycling located in Reno, NV for disposal. The contract also includes the demolition of the concrete ring wall surrounding the existing tank and removal from the site, as well as capping all existing lines satisfying Bureau of Safe Drinking Water Requirements. The contract term is through June 2019.

Improvements to Deliver and Treat Surface Water to the Water Treatment Plant

This project entails designing a preferred alternative for delivering surface water to the Fernley Water Treatment Plant. Additional services may include designing the preferred alternative upgrade to treatment plant to successfully produce drinking water to the system users. A process for a preliminary engineering analysis was completed in Fiscal Year 17/18. Additionally, the project will continue a "source water" testing program which also began in FY 17/18. The next critical path step is to complete 17% engineering plans for submittal to the Bureau of Reclamation (BOR) for consideration of an "Authorization of Use."

City Council set water management as a top priority in the Water Fund for FY 15/16. For FY 16/17 Council refined the direction to prioritize the design for construction of a delivery structure for surface water from the Truckee Canal to Fernley's water treatment plant, including potential modifications within the water treatment plant. Additional discussions/meetings and analysis of the Water Treatment Plant operations have brought to light some new and more accurate information as the City's needs have evolved in the last several years. The analysis report prepared by CDM Smith (CDM) in 2016/17 gave City

Council the ability to have the appropriate information to make an informed decision on whether to proceed with improvements to provide treated surface water to customers. The WTP was designed and built to treat both ground and surface water. Upon completion, and once commissioned into service in 2009, the WTP is substantially ready to treat surface water. Several optional components for treatment of surface water at the plant were outlined in the CDM report with probable costs being significantly lower than previously documented.

CDM prepared the City of Fernley Surface Water Treatment Alternatives Report (Report) which identified and compares alternatives for the City of Fernley to treat the existing groundwater sources and/or a new surface water source at the City's existing drinking water treatment plant. Comparative planning level cost estimates are provided for potential capital improvements and annual operations and maintenance (O&M) costs. The analysis was prepared to advance the City's understanding of the potential activities and associated costs to implement a new surface water source to diversity its drinking water supply and meet future demands that could exceed available groundwater supplies.

As of April 2017, the City of Fernley is established in the TROA program and can store water in reservoirs operated under TROA. City staff have begun the process of working with BOR to establish a path of considering alternatives to transport water from the canal to the WTP.

Surface water rights owned by the City have a diversion location at Derby Dam; diverting surface water from the Truckee River to the Truckee Canal. The City is in the process of acquiring the necessary USBR approval for use of the Newlands Project water and federal facilities (Truckee Canal, Derby Dam) to convey and divert water for municipal use. The City intends to design, construct, operate and maintain a canal outtake structure, pump station and pipeline to divert and convey surface water from the Truckee Canal to the WTP.

The scope of work for a consulting engineering firm this fiscal year will be: Survey of existing conditions, geotechnical investigation, outlet structure and pipeline design, pump station design, efficiency study (BOR required) and bidding services. The design portion and permitting is anticipated to take 6-12 months, though BOR authorization could take longer.

Additionally, staff has contracted with CDM Smith to begin the design of the interior improvements of the Water Treatment Plant. Preliminary Engineering has indicated the improvements are far less extensive than anticipated. Portions of this budget will allow CDM to prepare 100% plans for submittal to the Bureau of Safe Drinking Water for the added equipment within the plant.

Sage Ranch Booster Pump Repair Project Design and Construction

In fiscal year 17/18, staff hired a consultant to complete a preliminary engineering report that assessed the current condition of the Sage Ranch Booster Pump station and would create a plan that would bring the pump station up to the Bureau of Safe Drinking Water's standards. During the annual sanitary survey with the Bureau of Safe Drinking Water, the pump station gets recommendations on improvements since the pump station was constructed below grade (underground). The preliminary engineering report completed in FY 17/18 yielded a plan of improvements that would satisfy the Bureau of Safe Drinking Water's observations and recommendations for the pump station. This project will pay for the final design and bidding of the improvements and complete the construction of the improvements.

