

CARSON CITY BOARD OF SUPERVISORS  
Minutes of the May 3, 2001, Meeting  
Page 1

A regularly scheduled meeting of the Carson City Board of Supervisors was held on Thursday, May 3, 2001, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, beginning at 8:30 a.m.

PRESENT:                      Ray Masayko                      Mayor  
   Jon Plank                      Supervisor, Ward 2  
   Robin Williamson              Supervisor, Ward 1  
   Pete Livermore                Supervisor, Ward 3  
   Richard S. Staub                Supervisor, Ward 4

STAFF PRESENT:    John Berkich                      City Manager  
   Alan Glover                      Clerk-Recorder  
   Al Kramer                        Treasurer  
   Steve Kastens                  Parks and Recreation Director  
   Judie Fisher                      Personnel Manager  
   William Callahan                Undersheriff  
   Larry Werner                      City Engineer  
   Cheryl Adams                      Deputy Purchasing Director  
   Melanie Bruketta                Deputy District Attorney  
   Katherine McLaughlin          Recording Secretary  
   Justine Chambers                Contracts Coordinator  
   (B.O.S. 5/3/01 Tape 1-0001)

NOTE: Unless otherwise indicated, each item was introduced by staff's reading/outlining/clarifying the Board Action Request and/or supporting documentation. Staff members present for each Department are listed under that Department's heading. Any other individuals who spoke are listed immediately following the item heading. A tape recording of these proceedings is on file in the Clerk-Recorder's office. This tape is available for review and inspection during normal business hours.

**CALL TO ORDER, ROLL CALL, INVOCATION, AND PLEDGE OF ALLEGIANCE** - Mayor Masayko convened the meeting at 8:30 a.m. Roll call was taken. The entire Board was present, constituting a quorum. Rev. Bruce Kochsmeier of the First Presbyterian Church gave the Invocation. Mayor Masayko lead the Pledge.

**CITIZEN COMMENTS (1-0034)** - Bruce Hoffman expressed his concerns about the proposal to restore Clear Creek to its original alignment and the impact it would have on the creek flow and wildlife. Realignment of the creek would increase the water's rate of flow and its tendency to try and return to the current alignment. The cost to realign the creek may use all of the funds obtained from the sale of the property to Costco. Additional development will occur between Clearview and Fairview and should not need Fuji Park.

Susan Hoffman felt that the electorate's support of Question 18, the Quality of Life Initiative, should be considered the community's desire to have and maintain its open space areas. The 1996 sample ballot was used to support her contention as Fuji Park is one of the first projects listed for improvement. The electorate and taxpayers had not expected to have Fuji Park sold five years later. It should be maintained and improved as proposed for Mills Park, Centennial Park, and the Community Center, which are also listed in the ballot. The spirit of the initiative is being violated by any consideration of moving Fuji Park.

1.     **APPROVAL OF MINUTES (1-0115)** - None.
  
2.     **AGENDA MODIFICATIONS (1-0118)** - Item 4-A was removed from the agenda and will be considered at a future date. Item 10 was scheduled for 10 a.m. Items 14. C. and D. may be continued due to the offer to go to mediation. Item 14. A. may be considered after Items 14. C. and D.
  
3.     **SPECIAL PRESENTATION - PROCLAMATION PROCLAIMING MAY 6-12, 2001, NATIONAL**

**DRINKING WATER WEEK (1-0140)** - Utilities Operations Manager Tom Hoffert, Water Production Operator Leann Warne - Mr. Hoffert described the water picture as being in a drought as the snow pack is at approximately 35 percent of the normal year's precipitation and the runoff is at one-third the normal level. The Carson River is running at 50 percent of the normal flow. The City owns water rights with good priorities and will be able to meet its water demand for the year. The odd-even watering restrictions will be stringently enforced this year. The restrictions are implemented on June 1. A water education program will be implemented. Its purpose was described. Minor repairs have been made to the Marlette-Hobart system through the cooperation of the State Buildings and Grounds Department. This is the first year since 1994 that the Marlette pump has been used. Two of the City's wells were rehabilitated and they will be used this summer. Equipment for Well 48 will be considered later in the day. Edmonds Sports Complex has been converted to be irrigated with reclaimed water. Bids to covert Governors Field will be opened shortly. The system will be able to meet the demand of 24 million gallons per day during the summer. Additional water restrictions are being analyzed and will be submitted to the Board for consideration if it becomes necessary.

Leann Warne described the activities which will be conducted in recognition of National Drinking Water Week. The posters from the First, Second, and Third grades will be judged tomorrow. The awards were described. Advertising for the Open House on Saturday, May 12, and its activities were limned. The public was invited to attend.

Mayor Masayko read the proclamation into the record and gave them a copy. Board action was not required or taken.

**LIQUOR AND ENTERTAINMENT BOARD (1-0285)** - Mayor Masayko recessed the Board of Supervisors session and immediately convened the Liquor and Entertainment Board. The entire Board was present, including Undersheriff William Callahan, constituting a quorum.

**4. TREASURER - Al Kramer**

**A. ACTION ON A FULL BAR LIQUOR LICENSE FOR RED HAWK VENTURES, LLC, DOING BUSINESS AS SILVER DOLLAR DANCE HALL, LOCATED AT 1897 NORTH EDMONDS DRIVE, CLETUS AND GEORGETTE WANDLER AS LIQUOR MANAGERS (1-0118) (1-0281)** - Postponed.

**B. ACTION ON A BEER AND WINE LICENSE FOR RICHARD A. SAPERSTEIN, DOING BUSINESS AS THE SHORTSTOP, LOCATED AT 5400 HERITAGE WAY (1-0288)** - Chairperson Masayko explained the uniqueness of operation as Richard Saperstein is "legally blind". Mr. Saperstein agreed that the license is a privilege and that beer and wine will not be sold to juveniles. Chairperson Masayko required him to have his employees properly trained and to have someone present at all times who could do an identification check if the establishment is open. Mr. Saperstein explained his experience with the softball league and his operation of the snack shop at Centennial Field in 1998. Member Livermore encouraged him to police the park users and prohibit the users from bringing in alcoholic beverages. He explained his feeling that Mr. Saperstein lacked adequate control over the users if they bring in alcoholic beverages and serve minors. Mr. Saperstein could only control the sale from his booth. Chairperson Masayko indicated that Mr. Saperstein is not required to enforce the Code against bringing alcoholic beverages into the park. He encouraged Mr. Saperstein to assist in the enforcement if he observes any violations. Mr. Saperstein agreed. Member Williamson explained the failure rate encountered by the Sheriff's Department sting operation. She also expressed her desire to increase the fines for such violations. Mr. Saperstein assured the Board that he would take all steps necessary to prohibit such sales. Member Staub stressed the need to adequately train the staff to avoid such occurrences in addition to selling to grossly intoxicated individuals. Mr. Saperstein responded by explaining that in 1998 he had refused to serve intoxicated individuals and would continue to do so. Member Callahan noted the favorable Sheriff's Investigative Report. Chairperson Masayko explained his role in the process and his pleasure at having Carson City accomodate

the State in this venture. He acknowledged that there would be challenges and requirements for Mr. Saperstein to follow in order to continue the operation. Member Plank moved to approve a beer and wine license for Richard A. Saperstein, doing business as The Shortstop located at 5400 Heritage Way, which is the Centennial Softball Field, under Carson City Municipal Code 4.13; fiscal impact is \$500 Original New Fee, \$500 Investigative Fee, and \$150 quarterly fee. Member Livermore seconded the motion. Motion carried 5-0.

**C. ACTION ON A PACKAGED LIQUOR LICENSE FOR OBAID MOBALIGH, DOING BUSINESS AS COUNTRY STORE, LOCATED AT 3389 HIGHWAY 50 EAST (1-0420)** - Chairperson Masayko reiterated the Board concerns regarding the sale of liquor to minors and intoxicated individuals. Obaid Mobaligh assured the Board that he would supervise his employees and train them in the liquor laws to prohibit the sale to minors. Anyone between the age of 24 and 27 would be required to show his/her identification. Mr. Mobaligh explained his California experience in this field and the training he would provide to his employees. Discussion indicated that his business was open and welcomed him to the community. Member Plank noted the problems which had been experienced at the location under the previous owner/operator and expressed his feeling that the establishment would be under a microscope to insure a repeat does not happen. Mr. Mobaligh indicated he understood. He purportedly had stopped such incidents during his one month tenure at the location. Member Staub pointed out that the Country Store had been at that location for a long time. Member Callahan noted the favorable Sheriff's investigative report. Member Plank moved to approve a packaged liquor license for Obaid Mobaligh, doing business as the Country Store, located at 3389 Highway 50 East under Carson City Municipal Code 4.13, fiscal impact is \$1,000 Original New Fee, \$500 Investigation Fee, and \$200 Quarterly Fee. Member Williamson seconded the motion. Motion carried 5-0.

**BOARD OF SUPERVISORS (1-0535)** - There being no other matters for consideration as the Liquor and Entertainment Board, Chairperson Masayko adjourned the Liquor and Entertainment Board and immediately reconvened the session as the Board of Supervisors. (The entire Board was present, constituting a quorum.)

**5. CONSENT AGENDA (1-0540)**

**A. TREASURER**

**i. ACTION TO INCREASE DEBT COLLECTIONS PETTY CASH FROM \$100 TO \$200**

**ii. ISSUANCE OF AFFIDAVIT OF DELINQUENT NOTICE MAILING FOR REAL PROPERTY TAXES**

**B. DEVELOPMENT SERVICES - CONTRACTS - ACTION ON REQUEST FOR FINAL PAYMENT FOR THE JUVENILE SERVICES - PROBATION FACILITY PROJECT, CONTRACT #9900-139 AS SUBMITTED BY DEVELOPMENT SERVICES TO E-Z CONSTRUCTION, P. O. BOX 1388, FALLON, NV 89406, FOR A FINAL PAYMENT AMOUNT OF \$27,371.64 AND ACCEPT THE CONTRACT SUMMARY AS PRESENTED**

**C. PURCHASING AND CONTRACTS - ACTION ON CONTRACT NO. 0102-003 WITH DR. LEE A. VAN EPPS, M.D. TO PROVIDE PHYSICIAN SERVICES FOR THE SHERIFF AND FIRE DEPARTMENTS THROUGH JUNE 30, 2002, FOR A NOT TO EXCEED COST OF \$71,000.**

**D. FINANCE - ACTION ON RATIFICATION OF THE EXPENDITURE APPROVAL LISTINGS FOR THE MONTH OF MARCH 2001**

**E. DEVELOPMENT SERVICES - ENGINEERING - ACTION ON AN IMPROVEMENT AGREEMENT BETWEEN CARSON CITY AND JAMES F. BAWDEN, PRESIDENT OF LANDMARK HOMES AND DEVELOPMENT, INC., REGARDING THE CONSTRUCTION OF PUBLIC IMPROVEMENTS RELATED TO NORTHRIDGE PHASE 9B SUBDIVISION, IDENTIFIED AS A PORTION OF ASSESSOR'S PARCEL NO. 002-101-76**

**F. PERSONNEL - ACTION TO APPROVE REVISIONS TO THE CARSON CITY MERIT AWARD PROGRAM WITH THE CREATION OF THE CREATIVE ACHIEVEMENT AWARD** - Supervisor Plank moved to approve each of the seven items on the Consent Agenda including the first item which is Resolution No. 2001-R-20. Supervisor Livermore seconded the motion. Motion carried 5-0.

