

**MINUTES
CITY OF FALLON
55 West Williams Avenue
Fallon, Nevada
April 1, 2019**

The Honorable City Council met in a regularly scheduled Council meeting on the above date in the Council Chambers, 55 West Williams Avenue, Fallon, Nevada.

Present:

Mayor Ken Tedford
City Councilman, Robert H. Erickson
City Councilman, James D. Richardson
City Councilwoman, Kelly Frost
City Clerk, Gary C. Cordes
City Attorney, Michael F. Mackedon
Deputy Public Works Director, Ryan A. Swirczek
Deputy Public Works Director, Adrian Noriega
Police Chief, Kevin Gehman
Deputy City Attorney, Leonard E. Mackedon
Legal & Administrative Director, Robert Erquiaga
Deputy City Clerk, Elsie M. Lee
Director of Tourism & Special Events, Jane Moon
Marketing & Communications Coordinator, Kaitlin Ritchie
Deputy City Attorney, Trent deBraga

The meeting was called to order by Mayor Tedford at 9:00 a.m.

Mayor Tedford led the Pledge of Allegiance.

Mayor Tedford inquired if the agenda had been posted in compliance with NRS requirements.

City Clerk Cordes advised that the agenda was posted in compliance with NRS 241.

Public Comments

Mayor Tedford inquired if there were any public comments. He noted that comments are to be general in nature, not relative to any agenda items. No action may be taken on a matter raised under this item until the matter has been specifically included on an agenda as an item upon which action will be taken.

No public comments were noted.

Approval of Council meeting minutes for January 22, 2019 and March 4, 2019

Mayor Tedford inquired if there were any additions or corrections to the minutes for January 22, 2019 and March 4, 2019.

No additions or corrections were noted.

Councilman Erickson motioned to approve the Council meeting minutes for January 22, 2019 and March 4, 2019 as submitted, seconded by Councilman Richardson and approved with a 3-0 vote by the Council.

Approval of Warrants

- A) Accounts Payable
- B) Payroll
- C) Customer Deposit

Mayor Tedford inquired if there were any comments regarding the accounts payable, payroll and customer deposit warrants.

No comments were noted.

Councilwoman Frost motioned to approve the accounts payable, payroll and customer deposit warrants and authorize the Mayor to sign the same; seconded by Councilman Richardson and approved with a 3-0 vote by the Council.

Consideration and possible approval and adoption of Resolution No. 19-03: A resolution adopting amendments to the City of Fallon Central Service Cost Allocation Plan in order to properly compensate the General Fund for the costs incurred by the General Fund in providing general, overhead, administrative and indirect costs to the City's enterprises

Councilman Erickson expressed his appreciation and thanks to City Clerk Cordes, Legal and Administrative Director Erquiaga, City Attorney Mike Mackedon, and Deputy City Attorney deBraga for their assistance with this matter. We have all spent a lot of time reviewing our City of Fallon Central Service Cost Allocation Plan (Plan), which was adopted in 2014, and we have completed an updated version providing for allocations that better reflect on the current operating status of the City. Beginning in 1912, the General Fund departments have provided all administration, general overhead and indirect costs to the City enterprises. In the interest of efficiency and cost containment, the General Fund has historically been compensated for these services rendered to the enterprises by the General Fund. This was an informal agreement between the enterprises and the General Fund until 1996, at which time we adopted Resolution 96-05 which formalized what had been transpiring, as far as an administrative plan, throughout the years. In 2011, the State of Nevada Legislature passed a bill, which became statute, providing for formalizing these cost allocation plans throughout the State. They instructed the Committee on Local Government Finance to propose and adopt regulations implementing the provisions of the statute. That process took until late 2013 and required all entities that use this accounting structure to provide a Cost Allocation Plan. The City adopted a Plan in June 2014, and it was approved without amendment by the State Department of Taxation as an adequate Plan. In fact, at the time, remarks were made that it was an exemplary Plan of how to approach the cost allocation process. That Plan has remained in effect, without change, since 2014; although it has been reviewed by the Mayor's Office, the Audit Committee, and the City Clerk-Treasurer on an annual basis. We have three financial