Shaw Engineering is working on the scope of work for the project.

Well No. 4 Transfer Switch Installation

Well number four (4) does not currently have an emergency generator with a transfer switch. In the event of a power outage, the well pump is powered by a direct drive diesel motor located inside the well house. The height of the direct drive connection places the motor higher than normal which then creates issues with the top bearings and volute of the pump shaft. Staff has had the bearings and top volute replaced on an annual basis due to the increased wear and tear of the direct drive configuration. This last year, staff removed the direct drive connection. Since it has been removed, the bearings and volute issues have gone away, but this has left the facility with no backup in the event of a power outage. This project will install a transfer switch so that a generator can be towed to the site and connected to the well in the event of an extended power outage. In the following fiscal year, staff has planned to complete a design and construction project what will purchase a backup generator, wire it onto the facility and permanently install it on site.

Fire Hydrant Replacement

The City of Fernley provides public fire hydrants for use by the North Lyon County Fire Protection District (NLCFPD) to assist in fire suppression. This includes the COF owned hydrants, auxiliary valves and supporting water supply system piping. The existing fire hydrant system is directly connected to the City's treated drinking water supply piping. As such, an interlocal contract was necessary and approved during FY 15/16, establishing the parameters and requirements for the City and NLCFD to assist in another in addressing public safety concerns (both potable water standards and fire suppression assistance), as related to Fire Hydrant Maintenance. The interlocal agreement combined with the FY 15/16 Fire Hydrant Maintenance Program, and subsequent inspection and maintenance activities, indicated the need for the fire hydrant replacement at a rate exceeding what was budgeted in the FY 15/16 O&M Water Distribution Budget. Staff is requesting this Capital Improvement Project to replace approximately ten (10) hydrants during FY 18/19. To date, 20 hydrants have been replaced. Staff will request 10 more for replacement in the upcoming fiscal year.

Water System Master Plan Update

The current water master plan was completed 10 years ago. A utility should update its master plan every five years to adjust for growth rates, inflation, development patterns, and system needs. This project will allow staff to hire a consultant to analyze the current master plan, the water treatment and distribution system, current development projects, and current planning and zoning, and future development and planning. The updated master plan will be used as a planning document to help identify and prioritize outstanding issues in the water distribution and treatment system and recommend broad, system-wide solutions. It will provide a framework for staff to use to improve the capacity and efficiency of the water distribution and treatment system. It can also be used to identify improvements that can be completed by new development as well as projects that the City will need to complete itself.

Shaw Engineering has provided a scope of work. City Engineer is working to put together a staff report for City Council approval of contract.

Sewer

Hardie Lane Sewer Line Replacement

This project will design and construct improvements to portions of the City's wastewater collection system, found to be failing.

The City has received multiple grants to reconstruct Hardie Lane. Design and Construction of portions of the sewer mains beneath Hardie Lane should occur in conjunction with the Hardie Lane Safe Routes to School and Roadway Reconstruction Improvements. Performing the work while the street is being reconstructed is economically and operationally more efficient than if it were scoped as a separate project. This City will realize savings on design and construction by including it in the Hardie Lane Project.

The manholes are in severe disrepair. The existing lines are near capacity and are unable to be inspected. This area of town is part of the older portion of Fernley and the infrastructure is nearing the end of its useful service life. The sewer portion of the Hardie Lane Reconstruction Project will include replacement of approximately 470 linear feet of sewer line from Main Street to Cedar Street.

Villa Way, Parkland and Randon Court Sewer Main Replacement Design

The sewer mains in Villa Way, Parkland, and Randon Court have recently been inspected by the wastewater division and were in poor condition. The concrete sewer mains were installed in 1978 and, in addition to the root intrusion, they have eroded overtime by sewer gases.

This project will fund the cost of the design of the replacement sewer mains. The construction of the sewer mains will be budgeted for FY 19/20. The project will be scoped to replace the lines that are in City's right-of-way only and not disturb the sewer mains located on private property.

Project has not been started due to increased workload from permitting and development.

