

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 1

A regular meeting of the Carson City Board of Supervisors was scheduled for 8:30 a.m. on Thursday, June 3, 2010 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Mayor Robert Crowell
Supervisor Robin Williamson, Ward 1
Supervisor Shelly Aldean, Ward 2
Supervisor Pete Livermore, Ward 3
Supervisor Molly Walt, Ward 4

STAFF: Larry Werner, City Manager
Alan Glover, Clerk - Recorder
Melanie Bruketta, Chief Deputy District Attorney
Kathleen King, Recording Secretary

NOTE: A recording of these proceedings, the Board's agenda materials, and any written comments or documentation provided to the Clerk during the meeting are part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

1 - 4. CALL TO ORDER, ROLL CALL, INVOCATION, AND PLEDGE OF ALLEGIANCE (8:30:00) - Mayor Crowell called the meeting to order at 8:30 a.m. Roll was called; a quorum was present. Airport Road Church of Christ Pastor Bruce Henderson provided the invocation. Gil Yanuck led the pledge of allegiance.

5. ACTION ON APPROVAL OF MINUTES - May 6, 2010 (8:32:41) - Supervisor Aldean moved to approve the minutes, as presented. Supervisor Williamson seconded the motion. Motion carried 5-0.

6. ADOPTION OF AGENDA (8:33:04) - Mayor Crowell entertained requests to modify the agenda and, when none were forthcoming, deemed it adopted.

7. PUBLIC COMMENTS AND DISCUSSION (8:33:31) - Frank Braddick, a resident of Reno, inquired as to the Board of Supervisors' interest in "finding out ... where you have been overcharged \$2,000 and how to get it reimbursed." He advised of having informed City representatives that NV Energy "has overcharged \$2,000 ..." Mayor Crowell advised of having received Mr. Braddick's e-mail correspondence, and expressed an interest in discussing his concerns by telephone.

(8:35:17) Day Williams, Ward 3 Supervisor candidate, commended Mayor Crowell on his Memorial Day speech. He suggested considering an addition to the agenda of "what percentage of the department head's budget is being talked about." He requested the Board to submit any tax increases "to an advisory vote of the people." Mayor Crowell entertained additional public comment; however, none was forthcoming.

8. SPECIAL PRESENTATION OF A PROCLAMATION TO JENNIFER SCHULTZ FOR HER DEDICATED SERVICE AS HUMAN RESOURCES DIRECTOR (8:36:42) - Mayor Crowell introduced this item, and read into the record the language of the Proclamation, copies of which were included in the agenda materials. He presented Ms. Schultz with a framed and sealed original Proclamation commended her professionalism, success, and integrity, and thanked her on behalf of the Board of Supervisors. The Board members, City staff, and citizens presented honored Ms. Schultz with a standing ovation. (8:39:16) Ms. Schultz expressed appreciation for the "honor to work with such an incredible group of people," and thanked everyone.

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 2

9. CONSENT AGENDA (8:39:56) - Mayor Crowell entertained requests to hear items separate from the consent agenda. At the request of Mr. Werner, he pulled item 9-5(B). At Supervisor Aldean's request, he pulled items 9-3 and 9-5(C). Mayor Crowell entertained additional requests and, when none were forthcoming, a motion to approve the remainder of the consent agenda. **Supervisor Livermore moved approval of the consent agenda, consisting of ten items: 9-1, Treasurer; item 9-2, Juvenile Detention; item 9-4(A) and (B), Health and Human Services Department; item 9-5(A), Purchasing and Contracts; item 9-6(A) and (B), Finance; item 9-7(A) and (B), City Manager; and item 9-8, Parks and Recreation, as published and presented. Supervisor Aldean seconded the motion.** Supervisor Williamson recognized Bob Kennedy's reappointment to the Library Board of Trustees and expressed appreciation for his "continued volunteerism and good spirit." Mayor Crowell called for a vote on the pending motion. **Motion carried 5-0.**

9-1. TREASURER - ACTION TO APPROVE REDUCTION OF THE REAL PROPERTY TAX ROLL FOR PROPERTY IDENTIFIED AS SUBDIVISION COMMON AREA; TAXES AND PENALTIES TO BE REMOVED FROM ROLL ARE \$1,808.72

9-2. JUVENILE DETENTION - ACTION TO APPROVE AN INCREASE IN FEES FOR JUVENILE DETENTION SERVICES BETWEEN CARSON CITY AND OTHER LOCAL COUNTIES AND GOVERNMENTAL AGENCIES, PURSUANT TO NRS 277.045

9-3. PUBLIC WORKS DEPARTMENT - ACTION TO ADOPT A RESOLUTION APPROVING AND AUTHORIZING THE MAYOR TO SIGN AN AMENDMENT TO THE JOINT FUNDING AGREEMENT FOR WATER RESOURCE INVESTIGATIONS, CARSON CITY, AND THE U.S. DEPARTMENT OF THE INTERIOR, U.S. GEOLOGICAL SURVEY (8:57:05) - Mayor Crowell introduced this item. In reference to the May 4, 2010 letter from the U.S. Geological Survey, included in the agenda materials, Supervisor Aldean inquired as to the program costs. In response to a further question, Deputy Public Works Director Ken Arnold confirmed the accuracy of the \$3,350.00 savings, as reflected in the agenda report. He offered to confirm the program costs. In response to a question, Supervisor Aldean requested staff to confirm the City is receiving its entitled discount for removal of the two gauging stations. Mr. Arnold agreed to do so. Mayor Crowell entertained a motion. **Supervisor Aldean moved to adopt Resolution No. 2010-R-29, a resolution approving and authorizing the Mayor to sign an amendment to the Joint Funding Agreement for Water Resource Investigations, between Carson City and the U.S. Department of the Interior, U.S. Geological Survey, subject to a confirmation of the amount of the reduction as a result of removing two of the gauging stations. Supervisor Livermore seconded the motion.** Mayor Crowell entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 5-0.**

9-4. HEALTH AND HUMAN SERVICES DEPARTMENT

9-4(A) ACTION TO APPROVE AN AMENDMENT TO THE VACCINATION FOR CHILDREN, IMMUNIZATION PROGRAM SUBGRANT AWARD FOR THE TOTAL AMOUNT OF \$110,000.00 FROM THE NEVADA DEPARTMENT OF HEALTH AND HUMAN SERVICES, BUREAU OF CHILD, FAMILY AND COMMUNITY WELLNESS, FOR FUNDS TO SUPPORT IMMUNIZATION ACTIVITIES IN THE CARSON CITY, DOUGLAS COUNTY, AND LYON COUNTY AREAS

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 3

9-4(B) ACTION TO APPROVE THE RENEWAL OF A SUBGRANT AWARD IN THE AMOUNT OF \$51,791 FROM THE NEVADA DEPARTMENT OF HEALTH AND HUMAN SERVICES, SUBSTANCE ABUSE AND TREATMENT AGENCY, FOR FUNDS TO SUPPORT TUBERCULOSIS TREATMENT AND PREVENTION ACTIVITIES IN CARSON CITY

9-5. PURCHASING AND CONTRACTS

9-5(A) ACTION TO DETERMINE THAT CONTRACT NO. 0910-183 IS A CONTRACT FOR FINANCIAL PLANNING SERVICES, A PROFESSIONAL SERVICE, AND THEREFORE NOT SUITABLE FOR PUBLIC BIDDING, PURSUANT TO NRS 332.115, AND TO APPROVE CONTRACT NO. 0910-183, FINANCIAL ADVISORY SERVICES, A REQUEST FOR PROFESSIONAL SERVICES TO BE PROVIDED BY JNA CONSULTING GROUP THROUGH JUNE 30, 2012 FOR A NOT-TO-EXCEED COST OF \$199,000.00, FUNDING TO BE DETERMINED AT THE TIME EACH TASK ORDER IS ISSUED, AS PROVIDED IN FY 2009 / 2010 (8:59:48) - Mayor Crowell entertained a motion to approve this item. Supervisor Livermore moved to approve Contract No. 0910-183, as a contract for financial planning services, a professional service and, therefore, not suitable for public bidding, pursuant to NRS 332.115, and to approve Contract No. 0910-183, Financial Advisory Services, a request for professional services to be provided by JNA Consulting Group through June 30, 2012 for a not-to-exceed amount of \$199,000.00. Supervisor Walt seconded the motion. Motion carried 5-0.

9-5(B) ACTION TO APPROVE AMENDMENT NO. 5 FOR CONTRACT NO. 0405-076, THE RENEWAL OF THE CONTRACT THROUGH JUNE 30, 2011, FOR AMBULANCE BILLING SERVICES WITH ADVANCED DATA PROCESSING, INC. (9:00:58) - Mayor Crowell introduced this item, and Mr. Werner provided background information on Advanced Data Processing, Inc. ("ADPI"). He assured the Board that ADPI has the proper City business licenses, and advised they are not required to register with the Nevada Secretary of State, as a foreign corporation. Ms. Bruketta referenced NRS 80.015(1)(h), and read a portion of the same into the record. In response to a question, she advised that ADPI is "essentially collecting the ambulance bills" on the City's behalf.

