A regular meeting of the Carson City Board of Supervisors was scheduled for 8:30 a.m. on Thursday, December 18, 2008 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

- **PRESENT:** Mayor Marv Teixeira Supervisor Robin Williamson, Ward 1 Supervisor Shelly Aldean, Ward 2 Supervisor Pete Livermore, Ward 3 Supervisor Richard Staub, Ward 4
- **STAFF:** Larry Werner, City Manager Alan Glover, Clerk - Recorder Melanie Bruketta, Chief Deputy District Attorney Kathleen King, Recording Secretary

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

**CALL TO ORDER, DETERMINATION OF QUORUM, PLEDGE OF ALLEGIANCE, AND INVOCATION** (8:30:43) - Mayor Teixeira called the meeting to order at 8:30 a.m. Roll was called; a quorum was present. Mayor Teixeira led the pledge of allegiance. First Presbyterian Church Reverend Alan Dorway gave the invocation.

PUBLIC COMMENTS AND DISCUSSION (8:31:58) - None.

**1. ACTION ON APPROVAL OF MINUTES - November 20, 2008** (8:32:07) - Supervisor Aldean suggested revisions to pages 12 and 13, and moved to approve the minutes, as amended. Supervisor Williamson seconded the motion. Motion carried 5-0.

**2.** CHANGES TO THE AGENDA (8:33:32) - Mayor Teixeira advised that item 8(A) would be continued to a Board of Supervisors meeting in January.

# **3. SPECIAL PRESENTATIONS:**

**3(A) PRESENTATION OF A PROCLAMATION TO JUDGE WILLIAM MADDOX FOR EIGHT YEARS SERVING AS DISTRICT COURT JUDGE** (8:33:58) - Mayor Teixeira read a Proclamation in Honor of Judge William A. Maddox into the record. The Board members, City staff, and citizens present applauded Judge Maddox. Judge Maddox reviewed his history in Carson City, and expressed appreciation for the Proclamation and for the Board of Supervisors' support over the years.

**3(B) PRESENTATION OF APPRECIATION TO MARV TEIXEIRA FOR HIS CURRENT FOUR-YEAR TERM SERVING AS CARSON CITY MAYOR** (8:41:43) - Supervisor Livermore read prepared remarks and the language of an appreciation plaque into the record. The Board members, City staff, and citizens present applauded Mayor Teixeira. Mayor Teixeira discussed the privilege of working with the members of the Board of Supervisors "past and present," over his twelve years of service as the City's mayor. He commended the elected officials, and discussed the importance of people working together on behalf of the community.

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**3(C) PRESENTATION OF APPRECIATION TO RICHARD STAUB FOR HIS EIGHT YEARS SERVING AS CARSON CITY SUPERVISOR** (8:39:35) - Mayor Teixeira commended Supervisor Staub on behalf of the citizens and the Board of Supervisors, and read the language of an appreciation plaque into the record. Supervisor Staub reviewed his history in Carson City, and thanked the Board members for their camaraderie and all who had assisted him "along the way."

(8:50:11) Supervisor Aldean invited Transportation Manager Patrick Pittenger to the podium, and provided background information on a plaque to be presented to Supervisor Staub. Mr. Pittenger reviewed Supervisor Staub's service to the Regional Transportation Commission, highlighting more efficient implementation of the transportation program; the completion and commencement of many significant roadway projects; implementation of the JAC Transit Service; and progress toward improving the City's pedestrian and bicycle environment. He presented the plaque to Supervisor Staub, which was mounted on an asphalt core sample from the Clearview Drive improvement project. Supervisor Staub discussed his goal to "move traffic around Carson City," and commended the accomplishments of the Regional Transportation Commission, as delineated by Mr. Pittenger. He thanked Mr. Pittenger and the Regional Transportation Commission for the plaque. At Mayor Teixeira's request, Supervisor Staub discussed his "first official act" as a Regional Transportation Commissioner to suggest using grindings to improve Curry Street. He commended the Fairview Drive improvement project as "beautiful," and anticipates that Stewart Street "will be the same." He commended Regional Transportation staff on their hard work and vision.

