

December 10, 2018

The regular meeting of the Yerington City Council was held in the Council Chambers at 10:00 a.m. with the following present:

Mayor George Dini
Council Members Selena Catalano, John Garry, Larry Reynolds and Terceira Schunke
City Manager Dan Newell
City Attorney Chuck Zumpft
Chief of Police Darren Wagner
Interim City Clerk Sheema D. Shaw
Public Works Director Jay Flakus

Guests: Erica Garcia of the Lyon County School District, Dave & Deb DeGrendele, Jim Sciarani of Sciarani & Co. Amy Alonzo of the Mason Valley News.

Mayor Dini requested that everyone turn off their cell phones during the meeting.

Agenda Approval

City Manager Newell stated that we need to remove item 5 from the agenda.

Councilwoman Catalano made a motion to approve the agenda with the removal of item 5, seconded by Councilwoman Schunke and passed unanimously.

Minutes

Councilwoman Schunke made a motion to approve the minutes of November 26, 2018, seconded by Councilman Garry and passed unanimously.

Business Licenses

Possible Action to Revoke Business Licenses Due to Non-Payment for 3rd Qtr., July-September, 2018.

- A. Aramark Uniform Service, 115 N. First Street, Burbank, CA 91502
- B. Frito Lay Inc., 26672 Towne Centre Dr. Suite 360
- C. Fallon Window & Carpet Cleaning, 4175 Reno Hwy, Fallon, NV 89406
- D. Great Basin Beverage, LLC, 534 Pacific Ave. Wells, NV 89835
- E. Life Screening of America, 6150 Oak Tree Blvd, Suite 200, Independence, OH 44131
- F. Yerington Realty and Property Management , 2 Newcomb Ave. Yerington, NV 89447
- G. Yerington Tang Soo Do Center, 400 B. N. Main St. Yerington, NV 89447

Councilman Reynolds made a motion to approve the revocation of the business license's for non-payment of the 3rd quarter July through September 2018 as presented, seconded by Councilman Garry. Mayor Dini asked for public comment, there were no public comments and the motion passed unanimously.

Review and Approval of City Audit Report for Fiscal Year Ending June 30, 2018 as Presented by Sciarani & Company and Approval of, and Authority to Send, a Corrective Action Plan to the Department of Taxation for Audit Violations in Fiscal Year 17-18 Audit.

Mr. Jim Sciarani of Sciarani & Company addressed the city council and stated that he was here today to present the audit for fiscal year 2018. Mr. Sciarani stated that the sole purpose that you hire an auditing firm is to issue an opinion. There is an opinion for the audit report which is the governmental auditing opinion on compliance with laws and regulations. New this year, the single audit act was involved under uniform guidance. That was invoked because the city received over \$750,000 in federal financial assistance largely with the Airport Runway Project.

Mr. Sciarani stated that the city received a clean opinion this year which basically states that these financial statements present fairly the results of operation and the financial condition of the city at June 30, 2018. A less favorable would be a modified opinion.

Mr. Sciarani stated that the graphs on page 82 of the audit shows a ten year prospective of where we have been. Mr. Sciarani stated that the net position shows that the city has hovered along (2016, 2017, and 2018) at around 31-million dollar phase. The difference between 2015 and 2016 is the arsenic treatment plant, probably due to grants received. There was a 4-million dollar influx of assets that was granted to the city.

Mr. Sciarani stated that the audit has two focuses; one for governmental funds and one for enterprise funds.

Mr. Sciarani stated that in the governmental fund there was a large spike in revenue in 2014/15 due largely to Atlantic Richfield/ ARCO contributed 1-million dollars to the city. Since that time it has slowly been going down, which means the city is spending more than it is bringing in.

Mr. Sciarani stated that the general fund is the key operating fund for all direct operational activities. In 2012 it was \$242,000, whereas this year it is \$254,000. For about the last four years the city has been losing about \$100,000 a year. Which means your expenditures exceeds your revenues. Historically revenues for the city have been very flat.