Supervisor Livermore advised of having been contacted by a candidate inquiring as to "the legitimacy of the corporation." He inquired as to the possibility of offering the contract to a Nevada corporation. (9:03:41) Fire Chief Stacey Giomi provided background information on the 2005 bid process relative to contracting the ambulance billing. He advised that none of the 5 to 6 qualified bidders were from the State of Nevada. He explained the initial one-year contract "with five years of renewal after that." He offered to conduct another bid process, at the Board's direction to the City Manager, but recommended "not doing that with this contract ... because this contract expires June 30th and we would be left without an ambulance billing company which is obviously instrumental to ... continuing the operation of the ambulance service." In response to a comment, Chief Giomi expressed a preference to contract with a Carson City business. "But the reality is, following state law," there were no options as there were no businesses within the State of Nevada that submitted a bid." Chief Giomi was unaware of any Nevada corporations "that do this kind of business. It's fairly specialized."

Supervisor Williamson suggested the possibility of a business incubator for such services. She recalled a challenge to the ambulance billing process, and noted the importance of a contracting with an experienced corporation. Ms. Bruketta acknowledged the accuracy of Supervisor Williamson's description, and explained that ambulance billing is so specialized a San Diego law firm was required to be retained to assist the City with the prior challenge. Chief Giomi provided further clarification of the matter, which involved

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 4

issues relative to Medicare billing, and advised that the City prevailed with the assistance of outside counsel. In response to a question, he advised that the contractor's rates are "extremely competitive." He expressed surprise that the contractor hasn't raised rates over the past five years.

Mayor Crowell entertained public comment and, when none was forthcoming, a motion. **Supervisor Aldean moved to approve Amendment No. 5 for Contract No. 0405-076, the renewal of the contract through June 30, 2011, for ambulance billing services with Advanced Data Processing, Inc.** Supervisor Williamson seconded the motion. Motion carried 5-0.

9-5(C) ACTION TO DETERMINE THAT CONTRACT NO. 0910-216 IS A CONTRACT FOR HARDWARE AND ASSOCIATED PERIPHERAL EQUIPMENT AND DEVICES FOR COMPUTERS AND /OR SOFTWARE FOR COMPUTERS AND, THEREFORE, NOT SUITABLE FOR PUBLIC BIDDING, PURSUANT TO NRS 332.115, AND TO APPROVE CONTRACT NO. 0910-216, A REQUEST FOR THE PURCHASE OF SERVERS FROM DELL FOR A NOT-TO-EXCEED COST OF \$97,974.36 TO BE FUNDED FROM THE ADMINISTRATIVE SERVICES AUTOMATION PROPERTY / MAINTENANCE FUND, AS PROVIDED IN FY 2009 / 2010 (P.O. #2009-309) (9:10:22) - Mayor Crowell introduced this item. In response to a question, Information Technology Department Director John Wilkinson advised that the actual contract cost "will be closer to \$93,000 ..." He agreed to double check the figures. Mayor Crowell entertained additional questions or comments and, when none were forthcoming, a motion. **Supervisor Williamson moved to determine that Contract No. 0910-216 is a contract for hardware and associated peripheral equipment and devices for computers and / or software for computers and, therefore, not suitable for public bidding pursuant to NRS 332.115, and to approve Contract No. 0910-216, a request for the purchase of servers from Dell, for a not-to-exceed cost of \$97,974.36, to be funded from the Administrative Services Automation Property / Maintenance Fund, as provided for in FY 2009 / 2010, P.O. #2009-309.** Supervisor Aldean seconded the motion. Motion carried 5-0.

9-6. FINANCE DEPARTMENT

9-6(A) ACTION TO CONFIRM THE ENGAGEMENT OF SWENDSEID & STERN AS BOND COUNSEL TO CARSON CITY, NEVADA IN CONNECTION WITH THE \$4,000,000 CARSON CITY, NEVADA GENERAL OBLIGATION (LIMITED TAX) SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 2010

9-6(B) ACTION TO CONFIRM THE ENGAGEMENT OF SWENDSEID & STERN AS BOND COUNSEL TO CARSON CITY, NEVADA IN CONNECTION WITH THE \$32,000,000 CARSON CITY, NEVADA GENERAL OBLIGATION (LIMITED TAX) WATER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 2010

9-7. CITY MANAGER

9-7(A) ACTION TO APPOINT ONE MEMBER TO THE LIBRARY BOARD OF TRUSTEES FOR A FOUR-YEAR TERM, EXPIRING JUNE 2014

9-7(B) ACTION TO RATIFY THE CITY MANAGER'S SIGNATURE ON THE AGREEMENT OF CORRECTION BETWEEN FOOTHILL GARDENS COMPANY AND CARSON CITY

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 5

9-8. PARKS AND RECREATION DEPARTMENT - ACTION TO APPROVE AND AUTHORIZE THE MAYOR TO SIGN A LETTER IN SUPPORT OF THE ASH CANYON TO KINGS CANYON SINGLE-TRACK TRAIL ROUTE PROJECT TO BE LOCATED IN THE HUMBOLDT-TOIYABE NATIONAL FOREST, CARSON RANGER DISTRICT

10. RECESS BOARD OF SUPERVISORS (8:42:28) - Mayor Crowell recessed the Board of Supervisors.

LIQUOR AND ENTERTAINMENT BOARD

11. CALL TO ORDER AND ROLL CALL (8:42:29) - Chairperson Crowell called the Liquor and Entertainment Board to order at 8:42 a.m. Roll was called; a quorum was present, including Member Furlong.

12. ACTION ON APPROVAL OF MINUTES - May 6, 2010 (8:43:02) - Member Aldean noted a correction to the minutes, and moved to approve, as amended. Member Williamson seconded the motion. Motion carried 6-0.

13. PUBLIC WORKS DEPARTMENT, BUSINESS LICENSE DIVISION

13(A) ACTION TO APPROVE NICHOLAS DEMAGISTRIS AS THE LIQUOR MANAGER FOR THE CARSON NUGGET, LIQUOR LICENSE NO. 10-27165, LOCATED AT 507 NORTH CARSON STREET, CARSON CITY (8:43:42) - Chairperson Crowell introduced this item, and Principal Planner Jennifer Pruitt reviewed the agenda materials. She noted the existing agreement allowing the Carson Nugget use of Alan Adams' liquor license until such time as Mr. Demagistris is granted a license.

(8:44:38) In response to a question, Mr. Demagistris listed reasons to prohibit underage drinking, including "accidents, deaths, injuries, any negative connotation that goes along with it." He noted that the Carson Nugget has prevented the sale of alcohol to minors over the past year and is "doing everything we can, on a daily basis, to make sure it doesn't happen." In response to a question, he advised that the next wine pairing dinner is scheduled for June 28th, benefitting the Relay for Life.

Supervisor Walt noted a correction to the "Financial arrangements" paragraph of the Sheriff's background investigation. Sheriff Furlong commended the Nugget on becoming "one of the prime partners, with Partnership Carson City and the rest of the organizations that are really fighting underage drinking. They have one of the most aggressive programs ... in town." He expressed sincere appreciation to Mr. Demagistris, Nugget General Manager Star Anderson, and all the Nugget employees for their assistance in preventing underage drinking.

Chairperson Crowell entertained additional comments or questions and, when none were forthcoming, a motion. **Member Williamson moved to approve Nicholas Demagistris as the liquor manager for the Carson Nugget, liquor license 10-27165, located at 507 North Carson Street**, and requested Mr. Demagistris to convey the board's appreciation for the Nugget's continued investment in Carson City. **Member Aldean seconded the motion. Motion carried 6-0.**

13(B) ACTION TO APPROVE MICHAEL LLOYD AS THE LIQUOR MANAGER FOR THE TAP SHACK, LIQUOR LICENSE NO. 10-27167, LOCATED AT 112 RICE STREET, CARSON CITY (8:47:10) - Chairperson Crowell introduced this item, and Ms. Pruitt reviewed the agenda materials. Ms. Pruitt expressed the understanding that the subject location was operated as The Wishing

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 6

Well until early 2009. She noted the alternative to deny the liquor license application based on some of the information listed in the background investigation included in the agenda materials. In response to a question, Member Furlong advised of a “guarded recommendation” to approve the liquor license application.

(8:49:16) In response to a question, Mr. Lloyd provided background information on acquisition of the subject establishment and his experience in the service industry. He advised of having participated in the Sheriff’s Office alcohol servers training program. He further advised that he has “put in calendars for carding people, flashlights, identification books for drivers licenses, magnifying glasses; anything that I can possibly do to make sure that underage drinking doesn’t happen in my establishment.” He described the establishment as a “neighborhood bar … a comfortable place for people to relax and unwind.” In response to a question, he described his recent experience having donated a kidney to a friend.