**6. BOARD OF SUPERVISORS**

**A. DISCUSSION ON LEGISLATIVE MATTERS (1-0575) - None.**

**B. NON-ACTION ITEMS - INTERNAL COMMUNICATIONS AND ADMINISTRATIVE MATTERS (1-0578)** - Supervisor reports included the following meetings/activities: Supervisor Livermore - Carson-Tahoe Hospital's Volunteer Recognition Award luncheon; Mental Health Legislative Steering Committee; Economic Development Team; Youth Sports Association; Arbor Day Ceremonies and urged the Board and the public to tour the Adams House; Health Smart Finance Committee and Fire Department sponsored child seat safety clinic and the Mason's computer child identification program; Health Smart's Board meeting and its local television program; and Hospital Board of Trustees and the contract for rehab services. Supervisor Staub - Hospital reorganization discussions; Community Council on Youth; and Public Transit Advisory Committee. Supervisor William-son - soccer tournaments, Organizational Team and encouraged the Board and employees to take advantage of the training programs which are being offered; Nevada Trial Lawyers Association's legislative session; hospital affiliation/reorganization; Olympic Torch Run; Carson River Advisory Committee; and Comstock Soccer Tournament. Supervisor Plank - David Johnson regarding the Carson River master plan improvements and compliments to the Parks Department Intern who had assisted with the program; TRPA, its Governing Board, and its Local Government Committee; Parks and Recreation Commission; and Hospital reorganization. Mayor Masayko - Tri-County Legislative Forum; Sertoma Club; legislature regarding the Charter amendments and the enhanced 911 funding program; Hospital briefing on the reorganization; the Opening Event for the Senior Celebration; Comstock Soccer Tournament; District Lions Clubs; Adams House Arbor Day; and the Commission on Aging.

Announcements included the following meetings/events/activities: Little League and Babe Ruth Opening Day Ceremonies on Saturday; January 15, 2002, Olympic Torch Run in Carson City; Carson River Advisory Committee's Carson River trip scheduled for May 19; Carson High School's Senior Senior Ball scheduled for Friday evening; Carson High School Senior Prom Night on Saturday; a poster contest at the Children's Museum on Saturday afternoon; the May 9th RTC meeting; the Fourth Annual National Day of Prayer activities scheduled for noon today; the Saturday morning March of Dimes "Walk America" program; the Commission on Aging's single entry point program and its Monday meeting which the public was invited to participate in via television or telephone. Volunteers were solicited to participate in the Olympic Torch Run. Entry forms are on the internet. Mayor Masayko thanked Jim Scripps for his headline regarding the need for Olympic Torch Bearers. National Best Sellers' Safegrad fundraising activities were described. The public was urged to attend these functions.

(1-1400) Supervisor Livermore explained AT&T's intent to increase the cable television rates by 20 percent or \$6 per month. He then expressed his desire for the public access channel to consider other broadcasting methods for its programs and asked staff to analyze these other methods of broadcasting. Mayor Masayko agreed that other communication methods should be utilized. He also indicated that Quadravision or low power over the air methods would be expensive.

**C. STAFF COMMENTS AND STATUS REPORTS (1-1335)** - Mr. Berkich expounded on the status of SB 569, the enhanced 911 funding, the controversy it had encountered, and thanked Senators Raggio and O'Connell for their assistance. Mayor Masayko felt that the court ruling could impact other franchise fees and business licenses. Copies of this ruling were to be distributed to the Board members. Legislative Council Bureau is analyzing the ruling and will respond as is deemed appropriate. He then explained the status of the regional fire training facility bill, SB 41; the Charter Bill; and the Motor Vehicle Privilege Tax Bill. He announced the next legislative team meeting scheduled for the 11th.

BREAK: A recess was declared at 10 a.m. The entire Board was present when Mayor Masayko reconvened the meeting at 10:10 a.m., constituting a quorum.

**7. SHERIFF - ORDINANCE - SECOND READING - ACTION ON BILL NO. 105 - AN ORDINANCE AMENDING CARSON CITY MUNICIPAL CODE (CCMC) CHAPTER 9.13 (CARSON CITY CORONER) AMENDING SECTION 9.13.070 JURISDICTIONAL AUTHORITY TO REQUIRE LESS TIME INVOLVED IN ATTENDING TO DEATHS THAT ARE NOT IN-FACT CORONER'S CASES AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO (1-1480)** - Sergeant Ron Johns - Supervisor Plank moved to adopt Bill No. 105 on second reading, Ordinance No. 2001-4, AN ORDINANCE AMENDING CARSON CITY MUNICIPAL CODE (CCMC) CHAPTER 9.13 (CARSON CITY CORONER) AMENDING SECTION 9.13.070 JURISDICTIONAL AUTHORITY TO REQUIRE LESS TIME INVOLVED IN ATTENDING TO DEATHS THAT ARE NOT IN-FACT CORONER'S CASES AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO. Supervisor Livermore seconded the motion. Motion carried 5-0.

**10. PURCHASING AND CONTRACTS - ACTION TO OPEN AND EXAMINE SEALED PROPOSALS AND RECEIVE ORAL PROPOSALS FOR THE LEASE OF A PORTION OF THE SILVER SADDLE RANCH LANDS FOR GRAZING PURPOSES AND AWARD TO THE HIGHEST PROPOSAL MADE BY A RESPONSIBLE BIDDER (1-1540)** - Deputy Purchasing Director Cheryl Adams, Open Space Manager Juan Guzman, David Kaiser, John Reil, Deputy District Attorney Melanie Bruketta, BLM Representative Tracy Jean Wolf - Mr. Kaiser had submitted both a written bid and a notice of intent to participate in the oral bidding process. Mr. Reil had submitted a notice of intent to participate in the oral bidding process. Mayor Masayko opened the sealed bid. Mr. Guzman stated for the record that Tracy Wolfe from BLM would be the contract administrator. Mayor Masayko then noted the conditions and requirements which the successful bidder would be required to follow and that the Bureau of Land Management would oversee these requirements. He then read the sealed bid from Mr. Kaiser which was for \$9.00 per animal unit month for grazing purposes and \$28.00 per ton for haying purposes. Ms. Adams indicated the animal unit per month price had been set by BLM. Oral bids were solicited and received until the price reached \$48.00 per ton from Mr. Kaiser. Mr. Reil then withdrew. Additional bids were solicited but none received.

Discussion ensued between the staff and Supervisor Staub regarding the contract's insurance requirement. Mr. Guzman felt that there would not be any employees and, therefore, workers' compensation may not be required. Mr. Guzman also explained that as the land is owned by BLM, the contract terms were established by BLM. Mr. Kaiser explained that he did not intend to hire any employees for the haying operation.

Ms. Wolf recommended acceptance of Mr. Kaiser's bid. She had been working with him over the last two years and felt that he was a responsive and responsible operator.

Supervisor Livermore moved that the Board of Supervisors authorize the Mayor to sign Lease Agreement No. 0001-082 with the accepted bidder to lease a portion of the Silver Saddle Ranch Lands under the ownership of the United States of America Bureau of Land Management through a Cooperative Management Agreement and Special Use Permit granted to Carson City, Nevada, for grazing purposes to the lowest responsive and responsible bidder---. Following discussion, Supervisor Livermore amended his motion to be to the highest responsive and responsible bidder and continued with: David Kaiser at \$48 per ton and that there is information on the record about his ability, if he does employ anyone, to continue to provide workman's compensation as the highest and most qualified bidder. Supervisor Williamson seconded the motion. Motion carried 5-0.

**8. JUVENILE SERVICES - PRESENTATION ON THE DEVELOPMENT OF THE AURORA PINES GIRLS' CAMP** - Chief Juvenile Probation Officer Sheila Banister, China Springs Youth Camp Director Steve Thaler and Supervisor Wendy Newman - The girls facility is to open in July 2002. Mr. Thaler gave a slide present-

ation explaining how the program was developed, a comparison of programs available for boys and girls including the limited number of beds for females, the process used to establish the estimated number of beds which are needed for the program, justification for developing a facility with only 32 beds, the funding, and the estimated number who are in need of drug or mental health treatment and reasons they were not separated out into specialized programs. Mr. Thaler acknowledged the need for juvenile mental health facilities and that this issue had not been addressed under this program. Ms. Newman then described the program and the increasing need for a female program. She stressed that the facility would not mix boys and girls but would be operated solely for girls. Mr. Thaler then explained how the facility would be funded. The State will build the facility, however, the Counties must pay to operate it. As the facility will open July 1, 2002, only one month's cost estimates were shown as hiring and training are scheduled for June 2002. He had also projected the budget for two years based on State requirements. Fiscal Year 2002-2003 had a fiscal impact of \$34,000 to Carson City. Clark County has its own facility and will not use the Aurora Pines. The State funds for the facility do not have to be repaid. The concept will increase the funding commitment which had been made to China Springs. This increases the ad valorem rate approved for China Springs. The youths must be committed to the facility by the Juvenile Court system. The national statistics had been used in the report. The current tax increment for China Springs was discussed. Discussion indicated a desire to pay an established sum per youth rather than a tax rate based upon the number of students. Mr. Thaler indicated his intent to base his budget upon the use like the Silver Springs facility does. The impact opening Silver Springs had had on the demand for China Springs was noted. The Rite of Passage facility could be used through a contract for services if funding is available. Use of its facility does not reduce the funding commitment to China Springs. Mr. Thaler explained the role exercise programs have at the facility. The lack of options for the girls was stressed throughout his comments. The program's cost is relatively moderate compared to the cost if the individual is not turned around. Mr. Thaler volunteered to make presentations for either program to any service organization or group the Board wished. Ms. Banister explained her discussions with Judge Maddox, Judge Griffin, and Special Master Nielson had indicated their support for the program. Mayor Masayko thanked them for the presentation. No formal action was required or taken.