Farm District Road Lift Station PER and Final Design

This project will pay for a preliminary engineering report that will explore options for solutions to some of the issues with the current sewage lift station including, capacity, odor control, wet well liner condition, pump condition and any other items that

Staff has requested a scope of work from Shaw Engineering to complete the work.

Sewer Master Plan Update

This Capital Improvement Project (not capitalized in the budget) will allow the City to hire a consultant to update the City of Fernley Sewer Master Plan. The 2005 Sewer Master Plan was adopted to allow the City to plan and schedule sewer system improvements necessary to accommodate growth. The Master Plan currently in use was compiled in 2009. The 2009 Sewer Master Plan update was intended to identify the sewer system facilities necessary to accommodate the land uses envisioned in the City's 2005 Comprehensive Plan. The City is currently in the process of updating the Comprehensive Plan. An updated sewer master plan may be used as a planning document to help identify and prioritize outstanding wastewater issues and recommend broad, system-wide solutions. It will provide a framework for staff to use to improve the capacity and efficiency of the wastewater system.

The City's Comprehensive Plan has been approved. Project has not been started due to increased workload from permitting and development.

East Lift Station Grit Chamber Replacement

The East Lift Station collects wastewater from 80% of the City of Fernley and pumps it to the treatment facility. Part of this process includes pretreatment of the wastewater. The lift station is equipped with a bar screen to remove rags and large objects from the influent as well as a grit chamber to remove smaller objects and sediment from the waste stream. The grit chamber also aerates the influent before it is pumped to the treatment facility. The grit chamber relies on two large chains to operate the buckets that scrape the bottom of the chamber to remove the grit. The department has purchased new chains but will need assistance from an outside contractor to install them. The chains themselves are too heavy and cumbersome to be installed without equipment and additional manpower.

Donner Trails Lift Station, Phase 2

Project complete.

East Waste Water Treatment Plant, Pond 2 Improvements Phase 1 – Sludge Removal and Dewatering

Project Complete.

Preliminary Engineering Report, Ricci Tank Interior Recoat

This project is a Preliminary Engineering Report (PER) to evaluate alternatives and provide a recommendation of a preferred alternative on how to proceed with the Ricci Tank Interior Recoat project and the Ricci Tank Drainage Basin Project. The Ricci Tank Interior Recoat Project includes removal of the existing interior coating and application of a new NSF approved epoxy type coating to the City's Ricci Tank. The Ricci Tank Drainage Basin Project will address discharge from the tank's overflow pipe, which discharged water.

Project complete.

Preliminary Engineering Report, Sage Ranch Booster Pump Repair/Relocation

This project is for a Preliminary Engineering Report (PER) to evaluate alternatives and provide a recommendation of a preferred alternative on how to proceed with the Sage Ranch Booster Pump repair/relocation project.

Project complete.

Cedar Street Sewer Line Replacement

This project is for design and construction of improvements for portions of the City's wastewater collection system that was failing. Improvements include replacement of approximately 1,500 linear feet of sewer line extending beneath Cedar Street from Highway 95A to Hardie Lane.

Project Complete.

Highway 50 Bypass Upgrade

The FY 13/14 budget included a project to design and construct a simple bypass around the headworks at the Highway 50 Lift Station to allow staff to isolate the headworks while working on repair and basic maintenance duties, and/or allow staff to isolate the headworks in the event of an emergency. Due to budget constraints, backup power and SCADA controls not included in the bypass project upon its completion in December 2014. Wastewater staff had to undergo confined space entry to enter the vaults that contain the knife valves, and hand crank the valves to the open and close positions. This upgrade provided the means for the valves to open from the control box without staff entering the vault, making it safer and more

efficient to service the valves when necessary. The valves were added into the SCADA system, so staff can remotely observe the operation of the facility in case of emergency.

Project complete.

Equipment

Purchase of 1 Ton, Crew Cab 4WD Pickup Truck

The Fleet Division purchased a 4-wheel drive, Crew Cab truck with bed to replace the truck that was previously assigned to the Fleet Department. The Fleet Division uses the truck to transport heavy equipment parts and respond to field repairs.