Member Aldean commended Mr. Lloyd, and discussed the importance of leading by example in discouraging underage drinking. In reference to Mr. Lloyd’s background, Member Livermore noted that he “seemed to have straightened [his] life around a little bit.” He expressed the hope that Mr. Lloyd has “seen the wisdom and the reasoning for why we have laws forbidding underage consumption of alcohol.” He cautioned Mr. Lloyd against any future violation.

Chairperson Crowell entertained public comment; however, none was forthcoming. Mr. Lloyd expressed appreciation for the hearing and discussed his intent to “run a clean business in town.” He discussed the importance of setting a good example for his two children. Chairperson Crowell entertained a motion. **Member Livermore moved to approve Michael Lloyd as liquor manager for The Tap Shack, liquor license no. 10-27167, located at 112 Rice Street, Carson City. Member Aldean seconded the motion. Motion carried 6-0.**

14. ACTION TO ADJOURN LIQUOR AND ENTERTAINMENT BOARD (8:55:23) - Chairperson Crowell adjourned the Liquor and Entertainment Board at 8:55 a.m.

15. RECONVENE BOARD OF SUPERVISORS (8:55:25) - Mayor Crowell reconvened the Board of Supervisors.

ORDINANCES, RESOLUTIONS, AND OTHER ITEMS

16. ANY ITEM(S) PULLED FROM THE CONSENT AGENDA WILL BE HEARD AT THIS TIME (8:55:30) - Discussion took place regarding the items which were to be heard separately, and Mr. Werner requested the Board to ensure that item 9-5(A) is approved. Please see the minutes for items 9-3, 9-5(A), (B) and (C).

17. PUBLIC WORKS DEPARTMENT

17(A) ACTION TO ADOPT, ON SECOND READING, BILL NO. 105, AN ORDINANCE AMENDING TITLE 12, WATER, SEWERAGE, AND DRAINAGE, CHAPTER 12.01, WATER CONNECTION CHARGES AND USE RATES, SECTION 12.01.020, SCHEDULE OF RATES, BY INCREASING RATES EFFECTIVE ON BILLS DATED ON OR AFTER JULY 1, 2010; AMENDING SECTION 12.01.030, SCHEDULE OF WATER CONNECTION CHARGES, LATERAL AND METER BOX SETS, AND METER SET FEES, BY INCREASING CHARGES AND FEES ON BILLS DATED ON OR AFTER JULY 1, 2010, AND OTHER MATTERS PROPERLY RELATED THERETO (9:12:23) - Mayor Crowell introduced this item. Public Works

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 7

Department Director Andy Burnham provided background information and reviewed the agenda materials. In response to a question, he advised that the associated project cannot be delayed because of the inability to meet peak water demands without violating water quality standards. He advised of approximately eight wells with “uranium problems,” and “seven or more wells that have arsenic problems.” He explained the least expensive solution to “look to our neighbors in a regional context … rather than … treating the water.” He anticipates the solution will address the problem “for a good decade,” and is a “much better alternative than developing a water treatment plant at a larger cost, with a larger operations and maintenance cost, as well as it doesn’t get us any new water.” In response to a question, he advised that Douglas County has a consolidated water rate hearing scheduled for the afternoon session of the County Commissioners meeting. The Indian Hills General Improvement District is another partner in the project and has substantially raised their water rates. The Carson Water Subconservancy District is providing funding to both Douglas County and Carson City to increase the size of the facilities for future use and potentially an even larger regional water system. In response to a question, Mr. Burnham advised that costs would increase dramatically to any of the remaining partners if one partner chose not to increase water rates. He responded to corresponding questions of clarification.

Supervisor Williamson noted that 1,250 acre feet of water rights will be utilized as a result of the project. She advised of second thoughts associated with the conservation tier, following the Board’s action on first reading, and that the subject action would defer implementation of the conservation tier until October 1, 2010. She requested staff to return to the Board in September to review the conservation tier. She discussed the importance of stability and predictability in water rate design. Mr. Burnham requested the Board to include the October 1, 2010 date in any action taken. He noted that the delay will provide staff an opportunity to develop a proposed incentive program in order to reduce demand.

Supervisor Livermore expressed concern with regard to restricted watering during the summer months and the impact of the increased water rates to residents and business owners. He suggested considering the associated project “as a business proposal,” and discussed the benefits. In response to a question, Mr. Burnham advised that ignoring the federal mandates would result in \$35,000-per-day fines, and “ultimately they can order us to do the same thing that we would be doing.” Supervisor Livermore assured the citizens that the Board takes the subject decision seriously, “but the plan’s been considered …; we have good partners …”

Supervisor Aldean agreed with earlier comments that the Board does not relish rate increases, and referred interested citizens to the City’s website for useful information. Mr. Burnham acknowledged that an average water user will see an increase of approximately \$7.74 per month. Supervisor Aldean reminded staff to continue researching water conservation programs. Mr. Burnham advised that such programs will be presented to the Board in September. Supervisor Williamson suggested also reviewing the City’s commercial landscape requirements. Supervisor Aldean explained that the regional pipeline will enable the City to utilize water currently owned in the Minden area, as well as acquire additional water rights which are arsenic and uranium free.

Mayor Crowell entertained public comment. (9:26:10) Duana Lompa expressed concern that the potential for development of her family’s 425 acres on Fifth Street will be jeopardized by insufficient water supply. Mr. Burnham explained the requirements for the arsenic and uranium regulations, which have been in place for the past four to five years, with accompanying compliance schedules from the state and federal governments. The number of impacted wells has increased over the past several years to nearly half. In response to a question, Mr. Burnham advised of plans for sufficient water supply to accommodate a population of 75,000 to 80,000 people. Mr. Werner assured Ms. Lompa of an adequate water supply to

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 8

accommodate the issuance of building permits. "The quality issue becomes irrespective of whether there's new growth or not. That's something the City would face irrespective of growth." Mr. Werner provided background information on the Public Works Department's attempts at meeting federal and state water quality standards through blending. "We were not able to achieve the kind of blending we needed, particularly when some of those wells started showing higher levels of uranium and ... arsenic than we anticipated." Mr. Werner explained that Carson City "acquire[s water rights] ... ahead of time and, therefore, you as a developer would not have to do that. That's the kinds of assurances we were giving developers." He advised of EPA standards currently under consideration which may require additional treatment. "It has nothing to do with the ability to assure a developer that they can come in and develop property. It's a distinct difference." Mr. Werner acknowledged that the City could assure a developer with regard to the 425-acre Lompa Ranch. "They're going to pay the new rate too. Everybody's going to pay the new rate because it's a water quality issue not a quantity issue." Ms. Lompa advised that she manages the shopping center on Winnie Lane and Carson Street, mostly comprised of small businesses. She expressed concern over the impact to said businesses, and Mr. Werner advised that the commercial water rate increase will be 30 percent or less. He reiterated there is no alternative. Mayor Crowell thanked Ms. Lompa for her attendance and participation.

(9:31:40) Gil Yanuck expressed appreciation to the Board and City staff for listening. He advised of having offered his property for experiments to the Carson Water Subconservancy District, and of having talked to a number of nurserymen, turf and seed suppliers. "This summer will be a summer of experimentation." Mr. Yanuck suggested deferring implementation of the conservation tier until November 1st as "we're still watering in October, depending upon the temperature." He introduced Matthew Yanuck, who displayed a photograph to the Board. Mr. Yanuck presented a check for \$3,000, payable to the City's Utilities Division, as advance payment of his summer water bill. In response to a comment, he reiterated the request for the Board to consider deferring implementation of the conservation tier to November 1st. Mayor Crowell thanked Matthew Yanuck for participating in the democratic process.

(9:35:24) Paul Sieman, of Comstock Circle, advised of having reviewed the City's website information and of having discussed this matter. He considered "this as more of an issue with the uranium versus the peak period watering versus the growth." He advised that his water bill will increase \$60 to \$80 per month. He inquired, "Why does it have to be a fee in the water instead of a capitalization line item?" He further inquired as to what building a regional pipeline, "building or not building a plant" has to do with water. "Every hookup to water ... should be evenly spread over all the water drinkers and not put the burden on the back of the landscapers." Mayor Crowell explained the purpose for the water rate increase to finance the bonds which will facilitate the capital improvements. He was uncertain as to the method by which to design a capital improvement line item without the supporting revenue. Mr. Sieman explained, "It's being built in the tiered structure of the amount of water you use not the amount of water you drink." He suggested that, "instead of it being in a tiered structure, ... there could be a line item that basically equally assesses this across-the-board instead of plugging it on the landscapers." In reference to the current economy and the number of vacant buildings and bank-owned properties which "are not being taken care of," he expressed concern over "add[ing] to this a lot of people who ... are on fixed incomes and worked years to get their yards in condition. And now, you're basically saying, 'Go redesign your yard ...', and you've got no incentive whatever." Mr. Sieman advised that "other cities ... give you an incentive if you will cut back on the water." He inquired as to deadlines associated with the federal mandates, and reiterated "it's all capitalization and this thing should have a start and it should have a stop." He suggested that more discussion should take place, and requested the Board to delay action on "the whole thing." Mayor Crowell advised of extensive discussions with representatives of neighboring counties which took place some time ago. In response to a question, Mr. Sieman expressed the opinion that the tiered structure

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 9

is inappropriate, and suggested a capital project line item, “with a start and stop because you put it in the fee structure, when are you going to eliminate that fee?” Mayor Crowell advised that the Board decreased water and sewer connection fees by 90 percent last year in order to stimulate business growth.