Supervisor Aldean expressed appreciation to both Mayor Teixeira and Supervisor Staub for their dedication and service to the community. Mr. Werner echoed her comments.

4. **BOARD OF SUPERVISORS CONSENT AGENDA** (8:55:20) - Mayor Teixeira entertained requests to hear items separate from the consent agenda. When none were forthcoming, he entertained a motion. Supervisor Livermore moved approval of the consent agenda, consisting of eight items: 4-1, Sheriff; 4-2, Assessor; 4-3, Justice Court with special recognition to the appointment of Joe Tresnit and William J. Crowell, Jr. as substitute justices of the peace; 4-4, Fire; 4-5, Health and Human Services; 4-6, Public Works; 4-7, Purchasing and Contracts, as presented and agendized. Supervisor Staub seconded the motion. Motion carried 5-0.

4-1. SHERIFF - ACTION TO APPROVE ACCEPTANCE OF THE 2008 JUSTICE ASSISTANCE GRANT IN THE AMOUNT OF \$10,709.00

4-2. ASSESSOR - ACTION TO APPROVE THE REMOVAL OF TAXES FOR PARCEL NUMBERS 007-061-99 AND 007-071-99, LOCATED ALONG KINGS CANYON ROAD, FROM THE 2008 / 09 REAL PROPERTY TAX ROLL PER NRS 361.157 AND NRS 361.060 IN THE AMOUNT OF \$10.41

# 4-3. JUSTICE COURT

4-3(A) ACTION TO APPROVE THE APPOINTMENT OF JOE TRESNIT TO THE PANEL OF SUBSTITUTE JUSTICES OF THE PEACE

4-3(B) ACTION TO APPROVE THE APPOINTMENT OF WILLIAM J. CROWELL, JR. TO THE PANEL OF SUBSTITUTE JUSTICES OF THE PEACE

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4-4. FIRE - ACTION TO AUTHORIZE THE MAYOR TO SIGN THE 2009 ANNUAL OPERATING PLAN BETWEEN THE UNITED STATES DEPARTMENT OF AGRICULTURE -FOREST SERVICE, HUMBOLDT-TOIYABE NATIONAL FOREST CARSON RANGER DISTRICT (AGREEMENT NO. 06-FI-11041701-057) AND THE CARSON CITY FIRE DEPARTMENT

4-5. HEALTH AND HUMAN SERVICES - ACTION TO APPROVE THE GARDNERVILLE WOMEN, INFANT, AND CHILDREN ("WIC") OFFICE SPACE LEASE AGREEMENT

4-6. PUBLIC WORKS - ACTION TO APPROVE AND AUTHORIZE THE MAYOR TO SIGN AN AGREEMENT BETWEEN ANDERSEN FAMILY ASSOCIATES, A NEVADA LIMITED PARTNERSHIP, AND CARSON CITY WHEREBY ANDERSEN FAMILY ASSOCIATES, A NEVADA LIMITED PARTNERSHIP, AGREES TO: (1) CONVEY A NON-EXCLUSIVE WATER LINE EASEMENT, DESCRIBED AS ASSESSOR'S PARCEL NUMBERS 004-21-13; (2) GRANT PERMISSION TO CONSTRUCT UPON, OVER, AND ACROSS CERTAIN REAL PROPERTY, DESCRIBED AS ASSESSOR'S PARCEL NUMBERS 021-13, FOR THE PURPOSE OF CONSTRUCTION RELATED TO THE LITTLE LANE WATER LINE PROJECT