Purchase of one ¾ Ton Crew Cab Pickup Truck

The Parks Department purchased a 4-wheel drive, Crew Cab truck with bed to replace the truck assigned the Parks Division. The Parks Division uses the truck to transport mowers, tractors, and dump trailers.

Purchase of a ¾ Ton Crew Cab Pickup Truck

A 4-wheel drive, Crew Cab truck was purchased for Animal Control, which is used to transport a dog kennel of substantial weight over long distances to the county holding facility.

Purchase of Small Light Plant

The Streets and Storm Drains Division purchased a small light plant for emergency and/or night time operations that require illumination. This equipment will be used for city wide emergency, nighttime maintenance and construction. It is also used for special events and other occasions where lighting is needed.

Revenue

During FY 2018-2019, staff continues to analyze existing revenue streams that need to be adjusted. This includes franchise fees, transient lodging fees, and animal licensing fees.

Building Permits and Development Service Fees

To address revenue generation and ensure development is supporting the cost of review and services, City Council approved a revision to building permit and development service fees.

Animal Licensing Fees

Staff presented the animal licensing fees to the Council for consideration, and it was determined the current fees will remain in place. Staff is conducting a business impact study for the increase of transient lodging fees, which will be completed and presented to City Council early 2019. The Franchise Fees will be reviewed and presented to Council for consideration as well.

Transient Lodging Tax

On October 3, 2018, City Council directed staff to initiate a Business Impact Study to possibly increase the current Transient Lodging Tax rate from 9% to 11%. Currently, fifty percent (50%) of the Transient Lodging Tax is committed for the construction, operation, and maintenance of the City of Fernley Convention/Civic Center and 50% is made available to be disbursed in the form of grants to organizations that promote, develop, and improve tourism to

and within the City of Fernley. Staff has completed the study and will present the information to City Council for approval.

Business Licensing

On September 19, 2018, City Council directed staff to proceed with a Business Impact Study relating to a fee increase to businesses that are identified as warehouse, industrial, manufacturing or distribution.

The City Clerk's Office evaluated the business license fees currently being collected and will present the information to the City Council for consideration of license fees based on square footage or gross receipts, whichever is greater.

Liquor Licensing

On September 19, 2018, City Council directed staff to proceed with a business impact study relating to a fee increase to liquor distributors/wholesalers. Staff recommends that liquor distributors/wholesalers currently being considered as "Out of Town," should be categorized into a Distributor/Wholesaler category. This will be presented to Council for consideration.

Water/Sewer Rate Study

In August 2016, a Water/Sewer Rate Study was completed. Final rates were implemented in 2017 with a plan for annual increases. Staff will review the rates annually during the budget process and establish a long-term plan for sustainability.

Operational Highlights

The City has worked on many items over the past year, including the following:

Action Plan

Each year, an action plan is established to meet the goals established in the Strategic Plan and tie department goals to the budget.

Budget

The City of Fernley implemented a new budget software system, OpenGov. This system provides a streamlined approach for developing the budget. Further, a transparency module will be fully implemented in January 2019, which will provide the public with information about the City of Fernley's finances.

Annual Audit

The City Treasurer continues to provide an annual audit free of material misstatement and ensures the City has established financial policies.

Website Update

A new website was designed and implemented in March 2018. This new platform provides a user-friendly website that provides easy access to documents and information available to the public.

Council Chamber upgrade

New projectors, screens, and Crestron system were installed in the City Council chambers in collaboration with the Municipal Court. The system provides better sound and audio/visual equipment.

Update and digital Municipal Code

The City updated the Municipal Code numbering system and provided an on-line Municipal Code, which is available on the City's website.

Record Retention

The City continues to work toward digital record retention and ensure documents are shredded as required by the record retention schedule.

Staffing**Classification and Compensation Study**

During FY 2017/2018, a classification and compensation study was completed, which included establishing a range for all positions. This study was completed, reviewed by the union and the city council, and implemented.