In reference to items 18(A) and (B), Finance Department Director Nick Providenti advised that the subject rate increase will pay the 30-year debt service on the water and sewer improvement bonds. Supervisor Walt discussed consideration given to the impact of increased water and sewer rates on her family, and noted that the subject action represents “our future.” She expressed concern over the cumulative effect of the uranium and arsenic issues.

Mayor Crowell entertained additional public comment. (9:47:36) Richard Rivas, of Comstock Circle, expressed concern over the “thirty percent surcharge and the conservation tier.” In reference to Mr. Werner’s earlier explanation relative to the water quality issue being “paid for by all of the users,” Mr. Rivas expressed support “if that’s true.” “If the thirty percent surcharge is being used to capitalize the line item, then it’s not entirely true. You’re not spreading the cost of the water quality issue over the entire system.” In consideration of conservation programs, he expressed concern over a reduction in water consumption translating to a reduction in revenue generated, resulting in another increase in water rates. He advised of the intent to allow his yard to “go to weeds” if his “rate goes up as much as ... calculated,” and suggested “there are a lot of people that would be in that boat.” He reiterated the likelihood that the volume of water consumption will be reduced, and that the City will likely have to consider another water rate increase. In response to a question, Mr. Burnham advised that the City can’t produce sufficient water “at those lower levels.” Mr. Rivas explained the reason “those levels are increasing is because the wells have been pumped over time. The same thing will happen to the wells that you drill to augment the supply over time probably, given the chemical characteristics of the ground water in this general area.” Mayor Crowell advised of having considered reviewing whether one class of customers is subsidizing another relative to rate design. Mr. Sieman suggested considering the purpose of the rate increase. “If it’s water quality, whether you’re using a lot of water or a little water, it’s the water that you’re drinking that you’re concerned about in terms of the carcinogenic effects of the chemicals ... That should be spread over everyone. If you’re talking about growth, ...” then you have to consider the people using “lots of water and let’s pay for it that way.” Mr. Burnham explained the “combination of both quality and quantity. We’re able to produce the quality of water at the low volume that’s needed during three-quarters of the year. It’s the summer months, when we have the high demand and the residential component increases our demand substantially in the summertime ... that we have the difficulty in meeting the water quality.”

(9:54:21) Mark Sattler expressed support for regional cooperation, and commended that component of the subject project. In response to a suggestion to develop the Marlette source, he advised of having contacted Mr. Burnham, who informed him that there would be less water available than the City will get from Douglas County. In addition, the Marlette source would not be available during drought periods.

(9:55:27) In reference to the project phases, Karen Abowd inquired as to whether rate increases can be phased. Mr. Burnham advised of having considered this option “and it would require about a 35 percent rate increase if we were to delay a portion of the rates for another year while we’re in the midst of construction.”

Mayor Crowell noted the significant increase to the School District and called for additional public comment. When none was forthcoming, he entertained additional questions or comments of the Board members. Supervisor Aldean advised that JNA Consulting Group had conducted a detailed water rate analysis, and presented the various alternatives to the Board. In reference to the reclaimed water line

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 10

program, she inquired as to the possibility of being more aggressive to make reclaimed water available to users who are in a position to take advantage. Mr. Burnham advised there is no budget for extending the reclaimed water lines throughout town. Supervisor Aldean noted reclaimed water as a potential long-term solution for the large water users. Mr. Burnham advised that the School District has opted not to pursue the utilization of reclaimed water at this time. Mr. Werner advised that the availability of effluent is extremely limited at this time. Discussion followed and, in response to Mr. Sieman's comments, Supervisor Aldean advised that the loss of revenue as a result of conservation measures was factored into the analysis. Mr. Providenti advised of having factored a 15-percent reduction. Supervisor Livermore commended staff on the extensive research and analysis conducted prior to presenting the proposed rate increases.

Mayor Crowell entertained additional public comment. (10:04:27) Cheryl Sieman advised of having served as an educator for 32 years. She inquired as to the rates to be paid by residents of Douglas and Lyon Counties, and whether "there are any private water companies or pipeline companies ... involved or that would be able to be involved in future development." Mr. Burnham advised of no private companies currently involved in the regional pipeline project. "There is a provision that ... Lyon County can get water out of this but they are not a participant ... now and they don't have any water subscription as a part of it so they would have to buy water and pay for portions of the lines ... beyond what the Subconservancy might be paying if they want water in addition to that." Mr. Werner advised that Douglas County water rates will increase over 100 percent.

(10:06:46) Jim Kiernan, a resident of Wellington Crescent, expressed understanding for the water rate increase. He inquired as to the manner in which the fee will be collected. "It's all too easy to simply raise a rate and call it a quick fix to paying the bonds. This is a capital improvement. ... How we're paying for this doesn't make sense." Mr. Kiernan expressed the opinion that a capital improvement should "be paid evenly across-the-board by everyone, through either a tax ... or some other manner, but to simply just raise rates, that just seems to be the easy fix anymore." He acknowledged the improved water quality as "an ancillary thing," and reiterated that "it's a capital improvement and it needs to be addressed as such."

(10:08:34) Janice Baldwin, 1533 Goldfield Avenue, inquired as to the agency which imposes the water quality standard. Mr. Burnham advised that the federal government imposes the standard. In response to a further question, he explained that the associated project is required regardless of bond funding. Ms. Baldwin inquired as to the number of years "we have lived ... in this country with arsenic and uranium in our water." In response to earlier comments, she advised that arsenic did not cause cancer clusters in Fallon. She expressed the opinion that our children are not at risk, and inquired as to the method by which to "stop the federal government from putting these regulations on us ..." She advised that she drinks filtered and bottled water. "I make those choices. ... By the time you ... vote on this, I am no longer free and I have to be controlled to pay more money by the federal government." She inquired again as to how to oppose the federal mandates "on our little City and my life to have to pay these rate increases." Mayor Crowell expressed understanding for Ms. Baldwin's position. In response to a question, Mr. Burnham estimated that the uranium standard has been in place for six years. Ms. Baldwin stated, "Six years is not a hundred years. ... there's people that have lived in Carson City, drinking this horrible water, that are probably eighty, ninety years old; some probably really good quality of life. So, this is a drama thing. This is not a real issue."

Supervisor Aldean discussed the need for a concerted and collective effort by all small municipalities to utilize the offices of our congressional representatives to make our concerns known. She suspected that, in some parts of the country, these federal mandates are bankrupting municipalities. Mr. Werner estimated

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 11

that these issues have “been on the books for close to 15 to 20 years,” and have been fought through the National League of Cities, through water utilities, but they’ve been losing in the courts. He expressed the opinion the only way to fight the federal mandates “is to go back to Congress ... and talk about the environmental issues, which has happened. And on a pretty regular basis, Congress has elected not to relax any of these standards.” Mr. Werner estimated that the arsenic standard has been in place for 20 years. Supervisor Williamson reviewed the standards imposed by the Clean Water Act, and noted that various contaminants are geographically localized. “Our challenge is to try to develop a municipal water system that meets the existing standards ... facing us today and also provide an affordable, valuable resource to our community at a reasonable cost. ... When it comes down to it, as elected officials and as professional staff, we are trying to meet the challenges and the requirements that we are facing today while, maybe on the side, challenging those requirements.” Supervisor Williamson advised that City representatives have attempted to delay the rate increases as much as possible. She further advised that the federal delegation has been sensitive to the costs associated with these requirements and has made various loan programs, bonding programs, and grants available. In reference to the April issue of *National Geographic*, she noted the worldwide issue of water. She advised that the subject ordinance is the result of “years of analysis and different ways of looking at water rates and sewer rates and the needs of our residents. This is our best effort coming forward.” She acknowledged the difficulties associated with increased water rates, but noted “we’ve tried to be responsible and we’ve tried to be consistent. ... Rather than having individual property assessments, as some communities do, we’ve basically always paid for capital projects through user rates.” Supervisor Livermore commented on the “issue of unfunded mandates.”

(10:17:09) In response to a question, Mr. Burnham advised Carol Howell that the project will be constructed in approximately two years. The repayment schedule is between 20 to 30 years, depending upon the bond. In response to a further question, Mr. Burnham advised that improvements to the system will be required “every year from now on because, as things wear out, you have to replace systems.” He anticipates no large projects for the next decade, unless federal requirements change again. In response to a comment, he advised that the capital improvements associated with the project will last 50 to 100 years. “It’s just that there will be additional improvements ... required in the City in the next decade as well. This isn’t the end of building the City.” Discussion took place regarding federal mandates, and Mayor Crowell noted the importance of communicating the hardship to state and federal representatives. Mayor Crowell acknowledged that the congressional representatives have been made aware of the hardships.