**9. FIRE DEPARTMENT - ACTION TO ACCEPT THE FIRE DEPARTMENT'S AND AIRPORT AUTHORITY'S JOINT RECOMMENDATION TO APPROVE THE TRANSFER OF A 1981 CROWN MINMANII CRASH FIRE RESCUE (CFR) VEHICLE (VIN IGBJ7D2E2BV138293) TO THE AIRPORT AUTHORITY (1-2995) -** Fire Chief Louis Buckley, Deputy District Attorney Melanie Bruketta - (Supervisor Livermore stepped from the room and returned during Chief Buckley's introduction--11:20 a.m. and 11:22 a.m. respectively. A quorum was present the entire time.) Mayor Masayko described the Airport Authority meeting on the concept. The fire equipment had been removed from the vehicle. It could be used for other purposes but not as fire equipment. Mayor Masayko agreed that the equipment would not be used to fight fires but may be used as a snow plow and for weed/brush clearing. FAA funds had been used to pay for 93.7 percent of the original purchase price. Ms. Bruketta explained a contract clause between the City and Airport Authority regarding maintaining a CFR at the airport and requested that the contract be made contingent upon the Authority agreeing to negotiation on this clause. Reasons the Fire Department did not want the vehicle used for fire fighting by the Airport were based on the OSHA requirements. The current agreement with the Airport mandates that the City is the fire fighters for the facility. Ms. Bruketta expressed a willingness to include a provision in the agreement that the equipment could not be used for fire fighting. The pump on the truck could be used to wash ramps. Mayor Masayko felt that a volunteer fire fighting unit would not be formed as a result of receiving the truck. Supervisor Williamson moved to accept the Fire Department's and Airport Authority's joint recommendation to approve the transfer of a 1981 Crown Minmannii Crash Fire Rescue, CFR, Vehicle with a Vin number as reflected in the Board Action Form to the Airport Authority and to direct staff to review the interlocal agreement between the Airport Authority and Carson City to reflect the fact that the CFR will not be available for fire fighting. Supervisor Livermore seconded the motion. Motion carried 5-0. Fire Chief Buckley agreed to work with Ms. Bruketta on the agreement.

## **11. COMMUNITY DEVELOPMENT**

### **A. ORDINANCE - SECOND READING - ACTION ON BILL NO. 106 - AN ORDINANCE**

**AMENDING CARSON CITY MUNICIPAL CODE (CCMC), CHAPTER 18.06 (INDIVIDUAL USE DISTRICT PROVISIONS), SPECIFICALLY, SECTION 18.06.241 (MINIMUM AREA) BY CHANGING THE REQUIRED MINIMUM LAND AREA REQUIRED IN THE NEIGHBORHOOD BUSINESS (NB) DISTRICT FROM NINE THOUSAND (9,000) SQUARE FEET FOR EACH STRUCTURE TO SIX THOUSAND (6,000) SQUARE FEET FOR EACH STRUCTURE, AND OTHER MATTERS PROPERLY RELATED THERETO (1-3350)** - Senior Planner Skip Canfield - Supervisor Plank moved that the Board approve A-00/01-3 and adopt Bill No. 106, Ordinance No. 2001-5, on second reading, AN ORDINANCE AMENDING CARSON CITY MUNICIPAL CODE (CCMC), CHAPTER 18.06 (INDIVIDUAL USE DISTRICT PROVISIONS), SPECIFICALLY, SECTION 18.06.241 (MINIMUM AREA) BY CHANGING THE REQUIRED MINIMUM LAND AREA REQUIRED IN THE NEIGHBORHOOD BUSINESS (NB) DISTRICT FROM NINE THOUSAND (9,000) SQUARE FEET FOR EACH STRUCTURE TO SIX THOUSAND (6,000) SQUARE FEET FOR EACH STRUCTURE, AND OTHER MATTERS PROPERLY RELATED THERETO based on the findings as contained in the staff report and that there is no fiscal impact. Supervisor Livermore seconded the motion. Clarification indicated that the ordinance would make the lot size consist with the other uses. Motion carried 5-0.

**B. ACTION ON S-94/95-1 - APPROVAL OF A FINAL SUBDIVISION MAP REQUEST FROM GLEN MARTEL, REPRESENTING LANDMARK HOMES AND DEVELOPMENT, INC., FOR NORTHRIDGE SUBDIVISION, PHASE 9B, A DEVELOPMENT OF 28 SINGLE FAMILY LOTS ON PROPERTY ZONED SINGLE FAMILY 6,000 (SF6000) LOCATED AT NORTHRIDGE DRIVE, APN 2-101-76 (1-3445)** - Senior Planner Skip Canfield, Glen Martel - Mr. Martel explained that the parking issue regarding Lone Mountain had been resolved. The subdivision does not impact the 18 acre park site. The grading activities had been approved by the Parks Department and were done in a fashion which will stabilize the park area. Dedication of the park site should be to the Board in two or three months. Supervisor Plank moved that the Board of Supervisors approve S-94/95-1 (F-9b), a final subdivision map request from Glen A. Martel, representing Landmark Homes and Development, Incorporated, for the approval of Northridge Subdivision, Phase 9B, a development of 28 single family lots on property zoned Single Family 6,000 located at Northridge Drive, Assessor's Parcel Number 2-101-76, based on the original findings and subject to the 28 original conditions of approval as contained in the staff report; there is no fiscal impact. Supervisor Staub seconded the motion. Motion carried 5-0.

**12. ENVIRONMENTAL HEALTH** - Director Daren Winkelman

**A. ACTION ON A MOTION FINDING THAT THE LANDFILL RATES AND FEES AS PROPOSED IN CHAPTER 5.11 OF THE CARSON CITY MUNICIPAL CODE WILL NOT IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN UPON BUSINESSES OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF ANY BUSINESSES (1-3590) (2-0001)** - Two public hearings were conducted on the rate increase. Comments acknowledged that the landfill rates were being increased and impacts all users. It was felt that the proposed rates would not create a significant impact on businesses. Supervisor Williamson moved to approve a motion finding that the landfill rates and fees as proposed in Chapter 5.11 of the Carson City Municipal Code will not impose a direct and significant economic burden upon businesses or directly restrict the formation, operation or expansion of any business; no fiscal impact. Supervisor Livermore seconded the motion. Motion carried 5-0.

**B. ORDINANCE - FIRST READING - ACTION ON AN ORDINANCE ADDING CARSON CITY MUNICIPAL CODE CHAPTER 5.11 LANDFILL RATES AND FEES, SECTION 5.11.010 FEES AND RATES WHICH ESTABLISHES THE RATES AND FEES TO BE CHARGED TO CARSON CITY RESIDENTS, SECTION 5.11.020 OUT OF COUNTY RATES, WHICH ESTABLISHES THE RATES AND FEES TO BE CHARGED TO OUT OF COUNTY RESIDENTS AND SECTION 5.11.030 RATE FOR UNCOVERED LOADS WHICH CHARGES A CUSTOMER TWO TIMES THE NORMAL RATE FOR THAT CATEGORY OF WASTE IF THE LOAD IS NOT COVERED DURING TRANSPORT, AND OTHER MATTERS PROPERLY RELATED THERETO (2-0054)** - Deputy Director Ken Arnold, Secor Representative Doug Martin, Environmental Control Officer Deborah Wiggins - Discussion ensued between the

Commission and staff regarding the proposal to assess a fee for failing to cover the load. It was hoped that the fee would be an incentive for individuals to cover the load and avoid littering. Board comments pointed out that the concept failed to address waste contained in plastic bags, covered garbage cans, or items such as washing machines. Public littering laws should be enforced by the Sheriff and Highway Patrol. A warning should also be given prior to doubling the fees and the term "constrained" be included with a definition. Mr. Winkelman suggested this portion of the ordinance be removed. Staff would revise it and place it with the littering ordinance. Board consensus supported removal of Section 5.11.030.

Board comments also supported increasing the out of county fees. Staff had suggested doubling the rates in the hope that it was a reasonable approach and would encourage these out of county individuals to use their own transfer stations. Mayor Masayko suggested that the highest rate paid at a transfer station be used instead of the suggested fee. Other rates were discussed. Supervisor Williamson pointed out the possibility that, if the rates are too high, the individuals may illegally dump the materials in the Pinenuts or along the River. Procedures used to cite individuals who illegally dumping/litter were noted. Out of county illegal dumping may be reduced as the individuals may dump in their area rather than come into Carson City. Problems encountered determining who are and are not residents were noted particularly with those who have Carson City zip codes. Rates at the transfer stations were noted. Mayor Masayko felt that the remaining sections of the ordinance should be implemented and staff should be directed to correct Section 5.11.020. Mr. Martin stressed concerns about the impact the fees could create on the revenue requirements for operation of the landfill and for funding post-closure requirements. He agreed that, if the impact is significant, it would extend the life of the landfill. Supervisor Livermore suggested as another option would be to restrict the landfill use to Carson City residents. This would eliminate any out of county usage. Economic factors utilized in establishing rates were discussed. Mr. Martin agreed to utilize all of these factors and attempt to determine the amount of out of county use for the Board. Comments also indicated that Capital Sanitation had stated that the fee increase would not impact their customers. The Board was not mandating this absorption as part of the ordinance. If Capital Sanitation deems it necessary, a rate increase could occur. Comments also indicated that if the lowest commercial bid for the operation of the landfill had been accepted, the rate increase would have been even more significant. The need for the operation to succeed was stressed. Public comments were solicited but none given.

Discussion noted that immediate burials had been left off the list of categories. The State is the largest customer for this service. The service was described. It had been suggested that they use a shredder, however, this was not agreeable to the State. Mayor Masayko agreed that it should be added to the list. The price for this service should be the same as that charged for asbestos which is \$42 per ton with a minimum of \$15.75.