Mr. Sciarani reviewed each fund with the council. Total revenues \$1,534,000 versus \$1,521,000 which makes total revenues up about \$14,000. The city did see a new revenue source in the marijuana agreement with the Yerington Paiute tribe.

Mr. Sciarani stated that if things continue the same, the general fund will be depleted in two years. Mr. Sciarani stated that hopefully the mine will kick in and create some additional revenues from a variety of sources. Mr. Sciarani stated that he is anticipating another loss this year.

Mr. Sciarani stated that in the special revenue fund it is largely Room Tax. This fund was overspent, not in total expenditures, but the state looks at it in the general government function level. The City Budgeted \$60,000 and spent \$75,000 because you received additional revenues. This will be addressed in the corrective action plan.

Mr. Sciarani stated that with the enterprise funds we recognize revenues when billed and make allowances for bad debt, etc. Last year council voted to eliminate the Crystal Clear water fund as its own fund and report it in the water fund. We transferred the equity from the Crystal Clear fund to the water fund. The change in net position in the water fund went up 2.7-million dollars and the sewer fund went up \$180,000.

Mr. Sciarani stated that the net loss before contributions, which is where we take your revenues less expenses; the water fund had a net loss of \$34,000 which included \$722,000 depreciation. Mr. Sciarani stated that the sewer fund had a \$135,641 profit. Combined, you had a profit of \$101,280 versus \$265,000 loss last year.

Mr. Sciarani stated that they must also report on internal controls and therefore they do a sampling of cash receipting, disbursement cycle, payroll cycle, etc. From those samples they look for any weaknesses in the internal controls. The typical one is lack of segregation of duties. This occurs because there are only one or two people doing a variety of functions. The city has approximately five people that they divide the duties among. Mr. Sciarani stated they did not find any weaknesses to report.

Mr. Sciarani stated that there was an overview of the finances of the city. There were no findings or significant weaknesses. The only negative is the general fund is being slowly depleted. Most of the funds are locked by statute. Mr. Sciarani stated that at some point the board will need to do some type of cost containment that might be in services and supplies or no longer do animal control functions, cut salaries or positions. Those are the hard choices the board will need to make.

Mayor Dini stated that we are hoping that the revenues we should get from Nevada Copper will help with the bottom line.

Mayor Dini stated that overall the audit did not contain anything traumatic. Mr. Sciarani stated that it did not.

Mr. Sciarani stated that the city does need to send a corrective action plan to the Department of Taxation as there was a \$40,000 error in the budget.

Mr. Sciarani stated that from a profit and loss perspective the city is doing the best that it can.

Mayor Dini thanked Mr. Sciarani for his presentation and insight into where we need to go in the next two years. We will need to set some priorities in our next budget.

Councilman Reynolds made a motion approve the city audit report for Fiscal Year ending June 30, 2018 as presented by Sciarani & Company and approval of, and authority to send, a Corrective Action Plan to the Department of Taxation for audit violations in Fiscal Year 17-18 Audit, seconded by Councilman Garry. Mayor Dini asked for public comments, there were no comments and the motion carried unanimously.

Approve Resolution Number 2018-04, a Resolution to Adopt the Lyon County Multi-Jurisdictional Mitigation Plan 2018 Update with the City of Yerington.

City Manager Newell stated that FEMA updates this plan every 5 years and Lyon County is ready to accept the updates; however, they would like our resolution before they do so. We have always used Lyon County for emergency management services, especially on big projects such as the flood. City Attorney Zumpft has reviewed the plan also.

Chief Wagner stated that we are required to update the plan every 5 years in order to be eligible for disaster funding or grant purposes.

Councilman Garry made a motion to approve Resolution Number 2018-04, a resolution to adopt the Lyon County Multi-Jurisdictional Mitigation Plan 2018 update with the City of Yerington, seconded by Councilman Reynolds. Mayor Dini asked for public comments, there were no comments and the motion carried unanimously.