Mayor Crowell entertained additional public comment and, when none was forthcoming, a motion. He thanked the citizens for their attendance and participation. **Supervisor Aldean moved to adopt, on second reading, Bill No. 105, Ordinance No. 2010-6, an ordinance amending Title 12, Water, Sewerage, and Drainage, Chapter 12.01, Water Connection Charges and Use Rates, Section 12.01.020, Schedule of Rates, by increasing rates effective on bills dated on or after July 1, 2010; amending Section 12.01.030, Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees, by increasing charges and fees on bills dated on or after July 1, 2010; and other matters properly related thereto, with direction to staff to delay implementation of the conservation tier until November 1, 2010. Supervisor Williamson seconded the motion. Motion carried 5-0.** Mayor Crowell recessed the meeting at 10:22 a.m. and reconvened at 10:34 a.m.

17(B) ACTION TO ADOPT, ON SECOND READING, BILL NO. 106, AN ORDINANCE AMENDING TITLE 12, WATER, SEWERAGE, AND DRAINAGE, CHAPTER 12.03, SEWER CONNECTION CHARGES AND USE RATES, SECTION 12.03.020, SCHEDULE OF RATES, BY INCREASING ALL RATES 14 PERCENT, AND OTHER MATTERS PROPERLY RELATED THERETO (10:34:48) - Mayor Crowell introduced this item. Deputy Public Works Director Ken Arnold

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 12

provided background information and reviewed the agenda materials. At Mayor Crowell's request, Finance Department Director Nick Providenti described the state revolving loan program. Mayor Crowell entertained public comment and, when none was forthcoming, a motion. **Supervisor Walt moved to adopt, on second reading, Bill No. 106, Ordinance No. 2010-7, an ordinance amending Title 12, Water Sewerage, and Drainage, Chapter 12.03, Sewer Connection Charges and Use Rates, Section 12.03.020, Schedule of Rates, by increasing all rates 14 percent, and other matters properly related thereto. Supervisor Livermore seconded the motion. Motion carried 5-0.**

18. FINANCE DEPARTMENT

18(A) ACTION TO INTRODUCE, ON FIRST READING, AN ORDINANCE OF THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION (LIMITED TAX) SEWER IMPROVEMENT BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2010C (TAXABLE DIRECT PAY BUILD AMERICA BONDS), AND GENERAL OBLIGATION (LIMITED TAX) SEWER IMPROVEMENT AND REFUNDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2010D (TAX-EXEMPT); PROVIDING THE FORM, TERMS, AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BONDS; AND PROVIDING OTHER MATTERS PROPERLY RELATED THERETO (10:37:59) - Mayor Crowell introduced this item, and Finance Department Director Nick Providenti reviewed the agenda materials. Mayor Crowell entertained public comment; however, none was forthcoming. In response to a question referencing the May 20th memo from JNA Consulting Group, included in the agenda materials, Mr. Providenti explained the difference between negotiated and competitive sales. He acknowledged that the Carson City Charter does not require competitive bidding. He advised that JNA Consulting Group has determined negotiated sale to be less expensive than competitive sale of the bonds.

Mayor Crowell entertained additional questions or comments and, when none were forthcoming, a motion. **Supervisor Livermore moved to introduced, on first reading, Bill No. 107, an ordinance of the Board of Supervisors of Carson City, Nevada providing for the issuance of general obligation (limited tax) sewer improvement bonds (additionally secured by pledged revenues), Series 2010C (taxable direct pay Build America Bonds), and general obligation (limited tax) sewer improvement and refunding bonds (additionally secured by pledged revenues,) Series 2010D (tax-exempt); providing the form, terms, and conditions thereof and covenants relating to the payment of said bonds; and providing other matters related thereto. Supervisor Walt seconded the motion. Mayor Crowell entertained public comment and, when none was forthcoming, called for a vote on the pending motion. Motion carried 5-0.**

18(B) ACTION TO INTRODUCE, ON FIRST READING, AN ORDINANCE OF THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION (LIMITED TAX) WATER IMPROVEMENT BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 2010A (TAXABLE DIRECT PAY BUILD AMERICA BONDS), AND GENERAL OBLIGATION (LIMITED TAX) WATER IMPROVEMENT AND REFUNDING BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2010B (TAX-EXEMPT); PROVIDING THE FORM, TERMS, AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BONDS; AND PROVIDING OTHER MATTERS PROPERLY RELATED THERETO (10:44:12) - Mayor Crowell introduced this item, and Mr. Providenti reviewed the agenda materials. In response to a question, Mr. Burnham anticipates the associated projects will be bid by regional construction companies. He estimated 500 jobs will be created by the Carson City and Douglas County portions over two years.

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 13

Mayor Crowell entertained Board member and public comments; however, none were forthcoming. Mr. Burnham acknowledged that the foregoing items will be re-agendized for further review and discussion if the Douglas County Commissioners don't approve corresponding items. Mayor Crowell entertained a motion. **Supervisor Williamson moved to introduce, on first reading, Bill No. 108, an ordinance of the Board of Supervisors of Carson City, Nevada, providing for the issuance of general obligation (limited tax) water improvement bonds (additionally secured by pledged revenues), Series 2010A (taxable direct Build America Bonds), and general obligation (limited tax) water improvement and refunding bonds (additionally secured by pledged revenues), Series 2010B (tax-exempt); providing the form, terms, and conditions thereof, and covenants relating to the payment of said bonds; and providing other matters relating thereto. Supervisor Walt seconded the motion. Motion carried 5-0.** Mayor Crowell thanked the citizens for their attendance and participation.

19. CITY MANAGER - REVIEW OF THE CARSON CITY OPERATIONS SCORECARD AND PRESENTATION OF REVISED OBJECTIVES AND MEASURES UNDER THE PERSPECTIVE TITLED, "A HEALTHY COMMUNITY" (10:47:25) - At Mr. Werner's request, Mayor Crowell deferred this item to later in the meeting. (1:01:14) Linda Ritter reviewed the operations scorecard, copies of which were included in the agenda materials and displayed in the meeting room. She responded to corresponding questions of clarification. Mayor Crowell requested Ms. Ritter to document the number of people associated with the current unemployment rate. In response to a question, Ms. Ritter advised that performance measures are being requested for the community support service grants. In response to a further question, she advised of having worked with Parks and Recreation Department staff to compile data relative to the active and engaged community goal. Mayor Crowell entertained additional questions or comments and, when none were forthcoming, thanked Ms. Ritter for her presentation.

20. RECESS BOARD OF SUPERVISORS (10:47:50) - Mayor Crowell recessed the Board of Supervisors, and passed the gavel to Redevelopment Authority Chair Robin Williamson.

REDEVELOPMENT AUTHORITY

21. CALL TO ORDER AND ROLL CALL (10:48:00) - Chairperson Williamson called the Redevelopment Authority to order at 10:48 a.m., noting the presence of a quorum.

22. ACTION ON APPROVAL OF MINUTES - May 6, 2010 (10:48:07) - Vice Chairperson Aldean moved to approve the minutes, as presented. Member Crowell seconded the motion. Chairperson Williamson entertained public comment and, when none was forthcoming, called for a vote on the pending motion. Motion carried 5-0.

23. CITY MANAGER - ACTION TO APPROVE THE DEVELOPMENT COORDINATION AGREEMENT FOR THE CARSON CITY CENTER PROJECT BETWEEN THE CARSON CITY REDEVELOPMENT AUTHORITY, THE MAE B. ADAMS TRUST, AND P3 DEVELOPMENT, INC., AND TO RECOMMEND TO THE BOARD OF SUPERVISORS CONSENT TO AND ADOPTION OF A RESOLUTION AUTHORIZING THE EXPENDITURE OF \$75,000 FROM THE REVOLVING FUND FOR THE REDEVELOPMENT AUTHORITY FOR THE AUTHORITY'S PORTION OF THE AGREEMENT (10:48:40) - Chairperson Williamson introduced this item. Mr. Werner provided background information and reviewed the agenda materials. He introduced Steve Neighbors, representing the Mae B. Adams Trust, Rick Oshinski, representing P3 Development, Inc., and Carson City Library Director Sara Jones.

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 14

(10:49:46) P3 Development, Inc. CEO Rick Oshinski provided background information on P3's involvement in the proposed development and on the corporation. In reference to a recent *Urban Land Institute* article, Mr. Oshinski noted the definition of a public / private partnership "as a process as opposed to a product." He described the "first step of the process ... as programming," which he explained "involves three questions: (1) What does the client want to build?; (2) What can be built considering the physical structure, the amount of land ...?; and (3) What can you afford to build?" He discussed the importance of answering those three questions "because at this point we simply do not know what can be afforded; whether the entire project ... is possible or feasible or some portions of it. That is our task." Mr. Oshinski described the Development Coordination Agreement ("DCA") as "our effort to answer those three questions." He reviewed the provisions of the DCA, copies of which were included in the agenda materials. He commended the collaborative efforts of City and Nugget representatives in developing the DCA, and noted the time table included therein, prescribing tasks to begin upon approval.