4-7. PURCHASING AND CONTRACTS - ACTION TO DETERMINE THAT LYN MARIE TRUCKING, INC. IS THE LOWEST RESPONSIVE AND RESPONSIBLE BIDDER, PURSUANT TO NRS CHAPTER 338, AND TO AWARD CONTRACT NO. 0809-134, CARSON CITY WATERFALL FIRE WATERSHED IMPROVEMENTS - PHASE 1 TO LYN MARIE TRUCKING, INC. FOR A BID AMOUNT OF \$159,461.12 PLUS A CONTINGENCY AMOUNT NOT TO EXCEED \$76,420.00 TO BE FUNDED FROM THE USDA - NRCS GRANT FIRE RESTORATION, AS PROVIDED IN FY 2007 / 2008

Mayor Teixeira recessed the meeting at 8:56 a.m. and reconvened at 9:09 a.m.

**RECESS AS BOARD OF SUPERVISORS** (9:09:03) - Mayor Teixeira recessed the Board of Supervisors at 9:09 a.m.

# **REDEVELOPMENT AUTHORITY**

**CALL TO ORDER AND DETERMINATION OF QUORUM** (9:09:22) - Chairperson Williamson called the meeting to order at 9:09 a.m. All Redevelopment Authority members were present, constituting a quorum.

**ACTION ON APPROVAL OF MINUTES - November 20, 2008** (9:09:33) - Member Aldean moved to approve the minutes, as presented. Member Livermore seconded the motion. Motion carried 5-0.

# 5. OFFICE OF BUSINESS DEVELOPMENT

5(A) ACTION TO APPROVE A COMMITMENT AGREEMENT FOR CONTINUING BUSINESS OPERATION BETWEEN CARSON CITY AND MICHAEL HOHL MOTOR COMPANY THAT PROVIDES A FINANCIAL INCENTIVE CATALYST FOR THE

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**DEVELOPMENT OF MR. HOHL'S NEW CAR SALE FACILITIES LOCATED WITHIN REDEVELOPMENT PROJECT AREA NO. 2 IN EXCHANGE FOR MR. HOHL'S COMMITMENT TO RETAIN ALL HIS AUTO DEALERSHIPS IN CARSON CITY FOR A PERIOD OF NO LESS THAN TWENTY (20) YEARS (9:10:08) - Business Development Manager Joe McCarthy provided background information on this item and on Michael Hohl Motor Company, and reviewed the staff report and the provisions of the commitment agreement. He commended Members Staub and Aldean, present and past Finance Department Directors Nick Providenti and Tom Minton, present and past City Managers Larry Werner and Linda Ritter, and District Attorney's staff for the efforts in developing the commitment agreement. Chairperson Williamson thanked Mr. McCarthy, and expressed appreciation for the Hohl family's business and civic contributions to the community over the years.** 

At Chairperson Williamson's request, Member Staub provided background information on development of the commitment agreement, and reviewed its provisions. At Member Aldean's request, Member Staub reviewed revisions to the agreement which were made and agreed to by the parties during this meeting. In response to a question, Ms. Bruketta advised that the District Attorney's office had not significantly participated in drafting the commitment agreement. The agreement was drafted by Member Staub with input by Member Aldean. Ms. Bruketta suggested adding contingency language if the Redevelopment Authority does not have sufficient funding to support the agreement. Member Staub advised that the commitment agreement was originally drafted by Senior Deputy District Attorney Joel Benton, and that copies of every amendment had been provided to him. Member Staub advised of having worked directly with Mr. Hohl and his attorney, Andrew MacKenzie, to finalize the commitment agreement. He reiterated that copies of the amendments were provided to Mr. Benton, and advised that his input was requested "as we went forward." He advised of having discussed the commitment agreement with Mr. Benton last evening, and that Mr. Benton had briefly reviewed the final draft, and indicated no problems. Member Staub expressed appreciation for Ms. Bruketta's concerns, but advised that every attempt was made to include the District Attorney's office. Member Staub represented that sufficient funding is available to support the agreement. He advised of having discussed the provisions of the agreement with Mr. Werner, and that the option to bond has been left open if decided upon in the future. Member Aldean noted the provision for non-appropriation.