Approve a Land Application Agreement with Frade Ranches, Inc., Peri & Sons Farms, Inc. and the City of Yerington that Allows the City to Apply Municipal Effluent on Assessor's Parcel Number (APN) 01-671-02.

City Manager Newell stated that City Attorney Zumpft has reviewed this agreement. This agreement is in regards to where the effluent goes.

Mayor Dini asked if the effluent was being disposed of properly. City Manager Newell stated that it is all completed by permit. It is a very long process and will take some time to complete.

Public Works Director Flakus stated that the ponds have frozen over which makes it hard to finish up the project. The first pond was the worst and it is done. They are working on the second worst and it is almost done.

Councilwoman Schunke asked who actually does the reports as required by the reporting obligations. City Manager Newell stated they are completed by Danny Sommers of Farr West Engineering.

Councilwoman Schunke asked if the city could end the agreement. City Attorney Zumpft stated that the agreement is only a year at a time and no, the city does not have the ability to terminate the agreement, absent a breach.

Councilwoman Schunke made a motion to approve the land application agreement with Frade Ranches, Inc., Peri & Sons Farms, Inc. and the City of Yerington that allows the city to

apply municipal effluent on assessor's parcel number (APN) 01-671-02, seconded by Councilwoman Catalano. Mayor Dini asked for public comments, there were no comments and the motion carried unanimously.

Creation of and Job Description for a Supervisory Position Entitled Administrative Director.

Mayor Dini stated that this item has come back and forth for about eight months now. Mayor Dini stated that he knows there is a little apprehension about this item.

Councilwoman Catalano stated that she has no apprehension regarding this item. Councilwoman Catalano stated that she has looked up the duties of a City Clerk verses what Interim City Clerk Shaw currently does which is more representative of a management position rather than a clerk.

Councilwoman Catalano stated that under the City Clerk position Interim City Clerk Shaw has always maintained the records, the City Charter, public notifications, coordinates the council, business licenses, code enforcement and so forth. Interim City Clerk Shaw does much more than that, she does represent the management side of it and is a resource, daily for everyone. She does compile the data and prepare the reports; she answers any inquiry, she assists in all administrative duties, coordinates anything that needs clearance, performs duties assigned to her, problem solving, works efficiently as a team member.

Councilwoman Catalano stated that everyone seems to go to Interim City Clerk Shaw for everything. Councilwoman Catalano stated that Interim City Clerk Shaw falls more under administrative than a clerk. Councilwoman Catalano stated that Interim City Clerk Shaw deserves and should be given the respect of that title.

Councilman Garry stated that he is sorry that this has become a bone of contention. We rely on our City Manager to guide and direct us. When we were first broached this topic, we were talking about a 12% pay raise; however, he understands that was offset by 3% that was given to all of the city employees.

Councilman Garry stated that he had a private meeting with the City Manager and he was able to layout the facts of this pay increase. Councilman Garry stated that he was reassured by City Manager Newell's judgement and after reviewing the information and he also supports it.

Councilman Schunke stated that she also supports this item.

Councilman Reynolds stated that soon we will have a new City Manager and he is concerned about the new position. The City Manager would have the power to do away with it, I don't believe she could go back to what she is currently being paid. Councilman Reynolds stated that he does not know if that would make it grounds for dismissal.

Councilman Reynolds stated that the council has had discussions about it and former Councilman Sanford had problems with it.

Councilwoman Catalano stated that this acknowledges Interim City Clerk Shaw for the job that she does. If we want to take all of those duties and responsibilities off of her and let her be paid as a clerk then who will we have do all of those things? It can always be challenged by employers if they ask you to take a position back down they cannot change your rate of pay with it, unless the employee has requested to make that step down.