Supervisor Williamson moved to introduce on first reading Bill No. 107, AN ORDINANCE ADDING CARSON CITY MUNICIPAL CODE CHAPTER 5.11 LANDFILL RATES AND FEES, SECTION 5.11.010 FEES AND RATES WHICH ESTABLISHES THE RATES AND FEES TO BE CHARGED TO CARSON CITY RESIDENTS; SECTION 5.11.020 OUT OF COUNTY RATES WHICH WILL BE REVIEWED AND BROUGHT BACK AT THE NEXT MEETING; AND OTHER MATTERS PROPERLY RELATED THERETO. Following a request for an amendment, Supervisor Williamson amended her motion to include adding to Section 5.11.020 immediate burial. Discussion ensued concerning whether the Board should implement the out of county rates or defer action on them. Mr. Winkelman indicated that there is a charge for out of county use at this time. Supervisor Williamson then agreed to amend her motion to introduce only Section 5.11.010 and to bring back the other two sections. Supervisor Livermore seconded the motion. Mayor Masayko then indicated that the motion is to introduce Sections 5.11.010 and 5.11.020 only. This also includes immediate burial as part of Section 5.11.010. Discussion between Mr. Winkelman and Mayor Masayko indicated that this portion of the ordinance would be considered for second reading at the next meeting. The out of county rates will need additional time for research. The motion as amended was voted and carried 5-0.

**13. BOARD OF SUPERVISORS - CONTINUATION OF NON-ACTION ITEMS - None.**

**BREAK:** A lunch recess was declared at 12:30 p.m. The entire Board was present when Mayor Masayko



reconvened the meeting at 1:30 p.m., constituting a quorum.

**14. DEVELOPMENT SERVICES - CONTRACTS - Development Services Director Andrew Burnham**

**C. ACTION ON "REQUEST FOR FINAL PAYMENT" FOR THE NORTHWEST STORM WATER DRAINAGE PROJECT, CONTRACT NO. 9900-232 AS SUBMITTED BY DEVELOPMENT SERVICES TO CONTRI CONSTRUCTION COMPANY, P. O. BOX 12100, RENO, NV 89510, FOR A FINAL PAYMENT AMOUNT OF \$86,139.50 AND ACCEPT THE CONTRACT SUMMARY AS PRESENTED; AND, D. ACTION ON "REQUEST FOR FINAL PAYMENT" FOR THE FREEWAY UTILITY RELOCATION PROJECT - PHASE 1A, CONTRACT NO. 9900-149 AS SUBMITTED BY DEVELOPMENT SERVICES TO CONTRI CONSTRUCTION COMPANY, P. O. BOX 12100, RENO, NV 89510, FOR A FINAL PAYMENT AMOUNT OF \$389,672.98 AND ACCEPT THE CONTRACT SUMMARY AS PRESENTED (2-0785) -** Contri Construction Company's Attorney Scott Heaton, Deputy District Attorney Melanie Bruketta - The request for a continuance was to allow time to pursue mediation before asking the Board to finalize the payments. The postponement by the Board will not impact the contractor's rights on disputed payments. Mr. Heaton indicated that he did not have anything to add to the discussion. He agreed that the delay may provide an opportunity to resolve the issues. NDOT will be part of the mediation process. Ms. Bruketta indicated that the Board would be asked to approve a payment totaling the amounts on the Board Action Forms at the next meeting which covers items that have been resolved. The remaining issues will be sent to the mediator. Mr. Heaton agreed. Mr. Burnham indicated that the total payment amount is the sum of \$389,672.98 and \$86,129.50. The disputed amount is approximately \$200,000 on one contract and approximately \$400,000 on the other. Mr. Heaton indicated that the subcontractors had been paid. He also indicated that the original of the contract would be given to Ms. Bruketta. Supervisor Plank moved that the Board defer any action on Items 14. C. and D. which are the final payments on the freeway utility relocation Phase 1A and the final payment on the northwest storm water drainage project. Supervisor Livermore seconded the motion. Motion carried 5-0.

**A. ACTION TO ACCEPT DEVELOPMENT SERVICES RECOMMENDATION ON THE LONG RANCH PRODUCTION WELL #48 PROJECT, CONTRACT #2000-106, AND REJECT THE LOWEST BID RECEIVED WHICH WAS FROM (BIDDER NO. 2) DIAMOND ELECTRIC, INC., P. O. BOX 7016, RENO, NV 89510 AS NOT RESPONSIVE OR RESPONSIBLE BY FAILING TO DEMONSTRATE EXPERIENCE AND THE PUBLIC INTEREST WOULD BEST BE SERVED BY SUCH A REJECTION PURSUANT TO NRS 338.143; AND, B. ACTION TO AWARD THE PROJECT TO (BIDDER NO. 5), RDC, INC., DOING BUSINESS AS RESOURCE DEVELOPMENT COMPANY, 2305 GLENDALE 310, SPARKS, NV 89431 AS THE LOWEST RESPONSIVE AND RESPONSIBLE BIDDER PURSUANT TO THE REQUIREMENTS OF NRS CHAPTERS 332, 338, 339, AND 624 FOR A CONTRACT AMOUNT OF \$155,600 AND A CONTINGENCY AMOUNT OF \$7,780 (2-0912) -** Contract Coordinator Justine Chambers explained the reason for rejecting Diamond Electric's bid as being due to the bidder's failure to list three previously completed projects of similar size and character. This requirement is listed two times within the bid document. The projects Diamond Electric had listed had not been for a public water well system. Diamond Electric had acted as the general contractor on only two of the listed projects. The State Contractors Board had issued an opinion indicating that the license Diamond Electric holds allows him to act as the prime contractor. All bidders had been afforded the same opportunity to submit the necessary information through the bid process. The protest letter was filed after the 9 a.m. deadline on May 1. The Board should hear any additional information from Diamond Electric supporting its position. The experience requirement was based on the fact that the bid is for a public water system. The need to have the well in production in time for the summer peak demand period during the coming drought was noted. The qualification requirements were included in the bid requirements in order to insure that the contractor had the necessary experience to complete the project within the specified timeframe.

Utility Operations Manager Tom Hoffert explained that the well testing and preparation for the ancillary equipment was completed at the end of October or first part of November. The well design was then completed and the contracts put out for bid. The timeframe for obtaining the bid documents would remain the same for any

similar project. The importance of having a qualified contractor perform the work is based on water quality issues and the difficulty in drilling high pressure wells. The need for the well also justified having the project completed in a timely manner.

Ms. Chambers indicated that the bid had been released on February 14. The timeframe between mid-November and February 14 was felt to be the typical timeframe for engineering and design.

Diamond Electric President John LeMay indicated he had been the low bidder on the project. He had bid it in good faith. He would have been approximately 75 percent completed on the project if a protest had not been filed against him by Resource Development Company (RDC). Purportedly two requests for information had been filed with the State Contractors Licensing Board as RDC purportedly did not like the Contractors Board's opinion and had requested additional information. The Contractors Board then indicated that he could bid the project. He felt that the records clearly show that he is as qualified if not more so than RDC. His subcontractor, McKay Drilling, has as much if not more experience in doing the project. McKay is a pump installation contractor and specialize in water wells. He agreed that he was not as large a contractor as RDC, however, guaranteed that the project would be conducted in a timely fashion. He felt that the entire issue revolved around his "stepping on other people's toes" and providing competition for RDC. He then described the changing technology in water wells which requires more electrical components than that encountered ten years ago. His company has been performing more and more of this work and finally decided that it would be beneficial for him to become the prime contractor as he could control the final product better and respond to delays quicker. His work experience for Carson City included being a subcontractor on the well on Bigelow Drive, which was done three years ago, and the Edmonds Sports Complex. He had purportedly completed the projects on time. Purportedly, there had not been any electrical problems with his work on these projects. The delays with the Edmonds Sports Complex had been out of his control and related to the paving and landscaping. Development Services has failed to investigate the project adequately and to meet with him and evaluate his plan for completing the project as allegedly allowed by State law. Additional references could have been provided during these "negotiations". The references he had provided had been used for the Edmonds Sports Complex project. He questioned the reasons he was not eligible for this project if he could perform on the Edmonds project. Discussion between Mr. LeMay and Mayor Masayko explained his unlimited C-2 electrical contractor's license.

Mayor Masayko then indicated that the project is a deep water well which would have a submersible pump with all of the electrical equipment installed within a vault or above ground. According to the Contractors Board contractors with licenses: A - General Engineering, AB - General Engineering and Building, B - General Building, B-2 - Residential-Small Commercial, C-1 -Plumbing and Heating, C-2 - Electrical could act as the prime contractor. His subcontractor, McKay Water Pumping, holds an "A" license. Mr. LeMay indicated its license limit is \$350,000. McKay could be the prime contractor on the project. Gates Plumbing has a C-1 license and could also be the prime contractor. Mr. LeMay felt that its license limit was \$100,000. All three of the firms could be the prime contractor. He acknowledged that he had not been the prime contractor on a water well with integration into the water system. He had always worked as the subcontractor. The work to be performed by his subcontractors was limned. His experience indicated that as an electrical subcontractor on a project he was required to coordinate and manage the entire project. In view of the increasing amount of electrical work required for the project and this oversight, he felt justified in taking over as the prime contractor. His subcontractor's work experience was described as being over 30 years. He had worked on larger projects and performed on "quite a bit of public works projects". He was not engaged in any disputed projects at this time although one project is going through the collection process. He had not been penalized for delaying a project. The City is providing the submersible pump and the pitless adaptor. He felt that 71 percent of the project is accountable to projects "he had sold in the past". Senior Engineer Mark Brethauer had purportedly indicated that 43 percent of the project relates to electrical components. He performs his own underground excavation. The difference between his bid and the next lowest is \$9,697 on a \$155,000 project. He had advised his bookkeeper to use the same references he had used on the Edmonds Sports Complex project and add the Edmonds project. This will be his first municipal water well project as the prime contractor. The bid document did not require that he be a prime contractor. It did ask for water well experience.

Ms. Chambers clarified that McKay's license according to Diamond's bid document was a C-23, which is not a Class A license. Clarification indicated that this document was not part of the Board's packet. This information does not impact the bid as the general contractor is responsible for the license.