Chairperson Williamson called for additional Redevelopment Authority member comments and for public comment; however, none were forthcoming. (9:29:00) Michael Hohl acknowledged acceptance of the terms of the commitment agreement, with the most recent revisions. He thanked the members of the Redevelopment Authority, particularly Member Staub, for their efforts in developing the agreement.

Member Teixeira thanked Members Staub and Aldean for their efforts, and discussed the importance of auto dealerships to Carson City. He thanked Mr. Hohl for his commitment to the community.

(9:33:18) Tom Metcalf, of Metcalf Builders, Inc., reviewed additional projects scheduled to begin in 2009 which will benefit the community's economy.

Chairperson Williamson entertained a motion. Member Staub moved to approve a commitment agreement for continuing business operation between Carson City and Michael Hohl Automotive Group that provides a financial incentive catalyst for the development of Mr. Hohl's new car sale facilities located within Redevelopment Project Area No. 2 in exchange for Mr. Hohl's commitment to retain all of his current automotive dealerships in Carson City for a period of twenty years; fiscal

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impact is \$2.4 million initially with a promise of an additional \$2.4 million that will be invested in one or more additional new car sale facilities as part of this two-tiered incentive package. In response to a comment, Member Staub amended his motion to indicate approval of the agreement, as amended. Member Livermore continued his second. Motion carried 5-0.

**RECESS AS REDEVELOPMENT AUTHORITY** (9:35:45) - Chairperson Williamson recessed the Redevelopment Authority at 9:35 a.m.

**RECONVENE AS BOARD OF SUPERVISORS** (9:35:50) - Mayor Teixeira reconvened the Board of Supervisors at 9:35 a.m.

# **ORDINANCES, RESOLUTIONS, AND OTHER ITEMS**

5(B) ACTION TO CONSENT AND APPROVE A COMMITMENT AGREEMENT FOR CONTINUING BUSINESS OPERATION BETWEEN CARSON CITY AND MICHAEL HOHL MOTOR COMPANY THAT PROVIDES A FINANCIAL INCENTIVE CATALYST FOR THE DEVELOPMENT OF MR. HOHL'S NEW CAR SALE FACILITIES LOCATED WITHIN REDEVELOPMENT PROJECT AREA NO. 2 IN EXCHANGE FOR MR. HOHL'S COMMITMENT TO RETAIN ALL HIS AUTO DEALERSHIPS IN CARSON CITY FOR A PERIOD OF NO LESS THAN 20 YEARS (9:35:58) - Mayor Teixeira entertained a motion. Supervisor Staub moved to consent and approve a commitment agreement for continuing business operation between Carson City and Michael Hohl Automotive Group that provides a financial incentive catalyst for the development of Mr. Hohl's new car sales facilities located within Redevelopment Project Area No. 2 in exchange for Mr. Hohl's commitment to retain all of his current automotive dealerships in Carson City for a period of no less than twenty years; fiscal impact is \$2.4 million initially with the promise of an additional \$2.4 million that will be invested in one or more additional new car facilities as part of this two-tiered incentive package, as amended. Supervisor Livermore seconded the motion. Motion carried 5-0.

### 6. DEVELOPMENT SERVICES - PLANNING AND ZONING

6(A) ACTION TO APPROVE A REQUEST FOR A ONE-YEAR EXTENSION OF THE FINAL MAP FOR THE PLANNED UNIT DEVELOPMENT KNOWN AS MILLS LANDING (PROPERTY OWNER: DGD DEVELOPMENT AND MSB PROPERTIES) LOCATED AT 1208 EAST WILLIAM STREET AND STATE STREET (TPUD-06-202) (9:36:57) - Planning Division Director Lee Plemel introduced this item and reviewed the staff report. (9:37:47) Manhard Consulting, Ltd. Planning and Entitlement Manager Susan Dorr acknowledged that some initial grading was done at the site. At Mayor Teixeira's request, she agreed to advise the developer of the need for dust control measures. Mayor Teixeira called for public comment and, when none was forthcoming, entertained a motion. Supervisor Williamson moved to approve a request for a one-year extension of the final map for the planned unit development known as Mills Landing, located at 1208 East William Street and State Street. Supervisor Aldean seconded the motion. Motion carried 5-0.