Councilman Reynolds stated that if we hire a new City Manager, what if he wants a clerk. Councilwoman Catalano stated that the City Manager will need to come to Council because he works for the Council and it is our decision.

Mayor Dini stated that it correct, the City Manager would need to come to council for that request. If the Council decides to hire a clerk and the Assistant Director does not want to be that, then how do we take care of it then? City Manager Newell stated that you would not need this position if you have a clerk. Councilman Reynolds stated that was his point, it puts Interim City Clerk's position in jeopardy.

Mayor Dini stated that the city clerk financial functions are contracted with Caselle and those items have been removed from this position. City Manager Newell stated that it would cost the city \$75,000 to \$80,000 to hire a City Clerk.

City Manager Newell stated that the position has morphed into what it is today. It has changed a little every year since 2013

Mayor Dini stated that Interim City Clerk Shaw is an instrumental part of the operations and he could not imagine anything negative to say about her.

Councilman Garry made a motion to approve the creation of and job description for a supervisory position entitled Administrative Director, seconded by Councilwoman Schunke. Mayor Dini asked for public comments, there were no comments and the motion carried unanimously.

Appointment of Sheema Shaw as Administrative Director and Interim City Clerk for the City of Yerington

Councilman Garry made a motion to appoint Sheema Shaw as the Administrative Director and Interim City Clerk for the City of Yerington, seconded by Councilwoman Catalano. Mayor Dini asked for public comments, there were no comments and the motion carried unanimously.

Review Bills Previously Submitted for Payment

Bills, Salaries and Vouchers:

Accounts Payable Checks	11-14-2018	30179 through 30217
	11-19-2018	30225 through 30235
	12-4-2018	30262 through 30290
Payroll Vouchers	11-19-2018	11211801 through 11211824
Payroll Checks	11-19-2018	30218 through 30221
Transmittal Vouchers	11-19-2018	11211801 through 11211824
Transmittal Checks	10-10-2016	30222 through 30224

Councilwoman Schunke made a motion to approve the bills as submitted, seconded by Councilman Garry. Mayor Dini asked for public comments, there were no comments and the motion passed unanimously.

Public Participation

Ms. Erica Garcia, Public Information Officer for the Lyon County School District presented the Council with a copy of their 2018 state of the district report. This report summarizes the graduation rates and enrollment reports. This report is distributed every February and this is the first year that the school is going around to give presentations. Ms. Garcia stated that the report will show that they have grown a lot in student count. Three years ago they were at 8,000 students, two years ago at 8,300 students and this past year at 8,600 students.

Department Reports

Chief Wagner stated that the Police Department did their annual toy drive last Saturday. Chief Wagner stated that his officers have been in training this week for the new body cameras.

Public Works Director Flakus stated that the parade went fairly well, there were a few issues with the detours.

Public Works Director Flakus reported that he continues to try and straighten out the lights on Main Street and at the Jeanne Dini Theatre.

Councilman Garry stated that the closing date for the City Manager Position is on December 19th. Councilman Garry feels that the board should meet as quickly as possible to make a decision.

Mayor Dini asked if the council will be meeting on December 24th. City Manager Newell stated that historically they have not.

Mayor Dini stated that this will be City Manager Newell's last meeting with council. Mayor Dini stated that he has spent almost 24 years working with City Manager Newell at the city. Mayor Dini stated that the city owes City Manager Newell a great deal of thanks for his insight and creative financing. We have had some great projects as well as some very lean times when things were not so easy to manage. Mayor Dini stated that there are three accomplishments that stand out. The first being the arsenic treatment plant, The Airport runway project and Nevada Copper. City Manager Newell lead the way.

Councilwoman Catalano stated that it has been joyful to work with City Manager Newell. She appreciated his open door policy.

Public Works Director Flakus stated that the new front desk is almost complete and should be installed by Christmas.

There being no further business the meeting was adjourned.

Mayor of the City of Yerington

ATTEST:

City Clerk & Clerk to Council