Discussion between Ms. Chambers and Supervisor Livermore indicated that some contractors hold multiple licenses. It is possible that the one submitted with the bid document could have been done in error. Ms. Chambers, as part of her job, verifies the information submitted within the bid document. The well included in the references was done in 1997. She felt that this was not a current project. Staff is not challenging Mr. LeMay's ability to do electrical work. He is licensed to do electrical work. The NRS does not allow staff to negotiate the terms of the bid. The bid evaluation must be conducted on the bid documents as submitted. Clarification could be asked.

City Engineer Larry Werner indicated that the references which had been required were for major electrical work related to this specific type of a project. The use of the Edmonds Sports Complex references did not matter in this case. The project is the first of its kind in this area. It is a production and injection well. Contractors with experience in doing wells was required to insure that they understood the work. This will be the first dual purpose well for the City and "in this part of the country". Negotiations can be conducted if all of the bids are non-responsive. The City does not have a relationship with the subcontractors. This is the prime contractor's responsibility. Mr. Werner felt that the bid documents had not been complied with. The licensing issue is no longer a consideration. The State Contractors Board had been asked to respond to the licensing question due to concerns that the license may not allow the City to consider the bid. Once this issue was resolved, the remainder of the bid document was reviewed. This review indicated that Diamond had never done a dual purpose well before.

Ms. Chambers indicated that RDC had listed three projects they had completed within the last year for Sierra Pacific Power. They had also conducted six or seven projects for Carson City which she had been involved with and more than 30 others which she had not been involved with.

Clarification by Mr. Werner indicated the desire to have individuals with well experience. He acknowledged that there would not be any individuals with experience in dual purpose wells. Mayor Masayko pointed out that someone must have trusted each individual present at some point in their lives, otherwise they would not be able to obtain any work experience or a first job.

RDC's attorney Matthew Hippler agreed with staff's recommendation. He felt that the experience requirement in the bid document had been included to obtain information regarding similar projects which had been completed by the contractor. It clearly reflects the contractor's experience. Carson City's data base clearly reflects that RDC has completed seven projects for it in addition to eight or nine other Carson City projects which could be added that were not in the City's data base. He agreed that this would be the first dual well for RDC. RDC has, however, done both production and injection wells as separate projects in Washoe County. He acknowledged the original concern with the bid from Diamond regarding its licensing status. As a result, the State Contractors Board indicated that a firm with a C-2 license could bid and be the general contractor on the project. He then pointed out that only two contractors had been listed in the bid and questioned who would be performing the concrete and asphalt work required for the project. This subcontractor had not been listed. He then explained that the City had determined that approximately 40+ percent of the project is electrical. Diamond had subbed approximately 30 percent of that work. The majority of the project is the installation of the water well. The importance of having the well completed is due to concerns about the City's water supply during the summer period. RDC has the experience, has complied with the necessary bid requirements, and feels strongly that it should be awarded the bid. Clarification indicated that RDC has an AB license and could do the asphalt and concrete work. Mr. Hippler agreed that an A licensee could perform the work as well. Mayor Masayko felt that McKay Drilling may have the correct license to perform this work although it is not specifically indicated in the documents. Mr. Hippler indicated that he had not looked at the other bidders and could not state whether the other bidders were qualified to do the work. RDC does have a "wealth" of experience and could perform the work. He acknowledged that his client had not done dual purpose wells. This is the first project of this type. His client had performed both sides of

the dual purpose well as separate projects.

Ms. Chambers indicated that Landmark Construction listed six well projects. Canyon Creek's and Weddell's lists had limited details from which she was unable to determine the number of wells that they had done. She felt that Landmark's license was an "A". Mayor Masayko expressed his concern that the bid specs may have been too tight and would have eliminated all but one of the bidders based on a technical aspect. This is a questionable practice. Ms. Chambers indicated that Canyon Creek also holds a Class "A" license. Her difficulty in reviewing Diamond's references was described. Weddell also has a Class "A" license. Ms. Chambers indicated that the bid policy regarding the licensing requirements is under review. The type of license required had never been included in a bid document before this project. She had not evaluated either Canyon Creek's or Weddell's bids adequately to determine if they were responsible and responsive. Mr. Werner explained that only the low bids were evaluated. Supervisor Livermore expressed his feeling that if a contractor spends the time and money to submit a bid, the license should not be an issue unless the bid document restricts the bidders to specific licenses. Ms. Chambers then explained that a check of Diamond's references indicated that only one reference had been a well project which was over three years ago. She also indicated that the Statutes require the City to verify and report any contractors who are submit bids without holding the appropriate license. The District Attorney's office must prosecute such contractors. This was the reason for the making the request of the State Contractors Board.

Ms. Chambers then displayed the bid document areas requiring that the experience be performed within a specified period. The Edmonds project had been for irrigation work. Mr. Werner explained that when projects are bid the experience data must relate to the type of project for which the bids are sought. The Edmonds project was for electrical work. Diamond's references were appropriate for that type of work. As this project is for a well; well, plumbing, mechanical, piping, etc., references are required. Ms. Chambers was unsure about the amount of verification which had occurred on the Edmonds references.

Mayor Masayko felt that Mr. LeMay had represented that he had been the prime contractor on the Edmonds reclaimed water project and had used the same references for that project. He and Supervisor Williamson questioned why, if they were so bad for this project, they were fine for the Edmonds project. Mr. Brethauer indicated that he had personally checked the references for this contract. He had been the project manager on the Edmonds project. He had reviewed the Edmonds project design and determined that 70 percent of that work was electrical. RTC Engineer Harvey Brotzman reviewed his work on this estimate and had agreed with his calculations. The Edmonds project was a reclaimed water project. He did not recall seeing the references for that project. It was an electrical project and Diamond is an electrical contractor. Diamond had done a "fine job" on the electrical work. There are a "few conflicts with some of the change orders". They will be resolved eventually. He felt certain that Diamond had meet the criteria for the Edmonds project. As the Long Ranch Production Well is a different type of a project, the references were carefully checked. Mr. Werner agreed that different criteria for evaluating the bids is used based on the type of project. Ms. Chambers and Mr. Werner felt that the project's evaluation criteria was used consistently for every bidder bidding on the same contract. Ms. Chambers felt certain that the "boiler plate" requirements within the Edmonds project had required that references be provided. The Long Ranch bid documents, however, had indicated that they would reject the bid if references are not provided. Mayor Masayko felt that this indicated that the Edmonds references may not have been verified. Supervisor Williamson expressed her feeling that the City should be consistent regarding the references. She also questioned whether the rejection clause had been highlighted. It may be possible that the document was "so boiler plated" that the bidder had overlooked the revision. The need for fairness was stressed. Mr. Werner indicated that every bid document is revised or tailored in some manner. Only identical projects can use identical bid documents. Due to the concerns that the Long Ranch well be done correctly, the references had to be checked. Ms. Chambers displayed the proposal summary which the bidder completes and the area requiring the experience information. She read the requirement into the record which indicates that the City may verify the references. She also indicated that the same language was found elsewhere in the document. The bids were opened on March 14. Contact with the State Contractors Board occurred thereafter. Then RDC protested to the State Contractors Board. Ms. Chambers felt that Mr. LeMay believed that the City was working with RDC when RDC had submitted a second request to the State Contractors Board. The City staff had not participated in that request. RDC had not been aware of staff's recommendation. All of the bidders were given the same information at the same time. The

City's request for information from the State Contractors Board regarding Diamond's license was based on the statutory requirements that the District Attorney prosecute ineligible bidders. There had been a protest on the Edmonds project, however, there was no question about his ability to do that job. It was not clear whether Diamond had the appropriate license for the Long Ranch project. Based on these reasons, a request was made to the State Contractors Board.

Supervisor Plank reminded the Board of a previous experience wherein the lowest bidder who had lacked the experience had assured the City that they would add a contractor to the project with the necessary experience. One-and-a-half years later the City is still involved with this contractor. He did not want to go through that again. Staff's direction should be supported even though he understood the other argument. Timeliness on this project is most important due to the drought concerns expressed earlier in the meeting. The City could not afford a second mistake similar to the one he had referenced.

Supervisor Staub acknowledged Supervisor Plank's comments. He agreed that it is necessary to give people a chance when they lack experience. This is a unique project which he did not feel should be given to a "rookie". It is crucial to the community. The bid requirements requested the experience data regarding three completed projects of "similar size and character and will at the owner's discretion be considered as non-responsive and be of significant cause to reject the proposal". He recommended awarding the bid to RDC.

Supervisor Livermore felt that the bid documents had been too general in their specifications. Statements made by Mr. Hoffert earlier this morning with the information contained in the documents indicate that Well #48 is critical to the water supply for the City. He was unwilling at this time to jeopardize that seriously needed water supply. He understood the importance of the experience issue and its relationship to the project. He would, therefore, support staff's recommendation. He also admonished staff, based on the critical need and difficulties encountered, to have placed tighter specifications on the project.

Mayor Masayko indicated for the record that the fact had not escaped him that the bids had been opened on March 14. It is currently May 3. They were arguing against themselves on this point.

Mr. LeMay then indicated that RDC had not requested prequalification, which they could have done. All of his subcontractors have the right to perform the work. If an investigation indicates the need to remove them, he would do so and replace them with someone else. He had repeatedly stated that any and all information would be made available immediately upon request. This had been stated to the State Contractors Board as well as during telephone conversations. A request had not been made nor had an option been provided to do so. An investigation had not been conducted of McKay Drilling. Comments noted the discretion which was provided within the bid document concerning verification and rejection of the bids as the term "may" had been used. McKay's experience in geothermal wells was noted. These wells are purportedly injection wells. Mr. LeMay felt that he should have been asked to have McKay's experiences in this field verified. His time committed to bidding the project was noted. He had included McKay Drilling due to his extensive experience in Nevada. He felt that staff was attempting to sidestep the issue of his qualifications as well as his subcontractors. He is now working on Washoe County's well #11 as a subcontractor, which is an \$86,000 electrical project. He would bond this project. RDC is attempting to bully its way into this project as indicated by its contact with the State Contractors Board. He urged the Board to consider this in its deliberations. He felt that the other contractors who had bid the project would look at the way he was being treated. His bond and the liquidated damage constraints should more than adequately protect the City's interests. Large company protests are getting out of hand and should be stopped. He found the recommendation to be arbitrary and capricious.

Mayor Masayko assured him that this is a technical issue which should not be taken personally. The staff had attempted to minimize the City's risk when putting the contract out to bid and in getting a unique project developed. The question is how complicated is the uniqueness.