6(B) ACTION TO INTRODUCE, ON FIRST READING, AN ORDINANCE AMENDING THE CARSON CITY MUNICIPAL CODE, TITLE 18, ZONING, CHAPTER 18.16, DEVELOPMENT STANDARDS, DIVISION 4, SIGNS, BY AMENDING SECTION 4.4, ADMINISTRATION, 4.4.7(S) EXEMPTIONS, TO MODIFY THE TIME LIMITS AND

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**PLACEMENT REGULATIONS FOR TEMPORARY BANNERS USED AS ON-SITE ADVERTISING, AND OTHER MATTERS PROPERLY RELATED THERETO** (9:39:08) - Mr. Plemel introduced this item, reviewed the agenda report, and the provisions of the proposed amendment. He advised that the Planning Commission had unanimously recommended approval of the amendment, with comments regarding some concern over the possibility of proliferation of signage in the community. In consideration of the current economy and the provision to review the ordinance in one year, the Planning Commission supported the proposed amendment.

Supervisor Aldean expressed appreciation for staff's support of this item, and advised of written support received from the Chamber of Commerce. She expressed the opinion that the proposed amendment represents a reasonable concession. Mayor Teixeira called for public comment and, when none was forthcoming, entertained a motion. Supervisor Aldean moved to introduce, on first reading, Bill No. 138, an ordinance amending the Carson City Municipal Code, Title 18, Zoning, Chapter 18.16, Development Standards, Division 4, Signs, by amending Section 4.4, Administration, 4.4.7(S) Exemptions, to modify the time limits and placement regulations for temporary banners used as onsite advertising based on the findings contained in the staff report. Supervisor Staub seconded the motion. Motion carried 5-0.

### 7. FINANCE

7(A) ACTION TO APPROVE THE APPLICATION TO **REMOVE** THE UNCOLLECTIBLE ACCOUNTS RECEIVABLE SPECIFIED IN THE APPLICATION FROM THE RECORDS OF THE AMBULANCE FUND FOR A TOTAL AMOUNT OF \$3,250,069.02 IN UNCOLLECTIBLE ACCOUNTS RECEIVABLE (9:43:36) - Finance Department Director Nick Providenti introduced this item, and Fire Chief Stacey Giomi provided background information. Chief Giomi advised that write-offs will be presented to the Board more frequently in the future, and responded to questions of clarification regarding the total amount. He assured the Board that the collection agency will continue to attempt collecting the outstanding balances for a period of seven years. In response to a question, he estimated that ten percent of an outstanding balance could likely be collected by applying for Medicaid on behalf of a delinquent account holder. He discussed difficulties associated with City personnel applying for Medicaid benefits, and advised of mental / physical incapacities of some patients which prevents them from applying for their own Medicaid benefits. He acknowledged that the total amount indicated does not include allowed write-offs. Mr. Providenti advised that "these amounts have already been written off the books of the ambulance so there is no fiscal impact." In response to a question, Chief Giomi advised that the City's ambulance company works very closely with Carson-Tahoe Regional Medical Center as well as other hospitals across the country in accessing hospital records for health insurance. "They do try and maximize, if people are covered, by getting that information from the hospital. ... If there are active insurance accounts, they try and maximize that."

Mayor Teixeira entertained a motion. Supervisor Livermore moved to approve the application to remove the uncollectible accounts receivable specified in the application from the records of the Ambulance Fund for a total amount of \$3,250,069.02 in uncollectible accounts receivable. Supervisor Aldean seconded the motion. Motion carried 5-0.