At Vice Chairperson Aldean's request, Mr. Werner reviewed revisions to the DCA "based on public testimony and input from the Board" members. Mr. Oshinski acknowledged that P3 has engaged in similar feasibility studies, in the past, and returned with recommendations that a project was infeasible. Member Crowell discussed an interest in the results of the feasibility study. Mr. Oshinski acknowledged the purpose of the feasibility study to determine financing and the community's desires. He noted the DCA references "desired elements versus final elements," and reviewed the same. "As we get into this process, we may determine that not all of those elements can be constructed at one time or at all, depending on the realities that we have to face once we do the science essentially. So, we will bring you options and it will ultimately be the determination of the City ... and the other party to the agreement, the Trust, as to what will happen in terms of what will be built, when it will be built, will it be phased or not." Mr. Oshinski advised of having been recently requested to consider the feasibility of a hotel and conference center as part of the project. He stated, "This is a great time to build," and advised that available resources will be considered in light of construction costs. "Based on the judgments of [the P3 team], we'll come back with proposals and recommendations and information upon which you can make the decision."

Member Crowell noted that the Nugget owns "prime real property in the middle of our downtown Carson City ... now owned by a trust ... created essentially for the benefit of a Foundation that comes back to Carson which provides an opportunity." He explained his decision-making mechanism to determine whether to "deal with a Foundation that has cash in it or ... [have] some say in the development right of what happens to a core piece of property in my downtown area in Carson." This will be "the prism" through which he "view[s] whatever [P3] brings back." Member Crowell further clarified the opportunity to either deal with the property in the downtown or let the property go and deal with whatever it ends up being in the Foundation in terms of cash. Mr. Oshinski clarified that P3 is "serving ... as your consultant ... Our job is to give you the best information that we can based upon our experience and ... what we think is a very talented team. The decision, ultimately, is for you ... to determine what is desirable and what is in the best interests of the community. I'm not here to promote any particular project or any piece of the project. I'm here to help you, in partnership, determine whether a project is feasible at all and, then, if you make the decision to go forward with it, get it built in the most timely fashion and under a guaranteed maximum price that you can bank upon." Mr. Oshinski assured the Board that P3's role will be collaborative and "we will do our best to give you all the information you need to make the right decision."

Chairperson Williamson noted the key distinction between a detached consultant and a partner who will be involved in implementing the recommendations. In response to a question, Mr. Oshinski clarified that the only exclusivity P3 Development has is through the 90-day period. At the end of the 90 days, P3 will negotiate a development agreement. In response to a further question, Mr. Oshinski advised that the dollar

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 15

figure included in the DCA is P3's cost "and much of that money is going to be paid to planners and architects and engineers and construction people who will be doing pricing and estimating ... There's no profit in it. This is strictly an exercise to determine whether this project is feasible." Mr. Oshinski pointed out that, as the Board has to make a business decision for the City's benefit, P3 and the Nugget will make business decisions for the benefit of their respective organizations. He assured the Redevelopment Authority that P3 has a risk as well. "I'm not going to sell you something I can't deliver" because P3 will also be financially at risk upon entering into a development agreement.

Mr. Oshinski acknowledged P3's role to determine whether the project is financially viable enough to construct. In response to a question, he advised that the request for proposal included the general project elements. P3 representatives considered the project elements in the decision to submit a proposal. Mr. Oshinski acknowledged that the project concepts included in the request for proposal were not P3's. Member Livermore expressed difficulty with the "concept that's been presented here," and concern over the Carson City taxpayers being the source of the Hop and Mae Adams Foundation's cash. At Member Livermore's request, Mr. Oshinski agreed to provide an executive summary of the DCA. Member Livermore discussed concerns over the DCA recitals and the commitment of "public taxpayers' money." In response to a question, Mr. Oshinski anticipated disappointment over the Board of Supervisors deciding not to move forward with a worthwhile project, if it is determined to be so. He emphasized, however, that P3 works exclusively with public agencies. "We have to stand in front of boards all the time. We could not do our business well ... if we did not understand and respect the political and regulatory climate that our clients deal in. We would respect your decision. We would provide the work product." Mr. Oshinski reiterated that the decision will be the Board's "because that's what a partnership is." Member Livermore advised of having requested the Board of Supervisors "to allow a vote of the public," and that his "vote today is going to be contingent on that vote."

Vice Chairperson Aldean noted that the DCA represents a feasibility analysis to determine whether there is a project and whether "it's something we want to pursue." She suggested a revision to Exhibit "C" to "accept the DCA results" at the August 19, 2010 "BOS Presentation." Discussion ensued, and Vice Chairperson Aldean expressed understanding of Member Livermore's comments. She expressed the opinion that submitting the project to an advisory vote process "is a little premature because we don't know whether or not the project is even feasible." She expressed a preference "to at least get to that point so that, at the end of the day, we can say, whether we reject it or accept it, that we have made an earnest effort to determine the feasibility of this project and the benefits that accrue to the community." Member Livermore expressed support for Vice Chairperson Aldean's comments "if [Exhibit "C"] had a schedule ... that said, November election, an advisory vote of the Board." In response to a question, Mr. Werner advised that Exhibit "C" represents the schedule associated with the DCA; "nothing else." In response to a question, Member Livermore expressed the opinion there is still time to place an advisory question on the general election ballot.

Mr. Oshinski acknowledged his consideration of the DCA as a business plan. "It's step one in the way we view public / private partnerships of ultimately the business plan. Step two would then be to make the development agreement ..., enter into construction and deliver the project." He reiterated, "It may end after step one, but it may also go ... all the way through the end of the total plan which could take several years."

(11:22:56) At Chairperson Williamson's request, Steve Neighbors, representing the Mae B. Adams Trust (the "Trust"), the Hop and Mae Adams Foundation (the "Foundation"), and the Nugget, clarified that the Trust owns the Nugget and the Nugget owns the subject property. Mr. Neighbors provided background information on purchase of the Nugget stock "so that the Mae B. Adams Trust now owns 100 percent of

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 16

the Nugget and the land that the Nugget owns.” He offered the Trust’s cooperation and assistance with whatever the City wishes to do on that property. “At that point in time, whatever funds are available for the value of the land, well then, that will go to the Foundation and will fund the Foundation.” Mr. Neighbors reviewed the purpose of the Foundation “to assist the community, the youth, and animals of Carson City.” He reiterated the purpose of the Trust to “allow the City to have the opportunity to do something if you wish. ... All I did was, based on your past vote, step up, purchase it, and make that available ...” He advised that careful consideration was given to conceptual viability of the project “in this day and age.” He discussed the mission of the Trust and the Foundation to facilitate the creation of jobs for “the youth” of the community. “We have gone through all of our vetting process, spending quite a bit of time and money to see if this is potentially viable, are the concepts reasonable. We’ve come to the conclusion we have, we’ve presented that to a number of developers, we went through quite a process, and we think we have a very good developer on board now who will watch out for the community, for themselves, as well as the Foundation and the Trust, and go forward and present whether a plan is viable or not.” If the project is not viable, Mr. Neighbors advised that the Trust will then deal with its holdings.

Vice Chairperson Aldean expressed understanding for leasing the Nugget property as this “keeps it on the tax rolls, generates income for the Foundation, allows that money then to be recirculated through the community for the purposes it was intended.” She inquired as to whether the Trust has the flexibility to permit donation of the property if the feasibility analysis determines that the “project doesn’t pencil” without it. Mr. Neighbors explained that the Foundation was established to benefit charities, and suggested the City is not a charity. As the Trustee, he expressed a desire to “be as flexible as possible to do whatever the community wants to do.” He discussed his responsibility to protect the Nugget, as an asset of the Trust. He reiterated that “if the City determines that it doesn’t want to do something going forward, [he] will keep that property with the Nugget and then deal with the Nugget.” In response to a further question, he advised of the need for counsel prior to committing to donating property for the Library and other public improvements. He emphasized a desire to assist the community in “doing what they want.” Based upon the opportunity for consideration of the proposed project, he reiterated having secured the property and advised that he has purchased other parcels “all to give you a good contiguous part that you can fill if you wish to do so and if it pencils out.”

In reference to the Board’s action in November 2009, Member Crowell expressed the belief that “it was a big deal” for the Trust to acquire the other half of the Nugget, Inc. property. The ability to take advantage of 100 percent of the asset makes a difference. Mr. Neighbors provided background information on purchase of the Nugget property, reiterating the intent to “give you an opportunity to look at a development with ... a very good developer.” If the City chooses not to pursue the development, he advised of the intent to liquidate the asset.