Supervisor Plank indicated that he understood Mr. LeMay's concerns even though he did not see it the same way. His "history" indicated that experience is the "golden rule" in this case. The City could not afford to make a

mistake if it could be avoided. Mayor Masayko pointed out that the Legislature had set the rules which the City is stuck with and must follow.

Supervisor Staub then moved that the Board of Supervisors accept Development Services' recommendation on the Long Ranch Production Well #48 project, Contract #2000-106 and reject the lowest bid received which was from Bidder No. 2, Diamond Electric, Inc., P. O. Box 7016, Reno, NV 89510, as not responsive or responsible by failing to demonstrate experience and the public interest would best be served by such a rejection pursuant to NRS 338.143 and award the project to Bidder No. 5, RDC, Inc., DBA Resource Development Company, 2305 Glendale #10, Sparks, NV 89431, as the lowest responsive and responsible bidder pursuant to the requirements of NRS Chapters 332, 338, 339, and 624 for a contract amount of \$155,600 and a contingency amount of \$7,780. Supervisor Livermore seconded the motion. Mayor Masayko indicated that his vote would be a message to the City Manager, Development Services, and Contracting to make sure that when we do these things that we look at the amount of complexity and the amount of risk that Carson City may assume in the project. He urged them to be careful and cautious and assure that Mr. LeMay and other small folks like him have a chance to compete fairly. He had put his best effort forward and submitted a good bid. Mayor Masayko indicated he would vote against the motion and, if someone else votes against it, it will send staff a message. Staff should, if we do things like this, insure that all of the "t's" are crossed and "i's" are dotted. It should be a level playing field with defensible reasons for doing it. He acknowledged that he probably knew enough about the project to be dangerous. Supervisor Livermore responded by expressing his feeling that the Mayor's comments were appropriate at this moment. The critical need for the project is the critical reason for being here today and the requirement for experience. It is a complicated process and a critical need in the community. He was all for giving opportunities to new startup businesses/companies. The value of the dollar between bidder number one and bidder number two is \$9,000. That is substantial to anyone. The threat, however, of having the residents' water turned off or damage to the landscaping, etc., in the community far exceeds the \$9,000 savings which will be created particularly when the publicity, the amount of advertisement which will be required, and the measures which will be required are considered. Staff needs to fully understand the magnitude and the importance of the project. Mayor Masayko then asked as a rhetorical question whether the decision would have been even more difficult if the distance between the two bids had been \$50,000 rather than under \$10,000. Supervisor Livermore agreed. The motion was voted and carried 3-2 with Supervisor Williamson and Mayor Masayko voting Naye.

(2-2425) Mr. Werner requested clarification from the Board as to how the bid request should be modified to allow everyone to participate and the process which should be used to disqualify bidders when they do not meet the specs. Mayor Masayko indicated that the bar should be set high but not so high as to make it appear that new firms were being ignored or that firms which had been used before were being given preferential treatment. He also felt that the vote had indicated that the Board understood staff's issues.

BREAK: There being no other matters until 6 p.m., a recess was declared at 3:10 p.m. Mayor Masayko reconvened the meeting at 6 p.m. Board members present were: Mayor Masayko and Supervisors Williamson, Plank, Livermore and Staub, constituting a quorum. Carson-Tahoe Hospital Board of Trustees present were: Chairperson Metcalf and Trustees Mills, Saucedo, Saulisberry, Livermore, and Chryssos. City staff present included City Manager Berkich, District Attorney Waters, and Recording Secretary McLaughlin. Hospital staff present included Chief Executive Officer Smith, Administrator Epperson, Legal Counsel Pavlakis, and Chief Financial Officer Telles.

**15. CARSON-TAHOE HOSPITAL - A THIRD PRESENTATION TO THE CARSON CITY BOARD OF SUPERVISORS REGARDING THE MARCH 1, 2001, MOTION OF THE BOARD OF HOSPITAL TRUSTEES DIRECTING HOSPITAL ADMINISTRATION TO DEVELOP THE PLANS AND DOCUMENTS NECESSARY TO TRANSFER THE OWNERSHIP AND OPERATION OF CARSON-TAHOE HOSPITAL TO A COMMUNITY NOT-FOR-PROFIT CORPORATION UNDER NRS 450.500, AND SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE WITH AN EFFECTIVE DATE FOR THE TRANSFER OF NO LATER THAN SEPTEMBER 30, 2001; AND B. ACTION ON APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE CARSON CITY BOARD OF SUPERVISORS AND THE BOARD OF HOSPITAL TRUSTEES FOR THE TRANSFER OF THE**

**HOSPITAL TO A COMMUNITY NOT-FOR-PROFIT CORPORATION (2-2450)** - Mayor Masayko reconvened the Board of Supervisors by explaining the purpose of the session. Chairperson Metcalf convened the Hospital Board of Trustees session. Roll call of the Trustees was taken. The entire Board was present, constituting a quorum. Mayor Masayko then explained the protocol for the session.

Mr. Epperson used a computer enhanced slide program to highlight his remarks regarding the reality of increased competition within the community; the amount of local residential support provided regional users; medical leakage figures; and projected benefits of having the service provided by a not-for-profit corporation. He also noted the need for a memorandum of understanding (MOU) regarding the transfer to the not-for-profit organization. The issues raised at the last meeting were then listed and a response provided. (A copy is in the file.) Mr. Epperson committed to working with the City, if the hospital is relocated to another site, to assure that mutually agreed upon services will remain in the facility. This will keep the building in good working order. He amended the slide showing consideration is being given to a 25 year term based upon current costs of \$1.2 million, not to exceed two percent of the net operating revenue per year, to be for an unlimited term with reasonable safe guards, without a cap. He committed to continuing to spend the same amount as is currently allocated for employee benefits. Legislative efforts have been undertaken to address the disproportionate share issues. If this effort is unsuccessful, the memorandum of understanding is to include a commitment to work with the City to resolve this issue. This issue is to be resolved before the transfer can occur. He then explained that the Trustees had not approved the MOU. If the MOU is approved by both Boards, staffs will develop the transfer agreement which is to be approved by both Boards in approximately 60 days. Weekly meetings will continue to occur between the staffs.

The list of issues was felt to have been adequately summarized and resolved to meet the 80/20 ratio required to proceed. Mayor Masayko requested status reports to the Board of Supervisors on a bi-monthly basis.

Trustee Mills moved that the Board of Hospital Trustees approve the proposed Memorandum of Understanding with Carson City Board of Supervisors as presented, and that we direct Hospital administration to work with their counterparts at the City to develop the definitive documents contemplated by the Memorandum of Understanding and return to both Boards as expeditiously as possible so that the transfer of assets, liabilities, staff, patients and employees can occur on or before September 30, 2001, or as soon thereafter as practicable and further moved that the Board of Hospital Trustees and Hospital Administrators make available to the City and its representatives the information and resources necessary to assist the City in accomplishing the goals set forth in the Memorandum of Understanding and further moved that the Board direct the Administration to continue to pursue the possibility of leasing employees from another State agency so that we can offer our employees a choice of participation in the Public Employees Retirement System. Trustee Chryssos seconded the motion. Public comments were solicited but none given. The motion was voted and carried 6-0.

Chairperson Metcalf then explained that the Hospital had had the transfer on every agenda since March 1. All of the information provided for these meetings is available for the Board of Supervisors to review if desired.

Mayor Masayko then referenced and highlighted a letter from Tony Morangi. (A copy is in the file.)

Tom Keeton complimented the Hospital Board and its staff for responding to the issues. He reminded the Board of Supervisors that they did not have to do this. The Hospital is in the top ten percent in the country due to its profitability. It meets the community needs quite well and is very successful. The issue regarding taxpayers willingness to support the Hospital could only be determined by a vote of the electorate. (3-0001) He was certain that the taxpayers were willing to support the facility based on a Hospital survey. The risk to the community is minimal as long as the operation is successful. He could support the not-for-profit corporation but not an outside corporation. He also reminded the Board that once the control is transferred, it could not be regained. He noted that, if the corporation incurs loans of \$140 million for a new facility and then returns the operation to the City, it would not be a good bargain. He reiterated that it is not necessary to do this and stressed the need to be sure that it is the best possible deal for the community.

Tom Hayes complimented the Hospital Board members for their service to the community. Although he believed that they and their staff felt the concept is best for the community, he strongly disagreed. He complimented the Hospital staff on their fiduciary prudence which had made the Hospital one of the top ten profitable facilities in the country. He urged the Trustees to renew Mr. Smith's contract with a hefty salary increase in view of his service to the community. The reorganizational issues which the Trustees had analyzed during the last two years were summarized. The survey clearly indicated that the community wanted local control. The decision then became a county hospital or a 501C3 operation. He questioned the reasons nothing had been said about making it a county hospital, the financial wisdom of making it a 501C3, the need to construct a \$140 million new facility, and where are the competitors who are waiting to construct satellite facilities. The concept will force the taxpayers to provide a substantial amount of support for the facility. Why the need for secrecy? If the competitors do not know what is going on, neither will the residents of the community. How can this continue the desired local control? Washoe Med's satellite facility will not be able to compete against the Hospital. The wisdom of having another large facility within 30 miles of its major facility was questioned. The facility's ability to retain its current employees due to its ability to have PERS will provide the necessary edge against any and all competitors. The employees will not be able to be members of PERS if it becomes a 501C3 corporation. The employee ads will not be able to use the ability to be part of PERS in the future if the change is made. Lower Medicare/Medical payments will be supported with higher rates. The operation should be able to do this and maintain its profitable standing. He suggested that a skilled grant writer be obtained to seek grants that will pay for indigent services. He had found Mike Williams' presentation impressive, however, it is full of promises without substance. Mr. Williams had acknowledged that there is no guarantee that the 501C3 would be successful. If it is not, the residents have nothing to fear as the hospital will revert back to the City. He urged the Board of Supervisors to be cognizant of the entire electorate in the deliberation process and maintain a great county resource with a great tradition of quality patient care. The concept will lose a precious asset and destroy a tradition. Even conceptual approval should be denied. His experience with a nonprofit corporation was described to support his contention that the operation would not be in the best interest of the patients and community.

Mr. Smith voiced his offense to the comments and specifically those of a personal nature. He urged the public to refrain from making such statements as they have no bearing on the issue. Mayor Masayko agreed. Mr. Hayes responded that he had not meant his statements to be a personal attack. Mayor Masayko indicated that this was the reason he had given Mr. Hayes a lot of latitude.