Collective Bargaining Agreement

In May 2018, the City and the Union finalized a three-year contract that was accepted by both the union membership and the City Council. This contract is effective from July 1, 2018 through June 30, 2021.

Backup Animal Control Officer

As outlined in the FY 18/19 budget, a backup Animal Control Officer was named. Training was and continues to be provided.

Consolidation of General Services

The Facilities, Cemetery, Parks, and General Services have been consolidated into a General Services Division. This provides more efficiency and coordination with staff to complete necessary projects. This also included the creation of a Vector/Maintenance Position, utilizing staff throughout the year as needed.

Job Descriptions

Job descriptions are reviewed and updated as needed and presented to the City Council for final approval.

Department Review

Staff continues to review the needs of departments to ensure staffing is appropriate and establish succession planning and long-term needs of each department.

Development**Planning**

The single biggest accomplishment for Planning this year was the adoption of an updated City of Fernley Master Plan.

The Planning Department processed 65 entitlement applications. Notable projects include:

- Fernley Garden Apartments - Design Review approved, waiting for building permits to be submitted.

- Crossroads Commerce Center - Polaris: Master Plan Amendment, Zoning Map Amendment, Design Review and Boundary Line Adjustment approved. Building currently under construction.
- Silver State Relief - Medical Marijuana Dispensary, Design Review approved, building and site work under construction.
- Pilot Travel Center - New mechanic shop building, Design Review approved, building permit submittal is pending.
- Nevada State Bank - Building Expansion, Design Review approved, building permit issued.
- Great Nevada Credit Union - Construction of a new bank branch and multi-tenant building, Design Review approved, building under construction.
- Grocery Outlet - Construction of a new commercial building, Design Review approved.
- Hampton Inn - Design Review approved in 2017, building permit currently under review.
- The Meadows at Inglewood (TMAI) commercial development is currently under construction. Project consists of approximately 85,000 square feet of commercial/office space.
- Single Family Residential Subdivisions under construction:
 - Sage Ranch Estates
 - Southwest Meadows
 - Silverland
 - Donner Trails
 - Green Valley

Staff continues to work on revising zoning/development codes to implement the master plan and provide a streamlined development review process.

Building

The following provides the number of permits for FY 2017-2018.

Building Permits

Permits – 635 Total

244 New Single Family Home

175 Misc. Residential

111 Hot Water Heaters

19 Demolition

17 Stock Plan

53 Commercial Permits

4 New Commercial

11 Sign Permit

Total Valuation of all 635 permits - \$ 117,177,705.82

Total permit fees - \$ 277,990.78

1 Business License Inspections, 3 Gas Tags and 3 Electric Tag

Permits Submitted on online Portal: 0

14,988 Building inspections performed

Customer Service Counter/Phones

Phone Calls/Business and land/building inquiries: 5,810

Counter assistance to public: 838

Grants update

Depot Community Center, Phase 1 - \$60,000

The Depot Community Center Phase 1 grant is for the planning, engineering/design, and environmental assessment required for a sewer connection to the Fernley Depot. The City has completed the environmental assessment and required engineering and design for the sewer connection. Currently, the City is in the process of resolving underlying land ownership issues (along Main Street) to receive an encroachment permit from NDOT. This project is 90% complete.

Depot Community Center, Phase 2 - \$300,907

The Depot Community Center Phase 2 grant is comprised of two parts: construction and planning. The construction portion (\$250,907) is to connect the sewer lateral to the Depot; the engineering design and required environmental assessment have all been completed and accepted by CDBG, however, the City is waiting to resolve underlying land ownership issues along Main Street to receive the encroachment permit from NDOT to begin construction. The second portion of this grant is for the site survey, engineering report, bid documents and plans for a separate amenity building providing ADA-compliant restrooms (\$50,000). Survey work for the amenity building has commenced.