7(B) ACTION TO APPROVE A SECOND ADDENDUM TO THE 2002 LEASE AGREEMENT BETWEEN CARSON CITY AND THE CARSON CITY MUNICIPAL GOLF CORPORATION (9:50:43) - Mr. Providenti introduced this item, and reviewed the agenda report. At

Mayor Teixeira's request, Mr. Providenti provided additional clarification regarding the funding source. Ms. Bruketta acknowledged there is no provision in the lease agreement for a partial payment.

(9:52:36) At Mayor Teixeira's request, Eagle Valley Golf Course Manager Jim Keppler introduced Board President-elect Gordon Allen, current Board President Steve MacIntyre, and Board Member Mark Sattler. Mr. Keppler discussed recent improvements to the Eagle Valley Golf Course, the current fee structure, revenues generated from tournaments, increases in revenue, and implementation of the "Fifty-Mile Club." He anticipates the Eagle Valley Golf Course can be independent from the City's general fund within two years.

Mayor Teixeira discussed the controversial history of the municipal golf course in Carson City, and expressed the opinion that the current public / private partnership "has been an absolute pleasure." He discussed the revenue generated by golf tournaments, and complimented the Eagle Valley Golf Course Board members and Mr. Keppler on a much-improved course. Mr. Keppler discussed future plans to market the golf course and to recruit new golfers. Supervisor Livermore concurred with Mayor Teixeira's comments, and commended Mr. Keppler and the board members "on a masterful job." He discussed the importance of the golf course to the City's effluent water disposal process. Supervisor Aldean suggested considering the golf course for a cross-country skiing venue, and discussion followed.

Mayor Teixeira reiterated his compliments of the tournaments, the golf course, the club house, and the service, and entertained a motion. Supervisor Williamson moved to approve a second addendum to the 2002 Lease Agreement between Carson City and the Carson City Municipal Golf Corporation. Supervisor Livermore seconded the motion. Motion carried 5-0. Mayor Teixeira recessed the meeting at 10:05 a.m. and reconvened at 10:12 a.m.

7(C) ACTION TO ACCEPT THE CARSON CITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2008 (10:13:02) - Mr. Providenti introduced this item, and Kafoury, Armstrong & Company Engagement Shareholder Kristen Burgess and Project Manager Dan Carter. Mr. Carter narrated a PowerPoint presentation of the 2008 Audit Results, copies of which were included in the agenda materials. In response to a question, Mr. Providenti advised that decreased revenues should have no affect on the City's bond rating. With regard to the Statement of Net Assets, Mr. Providenti surmised that the decrease in net assets was due to depreciation and a conscious decision to delay capital improvements projects due to the condition the economy. Liabilities decreased by paying off debt, not incurring new bonding, and moving the landfill. Mr. Providenti suggested that the Statement of Net Assets shows "we are holding course."

Ms. Burgess reviewed the "Summary" portion of the 2008 Audit Results. In response to a question, she and Mr. Providenti discussed recommendations regarding the two significant deficiencies, identified as segregation of duties at the landfill and accumulation of data and reporting of the schedule of federal awards. Ms. Burgess responded to additional questions of clarification. In response to a question regarding the "On the Horizon" section of the Audit Results Summary, Deputy Finance Director Nancy Paulson and Mr. Providenti provided information on the actuarial study. Mr. Providenti anticipates receiving results by June 30, 2009. Ms. Burgess discussed and responded to questions regarding the GASB Statement No. 51 requirements.

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In response to a question, Mr. Carter reviewed the time frame associated with the audit. In response to a question, Mr. Providenti advised that the cost was \$111,000. He explained that new federal risk assessment standards increased the cost of the audit. In response to a question, Ms. Burgess expressed the opinion that "from a financial reporting standpoint, management does an excellent job." Mr. Providenti credited Ms. Paulson with the financial reporting. Mayor Teixeira thanked the Kafoury, Armstrong & Co. representatives for their professionalism. Supervisor Aldean commended Finance Department staff on the excellent job. Mayor Teixeira expressed appreciation for Ms. Paulson's expertise and professionalism over the years, and commended her talent and dedication to the City. Ms. Paulson advised of having trained at Kafoury, Armstrong & Co.