In response to a question, Mr. Neighbors reiterated that “all options are available. We’re not in the process of dictating what the community spends its money on.” He suggested that “the community has already voted and elected people to speak for them and they pay them to deal with these issues.” With regard to the library, he expressed the belief, “as a Trustee, that the youth are served by the library, ... the community is served by the library, ...” He advised that the 21st century library is “not ... a book storage place.” “Though there will be other elements of incubation throughout the City,” Mr. Neighbors expressed the opinion “there needs to be an element downtown that deals with the high end type of industries you want to bring in that pay the high paying jobs for the kids to stay here as well as the existing people to be employed.” In response to a question, Chairperson Williamson suggested that “plan B” will be revealed by the feasibility analysis report. Member Livermore expressed the opinion that “right now there’s only one plan.” Mr. Neighbors explained he doesn’t “normally go into a business with a plan B.” He agreed

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 17

that the next steps will be revealed by the results of the feasibility analysis report. He advised that the land and proposed development is “just one part of ... what I’m trying to do.” He assured the Redevelopment Authority that the City will not be “put at harm.” He reiterated that, if the project is determined to be infeasible, he will deal with the property as a Trustee “who doesn’t really want to be owning a casino.” He further assured the Redevelopment Authority that the Trust and the Foundation will “go forward and do what it needs to do for the community, looking to the community leaders.”

Member Walt reminded the Authority members and the citizens of the “knowledge center that is in plan A. It’s beyond the library that we have ... across the street.” Mr. Neighbors commended City staff and representatives on their diligence in “watching out for the City.” He discussed his personal perspective to invest in technology. “I know it’s a painful time, but that’s really the opportune time to strike.”

Chairperson Williamson opened this item to public comment. (11:38:57) Lori Bagwell, of Jarrard Court, expressed the opinion that “there are component pieces to this project.” She considered the first one as the approval for the developer to determine feasibility. In response to a question, Mr. Werner provided background information on the purpose of agenda item 24 and responded to questions of clarification. Ms. Bagwell expressed the opinion that “you’re putting carts and horses before ...” She expressed no problem with a feasibility analysis, and concerns that “the City is marching down the path, putting all the other elements in place to make it happen before you have the results of this study.” Chairperson Williamson assured Ms. Bagwell that the two agenda items represent two separate opportunities, and reviewed the associated time frames. Ms. Bagwell noted the “huge increase in our water and sewer rates which was forced on us by the federal government.” She expressed support for a general election advisory question, which she promised to carefully consider.

(11:43:50) Day Williams, Ward 3 Supervisor candidate, expressed the opinion that “this project has high, high public interest. It’s the biggest project Carson City’s done ... and ... it’s arrogant to say you don’t want to put it to a vote. It’s not about whether we can read a contract. It’s whether we’re going to have a tax increase and tax increment financing to build the library.” He expressed the opinion there is sufficient time to add an advisory question to the general election ballot. He accused the Redevelopment Authority of “push[ing] it down the taxpayers’ throats,” and described the proposed Nugget project as “a black hole.” He reiterated the opinion that the DCA “is about a tax increase, ... about tax increment financing. Carson City’s on the hook.” He accused Mr. Neighbors of “self-serving” motives, and stated, “there isn’t a commitment for the Nugget to invest a dollar here.” He advised of having requested the Trust and Foundation documents to be entered into the public record. In reference to the provisions of the DCA, he expressed the opinion the City does not need 175,000 square feet of office space. He construed other provisions of the DCA as “rip[ping] off leases from private landlords,” and expressed the opinion these provisions should be stricken. He expressed the further opinion, “there’s been a lot of changes in this whole project and it hasn’t shown a lot of integrity.” He expressed the further opinion that the profits “will not stay in Carson City. They’ll go to Boise, Idaho and they’ll go down to California. ... It’s not a project we need.” He reiterated the opinion that the project should be submitted to “an advisory vote of the people.”

(11:49:30) Brad Bonkowski noted the presentation scheduled to be given to the Carson Nugget Development Advisory Committee (“CNDAC”) on August 9th. In response to a question, Chairperson Williamson advised that the Board of Supervisors “have always tried to listen to our community. We’ve certainly tried to listen to our advisory citizens groups and that’s one of the reasons we created the advisory citizens group to ... reality check the proposed downtown project.” Chairperson Williamson assured Mr. Bonkowski that the Board of Supervisors will want the CNDAC’s “honest assessment, evaluation, and

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 18

reactions ... as we move forward and consider these opportunities.” She advised of having conducted her personal life and her public service in such a way as to listen to the answers given to questions asked. She expressed the opinion that the proposed project makes sense “in terms of an infrastructure civic investment and ... as a way of creating jobs for our community and addressing our nearly 13 percent employment.” She assured Mr. Bonkowski that if the proposed project is determined to be infeasible, “then this is just going to be an exercise; that we had an opportunity, we pursued it to the utmost of our ability, and we decided yea or nay.” She reassured Mr. Bonkowski that the Board of Supervisors will take seriously the comments of the citizens advisory committee.

(11:53:02) Mike Britton, representing the Southwest Regional Council of Carpenters and its affiliate, Local 971, advised of 1600 members and their families that live in the northern Nevada region. He expressed support for the DCA, and discussed the construction boom “that has just passed us.” He noted the current 13 percent unemployment and the proposed project’s potential to create employment. He advised that the construction industry is “running about 50 percent unemployment.” He expressed support for proceeding with the feasibility analysis and moving forward with the project “if it pencils out.”

(11:54:50) Rob Joiner, Ward 1 Supervisor candidate, expressed appreciation for the Southwest Regional Council of Carpenters attendance and participation. He expressed appreciation for Mr. Bonkowski’s comments, and commended the Board of Supervisors on their appointments to the CNDAC. He advised of having recently attended a Cultural and Arts Coalition forum, where he learned that a knowledge and discovery center “would not be their highest priority ... but perhaps a theater ... along with an events center.” He further advised of having received feedback relative to concerns over providing essential services. He reviewed and discussed concerns relative to various provisions of the DCA. He provided to the Clerk an APA presentation, entitled *Development Finance and Pro Formas of Public / Private Partnerships*.

In response to a question, Mr. Oshinski advised that the DCA provides for the total figure not to exceed \$166,365. \$75,000 is to be paid by the Nugget and, “if there is any increase, it would be in the same proportion.” In response to a further question, Mr. Oshinski advised that City-requested changes would be the only reason for increases in the cost. Mr. Werner advised that he will serve as the project manager relative to the DCA.

Chairperson Williamson entertained additional public comment. (12:04:59) Building Construction Trades Council Secretary / Treasurer Paul MacKenzie advised that his organization represents 5,000 construction workers in northern Nevada. He further estimated 56 to 70 percent, “depending on the trades,” are unemployed at this time. He expressed the opinion that the proposed project represents the method by which to “get the economy back on track.” He expressed appreciation for the feasibility analysis to ensure the City is not jeopardized “because that’s going to adversely affect the economy as well.” He reiterated support for any project which creates jobs and for the feasibility analysis.

(12:06:11) Mark Sattler inquired as to whether local labor will be used for the project. Chairperson Williamson advised that prevailing wage requirements will be followed, “and P3 has agreed to that ...”

(12:07:25) Danny Costella, representing Iron Workers Local 118, advised of 30 families in the immediate Carson City area. He reviewed various volunteer projects in which Iron Workers Local 118 employees have participated in the community. He expressed support for the proposed project “as it will help improve the quality of life in this community by attracting new business to the area and providing much-needed local jobs.” He advised that he has lived in the area for 33 years, and that all six of his children graduated

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 19

from Carson High School. Chairperson Williamson commended the Iron Workers apprentices for their assistance with the C-Hill flag.

(12:09:09) Pat Sanderson expressed appreciation to the Nugget for providing the opportunity “to help our children in the future with their education and their knowledge; the chances to work here in the future and not have to leave home.” He commended the project as “tremendous if it goes.” He emphasized the DCA represents “only the first phase,” and requested the Redevelopment Authority to “let it follow through, see what comes back.” He suggested, “Don’t look a gift horse in the mouth … well, at least, not until the owner’s gone.” He noted the “gigantic” contribution of the Nugget “compared to what the City of Carson is going to give it.” He suggested that the community will benefit “ten-fold” compared with “anything that has gone on here for a long, long time.” He reiterated the request to “give it a chance to move forward.”

Chairperson Williamson entertained additional public comment and, when none was forthcoming, a motion. **Member Walt moved to approve the Development Coordination Agreement for the Carson City Center project, between the Carson City Redevelopment Authority, the Mae B. Adams Trust, and P3 Development, Inc., and to recommend to the Board of Supervisors consenting to the adoption of a resolution authorizing the expenditure of \$75,000 from the revolving fund for the Redevelopment Authority for the Authority’s portion of the agreement.** Member Crowell seconded the motion, and inquired as to Member Walt’s intent relative to the most recent revisions to the Development Coordination Agreement and the minor revision made to Exhibit “C” during the course of this meeting. **Member Walt acknowledged this as the intent of her motion.** Member Livermore advised he would not support the motion without a recommendation to place an advisory question on the general election ballot. Member Walt noted that her motion did not ignore the citizens, and that the DCA does not translate to any increase in taxes. Chairperson Williamson entertained additional discussion of the Redevelopment Authority members and the public. When none was forthcoming, she called for a vote on the pending motion. **Motion carried 4-1.** Chairperson Williamson thanked the citizens for their attendance and participation.