Depot Community Center, Phase 3 (Community Center Design) - \$80,000

The purpose of this grant is for the conceptual design of the future multi-purpose Fernley Community Center. The scope of work will include a strong focus on community outreach and visioning for the facility. The community outreach portion will include charrettes, focus groups, and online surveys. In addition, a traffic study will be included in the design process. The City just completed a site plan for the 8.5-acre Depot property mapping out land for the future Lyon County Senior Center and the future Community Center. Now that the site plan has been completed, the City will issue a RFP for the community center design. The cost for the entire design (including community outreach and traffic study) is estimated to be \$80,000. Staff spoke with Arcadesma Architecture Firm to inquire about the general rate structure for building design. For a facility of 80,000 square feet, the estimated full build out will cost \$32 million in construction costs. The design process represents 6.3% of the \$32 million (based on a Class B schedule, fitness/community center), which equals \$2,016,000. The initial design portion will be 2% of the \$2,016,000 (\$40,320), with an additional \$40,000 for community programming, input/solicitation, traffic studies, and final renderings.

Fernley Downtown Revitalization, Phase 3 (Main Street Beautification) - \$218,625

This is the third phase in the Downtown Fernley Revitalization Project. Phase 1, completed in May 2014, identified and evaluated potential streetscape, transportation and urban design improvements to Main Street and US 95 Alternate to encourage revitalization of the Fernley Downtown Corridor, as well as developing an overall design framework and guidelines for the area. Goals and priorities included: enhance the character of Downtown through thematic streetscape and building façade improvements; coordinate wider sidewalks with appropriate landscape and lighting treatments to create an attractive environment; provide safe and attractive pedestrian connectivity. Phase 2, completed in June 2017, created engineering and architectural design drawings and specifications, as well as an environmental narrative, for projects outlined in Phase 1. The scope of work for Phase 3 will include contracting with a

landscape architect/planner to coordinate the purchase and installation of streetscape elements including the following: 16 benches, 6 bicycle racks, 16 trash receptacles, 32 above ground planters (including irrigation), a city clock, and a public art piece. The cost for the entire project, including contracting with a landscape architect to administer, purchase, and install the street furniture pieces is estimated to be \$218,625. The project area is located on Main Street, and is a four-block area, beginning in the west at N. West Street, ending in the east at Silver Lace Blvd. The total distance is 3,476.83 feet (1.06 km). The City will go out to bid for Requests for Proposals, upon the contract award, the next steps will include meeting with the landscape architect, reviewing the plan design/layout for streetscape furniture; then review the purchase of streetscape materials; and finally, the installation of streetscape furniture.

Land and Water Conservation Fund - Green Valley and In-Town Park Improvements

The City applied for a grant from the Land and Water Conservation Fund for improvements outlined in the Parks Master Plan. With limited funding available, the City did not receive the grant. Staff will continue to make efforts to complete projects outlined in the Parks Master Plan as well as continue to look for funding alternatives.

Looking Ahead

The City of Fernley has worked on establishing many long-range plans and revenue generation tools, in accordance with established City Council priorities. These plans are outlined in this report.

Each December, City Council establishes key priorities, which assist staff in making determinations for budget requests, which are approved by City Council during budget hearings.

The economic outlook for the City of Fernley remains stable. Assessed values of real property continue to increase and the City continues to experience higher volumes of building permit requests. There is still opportunity for growth, and the City is doing its best to prepare for such growth. The City has been taking a proactive approach toward revenue generation by identifying new revenue sources and using available tools. City Council has also made efforts to revise fee schedule. However, there are still long-term concerns about maintenance, repair, and reconstruction of City streets. Recent increases in water and sewer rates have been beneficial. Enterprise funds have reported income for the first time in many years, which has allowed the City to begin saving money for future capital replacement and repairs.

To ensure the City's financial position remains positive, it will be important to continue to plan ahead, operate within budget, collect revenue, and continue to analyze water and sewer rates and other fee structures on a regular basis. The City of Fernley is at a very crucial point, and it is important to focus on completing plans and implementation strategies, while continuing to provide necessary municipal services.

Moving forward, staff recommends continuing with the efforts to identify revenue streams and focusing on long-term planning, plan implementation, and municipal service delivery.