plans that are instrumental to the City and are required by State statute. The first is the budget process for the ensuing fiscal year which begins in July. The Plan is extensively reviewed at that time to make sure that the proper allocations are made between the enterprise funds to compensate the General Fund. The second is in August when we begin the audit process. We have independent auditors come into the City and that process lasts between September and the end of November, where the professional auditors look at our books and at that time, we take the opportunity to review the adequacy of our Plan. The third is a debt management planning process which involves all the entities in Churchill County: Churchill County, the City, and the Churchill County School District. In that process, we have an independent consultant that works with us and we also review what our long-term and short-term capital needs are. When you implement long-term and short-term capital projects, they require a lot of burden on administrative staff, legal staff, planning, as well as the City Council. Our time allocations and cost allocations are reviewed at that time. So, annually, there are three distinct periods where we review the adequacy of the Cost Allocation Plan. In addition, City Clerk Cordes reviews in the normal course of his work, on a monthly basis, how these allocations are working and whether or not they are adequate. The Plan presented today is basically five years of review and an intensive examination since the beginning of this fiscal year to determine the adequacy. The agenda packet includes the 2014 Cost Allocation Plan updated to the 2019 Plan and red shows the deletions from the 2014 Plan and light blue shows additions to the 2019 Plan, so it is a very easy document for comparative review. The new Plan calls for some additional changes in the allocation percentages which reflect the nature of the business in the City right now. We have grown from gross revenues and with that growth comes additional workload for the supporting staff. In addition to that, we have undertaken substantial capital improvement programs in each of the enterprises and those take a tremendous amount of attention and work of the administrative staff to implement and supervise and complete those projects. Those infrastructure projects that are underway right now probably total between \$12 million and \$13 million. The 2014 Plan provided for an overhead and administrative allocation of 11% of gross revenues. That is comparative to the private industry sector of 15-20% depending on the industry and the structure of the organization. In the 2019 Plan, the amount allocated for overhead and administration is 8.5% of gross revenues. He offered to answer any questions.

Mayor Tedford inquired if the Council had any comments or questions.

No comments were noted.

Mayor Tedford inquired if there were any public comments or questions.

No comments were noted.

Mayor Tedford stated that he remembered when he was a Councilman and when these plans were adopted in an informal manner years ago. They are very difficult to do, and he appreciated the work that everyone has done to get where we are today. He added that there is a lot of experience with the names that Councilman Erickson previously mentioned, and he knew the Plan had been well thought out, with a lot of time and energy put into it.

Councilman Erickson motioned to adopt Resolution No. 19-03: A resolution adopting amendments to the City of Fallon Central Service Cost Allocation Plan in order to properly compensate the General Fund for the costs incurred by the General Fund in providing general, overhead, administrative and indirect costs to the City's enterprises; seconded by Councilwoman Frost and approved with a 3-0 vote by the Council.

Public Comments

Mayor Tedford inquired if there were any public comments.

No public comments were noted.

Council and Staff Reports

Mayor Tedford inquired if there were any Council or staff reports.

City Attorney Mike Mackedon thanked City Clerk Cordes for his work on the Central Service Cost Allocation Plan, providing the initial framework for the Plan. He also thanked Councilman Erickson and Legal and Administrative Director Erquiaga for their work on the Plan. We believed that it was a very good Plan. He added that Councilman Erickson gave an excellent report on the history of the cost allocation procedure and Plan. The City is unique in that it has as many enterprises that it does, which is different from most cities in Nevada; and because of their nature, which is emphasized in the Plan, there is a substantial amount of regulatory compliance that is involved on the part of City staff to maintain and it increases every year.

Legal and Administrative Director Erquiaga stated that he was a participant in Opening Day for Fallon Youth Baseball, and he heard many positive comments. He added that his team lost their first game but will surely improve through the season.

Councilwoman Frost thanked Deputy Public Works Director Swirczek and his crews for filling potholes throughout the City. We had a lot of moisture last winter, so she appreciated their efforts in improving the streets.

Mayor Tedford participated the Vietnam Veterans' Remembrance Day Ceremony in Reno last Saturday where he, along with Mayors from Reno, Fernley, Carson City, and Sparks, read the names of Nevada soldiers that lost their lives in Vietnam. It meant a lot to him to be able to participate and read the names of soldiers from smaller cities, and especially the ones from Fallon that he knew and grew up with; they were a little older than him, but he knew them and their families. The ceremony was a good experience, there were about 350 people there and it was a touching and respectful remembrance.

Executive Session

Mayor Tedford tabled the executive session, as it was not needed at this time.

Adjournment

There being no further business to come before the Council, Mayor Tedford adjourned the meeting at 9:23 a.m.



Mayor Ken Tedford

Attest: 

Gary C. Cordes, City Clerk/Treasurer