Wally Tarantino, legal counsel for the Carson-Tahoe Hospital Employees Association, advised that a good faith dialogue is continuing between the Association and the Hospital administration which also included some of the Hospital Trustees. Ninety percent of the issues have been resolved including employee retention, hiring, and benefit levels. The PERS issue, however, remains unsolved. The options are being analyzed. Employee tenure in PERS was described. This could be the show stopper for the employees. He committed to continuing to work with the Hospital Administrators and Trustees to resolve this issue. Mayor Masayko agreed that hard work is going into trying to resolve these issues. Additional public comments were solicited but none given.

Mayor Masayko then directed the Board's attention to the MOU and asked if the Board was ready to seriously explore its terms and take action on it. Supervisor Livermore indicated his intent to support the MOU in view of the time and involvement he had spent on the process. Mayor Masayko then indicated that he understood Supervisor Livermore's commitment to the process and felt that the Board was ready to discuss the MOU. Although there is little difference between a lease for 50 years and a conveyance, the MOU contemplates conveyance.

Supervisor Williamson expressed her appreciation for the comments. They raised valid questions concerning the rush and need to do it now. Her personal knowledge of a Las Vegas hospital's failure and her relationship with Carson-Tahoe Hospital were noted. The concept provides high quality, comprehensive medical treatment for all residents of Carson City in a manner which would protect the taxpayers the most. The medical field is evolving as indicated during the last five years. Examples of services now available but were not even thought about five years ago were noted. Carson City needs to embrace these changes to continue to be successful in the future. This will help slow/stop the patient leakage to other areas. She was willing to consider changing to a non-profit



corporation in order to keep from burdening the taxpayers and losing the high quality facility the residents currently enjoy.

Mayor Masayko then requested that concerns with the MOU be indicated. Paragraphs which are not listed are assumed to be acceptable. He stressed his desire to not have the taxpayers exposed to a large amount of uncompensated payments to effect the transaction. He acknowledged the are risks for both the county operated hospital and the 501(C)(3). These risks can be minimized as much as possible.

Mr. Berkich then introduced the MOU by noting the time taken to draft it, the team members - whom he thanked for their efforts and involvement, and the MOU's purpose.

Mr. Pavlakis thanked the Boards for their support. He also indicated that the Hospital Trustees will still be actively involved with the not-for-profit organization after the transition. He assured the public that the hospital would not be gone after the transfer. He also pointed out that Washoe Med is aware of the discussions and strategies. He then highlighted the terms related to indigent care in Paragraph 6 on Page 4; the calculations indicating the present value and the amount allocated to indigent care--\$20 to \$25 million; disproportionate share (DSH) issues including SB 377 and the Hospital's commitment to not bill the City for reimbursement of any costs related to DSH as long as State/Federal DSH funding is provided; the Hospital's commitment to providing indigent coverage as contained on Page 5, Sections d. and e.; the financial stabilization policy; and the indigent care reserve of \$1.2 million.

Mayor Masayko explained that the hospital's first priority would be to its paying clientele regardless of who makes the payments. The referenced sections deal with protecting the taxpayers, who own the hospital. He did not wish to enter into the negotiations regarding the amount of net profits which the Hospital should dedicate to indigent care. He felt that, so long as the City continues to assess the maximum ad valorem rate allowed by Statute, the sum so raised should be the City's total commitment/liability for indigent care. He was unwilling to subject the taxpayers to any additional costs. He suggested that such terms be included within the MOU.

District Attorney Waters referenced his memo and described the Statutes regarding the indigent care taxes which would allow the electorate to impose an additional 2.5 percent per \$100 for a public hospital. (The Clerk did not have a copy of this memo.) This equates to approximately \$249,000 in today's economy. The Board could also under an emergency declaration use other tax funds for the Hospital. The City is currently assessed approximately 13 cents per \$100 for indigent care. The DSH requirements mandates that the County provide a matching portion of funds for the Federal funds. These funds are then redistributed to Hospitals who provide assistance to DSH patients. Federal guidelines under this program were highlighted. They were felt to be less stringent and may consider the facility to be a regional hospital. The DSH payment does not consider the tax restriction. The City's payment to the DSH program has been \$1.62 million per year with a return of \$3.2 million from the program. The Hospital has been making these payments based on the knowledge that the returning funds were more than the payment. The Statutes require, if the Hospital is conveyed, that the County continue to make these payments. This issue must be resolved. Chris Thompson's work to address this issue under SB 377 was noted. The Federal restrictions also prohibit the City and Hospital from having a hold harmless agreement which could address this issue. His memo also delineated this prohibition and the penalties for such an agreement.

(3-0955) Mayor Masayko explained, for the record, that the assessment for the DSH matching funds would be mandated regardless of whether the hospital is county owned or a not-for-profit operation. These funds are sent to the State and matched with State and Federal funds and returned to the hospital. Carson City does not at this time have any way to make up the \$3.2 million in lost revenue other than taking it from the General Fund. This would be a significant impact on the General Fund. Without a change in the regulations, the hold harmless prohibition could not be used. This could be the show stopper. The revisions suggested by SB 377 were noted.

Discussion explained that legislation had been used by Washoe Med, Elko General, and Churchill County's Hospitals to address this problem. Supervisor Livermore also pointed out that if Carson-Tahoe became unable to make the payment to DSH for the match, Carson City's General Fund would be required to do so. Churchill

County had been forced to assess a 25 cent ad valorem rate to fund its county hospital. The ad valorem rate needed to meet the \$3.2 million was noted. Mr. Waters described his role in the process and the need to be cognizant of such financial issues.

Chris Thompson then explained the Statute regarding the DSH program and its 1995 revision for Washoe Med. Churchill County's Hospital remains a public facility under a leased arrangement. The Elko and Nye County Hospitals were addressed in 1997 and 1999 by the Legislature. The status and terms of SB 377 were noted. It will enable the City to impose a special tax to raise \$3.2 million for the DSH interlocal government transfer. The net benefit to Carson-Tahoe Hospital will be decreased to \$4 million from the current \$4.1 million. Mayor Masayko questioned the impact the City would be faced with if the Statutes remain unchanged in five years. Future decisions by the Federal government are uncontrollable and could impact the City even more. The concept is for a county with only one private hospital. If two hospitals are located in the community, this plan will not work as the Federal requirements for raising taxes will not be allowed. A study of DSH and interlocal governmental transfers is required by SB 377. Mr. Thompson felt that the benefit level may change in the future. Mayor Masayko also noted that the growth in population could also impact the program. The requirement would be the same if Douglas County had a county hospital and a private hospital moved into the area. Supervisor Livermore explained his reasons for raising this issue is to gain support for requiring Douglas County to support the regional hospital located in Carson City due to the benefits it enjoys at the Carson-Tahoe. Discussion noted that Mr. Thompson was working as a consultant for the Hospital on SB 377. He neither supports nor lobbies for the bill. Mayor Masayko asked for copies of SB 377 and pointed out that the Hospital and City were not to be considered as separate entities.

Supervisor Staub supported Mayor Masayko's concerns regarding DSH and its being the fatal flaw. He then pointed out that regional indigent care had not been addressed in the agreement. He was not comfortable with the parameters of NRS 454.400 as it requires suing other Counties for their indigent care if they do not pay the cost and the requirements placed upon the Hospital regarding notifying the other Counties about having provided indigent care for their residents. He suggested that the Hospital develop contractual agreements with the Counties regarding this service rather than follow the strict requirements spelled out in the Statute. Mr. Pavlakis indicated that such discussions have been initiated by the Hospital with the neighboring Counties. Interlocal agreements could be used for this purpose. The MOU had not included this requirement. He also felt that the current amount of \$1.2 million for the DSH program had been for Carson City residents only and that the DSH payment is related to the regional indigent needs. Supervisor Staub felt that the final agreement should include the requirement that interlocal agreements be developed with surrounding Counties. Mr. Pavlakis indicated that the bi-monthly reports would include the status of these agreements and requests for assistance, if necessary, from the Board of Supervisors. He suggested that the Carson City Board of Supervisors be considered a third party in those agreements. Mayor Masayko supported Supervisor Staub's recommendation including the addition of the agreements with the surrounding Counties in Paragraph 6. Mr. Pavlakis agreed that the agreements would be in the best interest of Carson-Tahoe. Mayor Masayko expounded on his suggested revision to Paragraph 6. c. i. that the City has assessed its indigent payment in accordance with the NRS. He also stressed his intent to oppose any plan which would assess the taxpayers for indigent care beyond the maximum tax rate. He also felt that the suggested 15 years, which had been revised by Mr. Pavlakis to be 25 years, be increased even further.

Supervisor Livermore suggested that the City assist the Hospital with obtaining agreements with the surrounding Counties for the uncompensated care. The cost for uncompensated care is five times that indicated for indigent care. Comments indicated that the Statutes provided recourse against the Counties if they refuse to pay for the indigent care. Mr. Pavlakis agreed to add a term which indicates that both parties will work together to establish interlocal agreements with neighboring Counties to address the indigent care issue. Mr. Waters agreed to the clause or to a clause which would insure the prompt processing of claims against those Counties. Board consensus supported adding this paragraph to the agreement.

Mayor Masayko reiterated his concerns about Paragraph 6. c. i. and his intent to not limit the amount of compensated indigent care to \$1.2 million per year or two percent. The term should be for the length of time that the entity owns the Hospital. Mr. Pavlakis responded by explaining Paragraph 6. The Hospital will not turn away

any indigents during its lifetime. If the indigent care costs increase to 10 to 15 percent of the Hospital's net revenue, the entity will return to the Board and discuss the issue. It would not effect a reduction in the purchase price. The Hospital must provide \$30 million in indigent care over the final period which has yet to be determined. Mayor Masayko pointed out that the clause does not say discussion and if that is the intent, it should be stated. He also voiced his opposition to the term net revenue due to the operational variables it allows. He suggested the term be "gross revenues". The impact a recession/depression could have on the City's income and the resulting need to make a payment to the Hospital from the General Fund were noted.