24. OFFICE OF BUSINESS DEVELOPMENT - ACTION TO APPROVE AN AGREEMENT WITH FIRESIDE INVESTMENTS, LLC TO LEASE, WITH AN OPTION TO PURCHASE, THE FORMER FIRESIDE BUILDING, 108 EAST PROCTOR STREET, APNs 004-215-07, 004-202-01, AND 004-202-02, FOR USE AS CARSON CITY’S BUSINESS RESOURCE CENTER (12:14:00) - Chairperson Williamson introduced this item and recessed the meeting at 12:14 p.m. She reconvened at 12:22 p.m. Office of Business Development Manager Joe McCarthy reviewed the agenda materials. He thanked Sperry Van Ness representatives Bruce Robertson and Jack Brower for their professional assistance, and Senior Deputy District Attorney Joel Benton for his expertise in reviewing the proposed Lease Agreement.

Planning Division Director Lee Plemel provided background information and reviewed the May 12, 2010 memorandum included in the agenda materials. Mr. McCarthy commended Library Director Sara Jones on acquiring the \$100,000 grant which “very specifically zeroed in on how we could provide a business resource and support mechanism in the community that would have a … library research component.”

In response to a question, Mr. Benton advised that the effective date of the Lease Agreement is June 4, 2010. Vice Chairperson Aldean reviewed suggested revisions to the Lease Agreement, and discussion ensued. In response to a question, Mr. Benton advised that the option to purchase would require Board of Supervisors approval. In response to a question, he was uncertain as to how lease or purchase of the former Fireside Building would relate to the proposed Nugget project. As additional clarification, Mr. Plemel advised that the current downtown code allows re-use of buildings without additional parking. He noted

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 20

the former Fireside Building has associated parking. Member Livermore suggested relocating the Business License Division back to the Treasurer's Office, and that the Engineering and Planning Divisions would be more appropriately located at the Public Works Department. In response to a question, Mr. Burnham advised that realtors and the construction community expressed a preference for the Business License, Planning, and Engineering Divisions to be located downtown. Member Livermore expressed the opinion that "we currently have ... a building that costs us nothing and we're going to go to Butti Way that costs us nothing. ... Now, the new building is going to cost you \$100,000 a year, plus." Mr. Burnham advised that the Butti Way building would have also been rented. "It's owned by the water utility and all the uses in the building have to be rented by the other departments." Member Livermore expressed concern over having to consider another funding source after the library grant is spent, and over the long-term appropriation of funds.

In response to a comment, Mr. Werner advised of having received feedback from the owner of Sierra Coffee Company, who described his experience in acquiring business license and building permits "and the back and forth nature of going between the Secretary of State, [City Hall], two or three trips back and forth to get the paperwork done. ... The sense we got was that people felt that this was a good move from a coordination standpoint with the City ..." He provided an overview of the round table discussions.

Chairperson Williamson suggested focusing on the business resource and information center aspect of the location, and expressed the hope that the attitude and atmosphere will be one of providing assistance rather than enforcing regulations. She entertained additional Redevelopment Authority member comments and, when none were forthcoming, public comments.

(12:49:38) In response to a question, Mr. McCarthy advised Mark Sattler that the Office of Business Development engaged the services of Johnson, Perkins and Associates to review all possible properties. In response to a further question, Mr. Plemel provided an overview of consideration given to the former Citibank and 504 East Musser Street buildings.

Chairperson Williamson called for additional public comment; however, none was forthcoming. In response to a question, Mr. Plemel explained that the evaluation was based on consideration of proximity to City services, in addition to building size and condition. In order to refurbish either of the Citibank or 504 East Musser Street buildings to serve the Business License, Planning, and Engineering Divisions, the cost per square foot increases. The former Fireside Building is "virtually move-in ready. We're going to paint, carpet as we would with any building. The other two buildings required significant interior work and expense ..." Mr. Plemel acknowledged having toured both the former Citibank and 504 East Musser Street properties. Vice Chairperson Aldean advised of having participated in the Citibank building tour, having advocated redevelopment of the same "in a way that's going to benefit the entire downtown." She advised that the building is offered for sale "as is," and noted the "huge investment of capital" necessary to remodel and refurbish the building. She expressed the opinion that the opportunity has been sufficiently vetted and alternatives considered. She noted that the one-stop shop will fulfill the Board's commitment to serve the community more efficiently, and "also leads us in a different direction from a redevelopment perspective." Member Livermore commended Vice Chairperson Aldean's suggestion to redevelop either the Citibank or the 504 East Musser Street properties. In response to a question, Mr. Werner advised of having considered the suggestion, but there is insufficient redevelopment funding available. "The amount of initial outlay to get the buildings habitable exceeded our budget ..." Discussion followed.

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 21

Chairperson Williamson entertained additional questions or comments and, when none were forthcoming, a motion. Vice Chairperson Aldean moved to approve the agreement with Fireside Investments, LLC to lease, with an option to purchase, the former Fireside Building at 108 East Proctor Street, APNs 004-215-07, 004-202-01, and 004-202-02, for use as Carson City's Business Resource Center, subject to the amendments on the record and non-substantive clerical changes to be submitted to the Senior Deputy District Attorney. Member Walt seconded the motion. Chairperson Williamson entertained additional Redevelopment Authority member and public comments and, when none were forthcoming, called for a vote on the pending motion. **Motion carried 4-1.** Member Livermore expressed the opinion that the plan does not help the business community "through the process of what's being presented here." Vice Chairperson Aldean advised that the Carson City Chamber of Commerce expressed support for creating a one-stop shop. Member Crowell thanked Mr. Bonkowski for presenting the opportunity.

25. ACTION TO ADJOURN THE REDEVELOPMENT AUTHORITY (1:00:14) - Vice Chairperson Aldean moved to adjourn the Redevelopment Authority at 1:00 p.m. The motion was seconded and carried 5-0.

26. RECONVENE BOARD OF SUPERVISORS (1:00:28) - Mayor Crowell reconvened the Board of Supervisors.

27. CITY MANAGER - ACTION TO CONSENT TO AND ADOPT A RESOLUTION AUTHORIZING THE EXPENDITURE OF \$75,000 FROM THE REVOLVING FUND FOR THE REDEVELOPMENT AUTHORITY FOR THE DEVELOPMENT COORDINATION AGREEMENT BETWEEN THE CARSON CITY REDEVELOPMENT AUTHORITY, THE MAE B. ADAMS TRUST, AND P3 DEVELOPMENT, INC. (1:22:56) - Mayor Crowell introduced this item, noting its correlation to the previous Redevelopment Authority item. He entertained questions or comments and, when none were forthcoming, incorporated by reference the testimony provided under item 23. He entertained a motion. Supervisor Williamson moved to adopt Resolution No. 2010-R-30, authorizing the expenditure of \$75,000 from the revolving fund for the Redevelopment Authority for the Authority's portion of the Development Coordination Agreement between the Carson City Redevelopment Authority, the Mae B. Adams Trust, Carson Nugget, Inc., and P3 Development, Inc. Supervisor Aldean seconded the motion. **Motion carried 4-1.**

28. OFFICE OF BUSINESS DEVELOPMENT - ACTION TO APPROVE AN AGREEMENT WITH FIRESIDE INVESTMENTS, LLC TO LEASE, WITH AN OPTION TO PURCHASE, THE FORMER FIRESIDE BUILDING, 108 EAST PROCTOR STREET, APNs 004-215-07, 004-202-01, AND 004-202-02, FOR USE AS CARSON CITY'S BUSINESS RESOURCE CENTER (1:24:00) - Mayor Crowell introduced this item, and noted its correlation with item 24. He incorporated the previous testimony by reference, and entertained additional questions or comments. When none were forthcoming, he entertained a motion. Supervisor Aldean moved to approve the agreement with Fireside Investments, LLC to lease, with an option to purchase, the former Fireside Building at 108 East Proctor Street, APNs 004-215-07, 004-202-01, and 004-202-02 for use as Carson City's Business Resource Center, subject to the corrections on the record. Supervisor Williamson seconded the motion. Mayor Crowell entertained discussion and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 4-1.**

CARSON CITY BOARD OF SUPERVISORS

Minutes of the June 3, 2010 Meeting

Page 22

29. BOARD OF SUPERVISORS NON-ACTION ITEMS:

INTERNAL COMMUNICATIONS AND ADMINISTRATIVE MATTERS (1:25:14) - Mr. Benton advised of the need to adjourn into closed session to discuss litigation.

CORRESPONDENCE TO THE BOARD OF SUPERVISORS - None.

STATUS REPORTS AND COMMENTS FROM BOARD MEMBERS (1:25:47) - Supervisor Williamson congratulated the Carson High School graduates.

STAFF COMMENTS AND STATUS REPORTS - None.

30. ACTION TO ADJOURN (1:25:57) - Mayor Crowell adjourned the meeting at 1:25 p.m.

The Minutes of the June 3, 2010 Carson City Board of Supervisors meeting are so approved this 1st day of July, 2010.

ROBERT L. CROWELL, Mayor

ATTEST:

ALAN GLOVER, Clerk - Recorder