Supervisor Williamson felt that the MOU had a lot of holes in it but that it was the beginning of the final document which would address the remaining issues. Such holes include the purchase price and the method to be used to determine that purchase price. Issues should be raised so that staff could address them and return at the next meeting for consideration. Her concern with the revenue bonds and the City's liability for them should be addressed. Additional concerns could be addressed in the future. Mayor Masayko felt that the concerns should be raised at this time or they may not be easy to solve later. He was willing to reconsider the issue and final document in two weeks. The discussion this evening is to develop a policy which addresses as many concerns as possible. Supervisor Livermore felt that the policy regarding the life of the indigent service commitment should be established by the Board. Mayor Masayko agreed so long as the language was such that a decision could be made and not leave the issue hanging for future discussions.

Mr. Pavlakis suggested that a clause be added to Page 4 at the bottom that the definitive agreement shall provide a procedure of resolution of any problems if any of these thresholds are met. He was certain that the City Manager would meet with the Hospital and develop a process under which these threshold problems could be addressed. He was certain that if any one of the thresholds are met, the Hospital will be in trouble. Under such circumstances he was positive that the Board would want to be informed and that a process should be established under which the situation could be evaluated and a response developed. Mayor Masayko agreed and pointed out the difficulty which could be encountered if the terms are not modified at this point in the discussions rather than waiting until the last minute. Discussion between the Board and Mr. Pavlakis indicated that the reports should be made bi-monthly and that the evening sessions should not continue beyond that necessary to develop the MOU. Supervisor Staub also felt that the agreement should be modified in order to meet all of the concerns which have been raised. He also questioned the figures within the document. He opposed having the \$1.2 million tied to a specific threshold as indicated in Paragraph g of Subsection 6. Inflation could eat the \$1.2 million very quickly. He expressed his willingness to have the Board members submit written comments on each paragraph to an evaluation team.

Trustee Mills acknowledged the need for the Board to voice its concerns about the issues which should be included in the MOU. Paragraph 12 points out that the MOU is not the final document but rather the one from which the final document is developed.

Mayor Masayko reiterated his need to address the issues at this juncture rather than later in the process. He felt that Sections 6 and 10 needed revising.

Trustee Chryssos explained that the figure \$1.2 million had been derived from the historical indigent care costs and projected forward. His role in this process was noted. He did not believe that he could support a concept which would require the taxpayers to support the facility to the tune of \$3.2 million annually. He also pointed out that the Hospital Board was publicly elected and that they worked for the good of the community.

Supervisor Williamson then voiced her displeasure with having the City underwrite the Golf Course Bonds and intent to not have the City underwrite bonds for the not-for-profit Hospital. Clarification indicated that the MOU referenced "conduit financing" which addressed her concern.

**BREAK:** A recess was declared at 8:30 p.m. Mayor Masayko reconvened the meeting at 8:55 p.m. All of the members of the Board of Supervisors and the Hospital Board of Trustees were present, constituting a quorum for both.

Mr. Waters proposed an amendment to Page 4, Paragraph 6. c. to indicate that the successor entity will provide indigent care so long as: i. The successor entity's actual cost of indigent care does not exceed an agreed percentage of the Hospital's revenues. This language provides flexibility to work out the specific language of the final MOU. Input from the Boards was requested. The concept will allow the Hospital to continue to provide indigent care until either a significant or catastrophic event occurs. Subsection ii. was amended to be that the successor entity continues to receive Disproportionate Share Payments. The importance of the DSH payments was noted. Subsection iii. remains as written. Its importance was also noted. Subsection iv. was added stating that the definitive agreement shall provide a specific process by which the parties shall address the issues of uncompensated medical costs recovery from other Nevada Counties. This process will either develop interlocal agreements or spell out specific procedures to promptly and adequately collect from other Counties for their resident costs as allowed in the Statutes.

Discussion ensued on the terms in Paragraph 6. a. Mr. Waters felt that the term of the agreement may not need to be tied to the indigent care issue. Mr. Pavlakis felt that the present value of the facility should be established, according to bond counsel, and that the flexibility provided within the agreement allowed this to occur. Mayor Masayko reiterated his concerns with potential conflicts in Paragraphs 6. a. and c. i. Mr. Pavlakis suggested 6. a. terminate at the end of "by the parties". Mr. Waters suggested that c. commence with: As additional consideration for the conveyance beyond 6. a. Mayor Masayko agreed. Mr. Waters continued: "the successor entity will provide indigent care for so long as". This would provide the necessary value for bond counsel and NRS 450.500. Mr. Pavlakis then indicated that a Subsection v. had been added indicating that: In the event that any of triggers mentioned in Paragraph C i, ii, or iii, are met then the definitive agreement will provide a procedure for the resolution of those issues. Clarification indicated that iv. relates to the agreement regarding compensation for indigent care from surrounding Counties. Mr. Pavlakis then modified Page 5, Section g., to remove \$1.2 million and inserted an agreed amount to fund one indigent care. This could be addressed with a letter of credit, a performance bond, or cash. Mayor Masayko indicated that he had not had a problem with the security clause. The intent has been to provide one year of indigent care. Mr. Pavlakis indicated that Section c. was also revised to match this change. Mr. Waters read this clause to state: That as additional consideration beyond that in 6. a., the successor entity will provide indigent care so long as: i. The successor's entity actual cost of providing indigent care does not exceed an agreed percent of revenue; etc.

Discussion ensued concerning Page 6, Section 10 relating to taxes. The purpose of the section was described as being to provide for indigent care rather than other purposes. Mayor Masayko suggested that this section also be tightened to reference the DSH payments. Mr. Pavlakis indicated that Mr. Thompson had indicated that according to the State's prospectus it would be permissible to add language to this paragraph. He proposed to add to the third line after "successor entity, " for the purposes set forth in NRS 422.382, which is DSH. Mayor Masayko agreed to this amendment. Supervisor Staub suggested this statement also be added to Section 6. Mr. Pavlakis agreed to this revision.

Mr. Waters then referenced Page 5, Section 7, and explained the medical services currently obtained from the Hospital and his intent to seek "most favored nation status" with the Hospital for these medical services.

Discussion ensued on the terms under Section c regarding the process for establishing the purchase price. Supervisor Staub suggested that services of nationally recognized real estate attorney, appraiser, and CPA be obtained. Staff would then negotiate any differences in value. Mr. Pavlakis referenced the motion adopted by the Trustees earlier in the meeting regarding direction to staff to make available to the City information and resources necessary to assist the City in accomplishing the goals spelled out in the MOU. This included funding for any experts the City felt were needed. Board consensus thanked the Hospital/Mr. Pavlakis for this offer. Mayor Masayko supported having an appraiser for both the City and for the Hospital. He felt that they should be able to agree upon a reasonable figure. Supervisor Livermore supported having a nationally recognized individual who understands how to value hospital property according to its use. Mr. Pavlakis then described the bonding issues related to the Statutes which require the County to recoup its actual capital investment and not the fair market value. The term actual capital investment is subject to interpretation. This will require an assessment of the building, the equipment, and the land which is truly owned by the County. Also included is the right that the

County has to get the property back if the not-for-profit hospital fails. This is the reason for seeking a nationally recognized expert. The real property's value could be established by local appraisers. Modeling of the "going concern value" is subject to interpretation and the assumptions used. Bond counsel has indicated that, although the County is only required to obtain its actual capital investment, it is better for economic development revenue bonds to be issued on a fair market value that has been negotiated between two parties at arm length. He felt that the process had been an "at arm's length" as indicated by the last three hours of discussion/negotiations. The price may also take another three hours. It is also necessary that the process establish the fair market value due to IRS concerns and for protection of the taxpayers and all of the entities involved.

Supervisor Plank pointed out that the use of the fair market value in the conveyance could make the transfer unsuccessful. The need to provide good, top quality service to the Carson City citizen was stressed. Mr. Pavlakis indicated that this is the underwriting goal with insuring the continuity of the delivery of medical services to the community.

**(3-2795) Supervisor Livermore moved that the Board of Supervisors approve the amended proposed Memorandum of Understanding with the noted changes reflected in the public testimony here today with the Board of Hospital Trustees from the Carson-Tahoe Hospital, who were present, and that the Board direct City staff to work with their counter parts at the Hospital to develop the definitive documents contemplated by the Memorandum of Understanding and return to both Boards as expeditiously as possible so that the transfer of assets, liabilities, staff, patients, and employees can occur on or before September 30, 2001, or as soon thereafter as is practical and further moved that the Board of Supervisors accept the offer of the Board of Hospital Trustees for access to the resources necessary to assist the City in accomplishing the goals set forth in the Memorandum of Understanding. Supervisor Williamson seconded the motion. Mayor Masayko added to the motion to indicate that the additional requirements/issues which the Hospital Board of Trustees made in their motion. Discussion with District Attorney Waters indicated that the first portion of the Trustees' motion could be addressed but not the second portion and that second portion would have to be amended and addressed at the next Board meeting. Clarification indicated that this issue relates to the acceptance of Hospital resources and could be addressed informally. Supervisor Livermore amended the motion to strike the references regarding the Board of Hospital Trustees access to resources. Supervisor Williamson concurred. Mayor Masayko indicated that the motion is to accept the modified Memorandum of Understanding as modified in Paragraphs 10 and 6 by the counsel and the Board of Supervisors. Additional comments were solicited but none given. The motion as amended was voted and carried 5-0.**

**Trustee Mills then moved that the Board of Hospital Trustees approve the amended Memorandum of Understanding. Trustee Chryssos seconded the motion. Motion carried 6-0.**

Mr. Epperson then acknowledged the City staff's efforts on the MOU which had represented both the good of the community and the desire to support the Hospital's vision for its future. Mayor Masayko thanked him for his comments and noted that it had been a lengthy process which they were journeying together. He thanked Mr. Epperson and his staff for their dedication and efforts. Additional comments were solicited but none given.

Trustee Saulisberry moved to adjourn. Trustee Mills seconded the motion. Motion carried 6-0. Chairperson Metcalf adjourned the Carson-Tahoe Hospital Board of Trustees session.

Supervisor Livermore moved to adjourn. Supervisor Staub seconded the motion. Motion carried 5-0. Mayor Masayko adjourned the meeting at 9:25 p.m.

The Minutes of the May 3, 2001, Carson City Board of Supervisors meeting

ARE SO APPROVED ON \_\_\_\_\_ July 5 \_\_\_\_\_,  
2001.

CARSON CITY BOARD OF SUPERVISORS  
Minutes of the May 3, 2001, Meeting  
Page 22

\_\_\_\_\_/s/\_\_\_\_\_

Ray Masayko, Mayor

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Alan Glover, Clerk-Recorder