Mayor Teixeira called for public comment and, when none was forthcoming, entertained a motion. Supervisor Aldean moved to accept the Carson City Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. Supervisor Livermore seconded the motion. Motion carried 5-0.

# 8. CITY MANAGER

8(A) ACTION TO APPOINT THREE MEMBERS TO THE OPEN SPACE ADVISORY COMMITTEE FOR FOUR-YEAR TERMS EXPIRING JANUARY 1, 2013 - Continued.

**8(B) DISCUSSION REGARDING THE COMPOSITION OF THE AUDIT COMMITTEE (CARSON CITY MUNICIPAL CODE 2.14.030) AND POSSIBLE ACTION TO DIRECT STAFF TO BRING FORTH AN AMENDMENT TO CCMC 2.14.030, CHANGING THE COMMITTEE MEMBERSHIP** (10:39:10) - Mr. Werner introduced this item, and reviewed the agenda report. In response to a question, Supervisor Staub discussed the audit committee's unanimous decision to retain two Board members on the audit committee. Supervisor Livermore provided additional input on the audit committee's action. Supervisor Aldean advised of Mayor-elect Crowell's objective to reduce the involvement of Board members in various advisory boards and commissions. She read a portion of the ordinance, which was quoted in the agenda report, into the record, and expressed a preference for a member-at-large with "some practical business experience; not a CPA, not somebody who's worked for government but somebody who comes from the private sector with a lot of practical experience ... in private finance." Discussion followed.

(10:43:58) Audit Committee Member Joe Eiben expressed agreement with Supervisor Aldean's comments, and suggested annually considering the appropriate number of Board member liaisons to the audit committee. He noted that "the audit committee itself is still in its infancy," and expressed the opinion that the Supervisors' "intimate knowledge of the City is just as important if not more important than a financial background at this point in time …" He expressed support for two members of the Board of Supervisors to continue serving on the audit committee.

Supervisor Williamson thanked Mr. Eiben for his comments, and expressed support for Supervisor Aldean's comments in that "it may be a new direction of the Board to try to limit the participation of the Supervisors and expand it more to our general citizenry and residents to have an opportunity to provide ... input ..." She suggested postponing action on this item until the new Board of Supervisors is seated. She expressed the opinion that having two members of the Board of Supervisors serve on the audit committee is "an inappropriate use ... of elected officials' time." She expressed the further opinion that a "strong, independent internal auditor should have the ability to make a strong case of the individual audits and doesn't need the credibility of two supervisors behind it."

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Supervisor Livermore reviewed the recommended Board action, and noted the importance of the annual audit work plan coinciding with the Board's goals. He agreed with postponing a decision regarding the number of Board members to serve on the audit committee.

Mayor Teixeira entertained a motion to remove the finance director as a member of the audit committee, and suggested that Julie Kidd would be a great addition to the committee. Supervisor Aldean suggested that staff return with two alternatives. Supervisor Williamson suggested leaving open the opportunity to advertise for additional applicants. Supervisor Aldean discussed the need to agendize discussion and possible action regarding an amendment to the Audit Manual redefining the auditor's function. At Mr. Werner's request, the Board members provided clarification regarding the request for two alternatives.

Mayor Teixeira entertained a motion. Supervisor Livermore moved to direct staff to bring forth an amendment to Carson City Municipal Code 2.14.030, changing the composition of the audit committee to reflect removal of the finance director as a voting member and replacement with a Carson City resident, and any other options that the City Manager may recommend. Supervisor Staub seconded the motion. Motion carried 5-0.

9. BOARD OF SUPERVISORS NON-ACTION ITEMS:

**INTERNAL COMMUNICATIONS AND ADMINISTRATIVE MATTERS** - None.

CORRESPONDENCE TO THE BOARD OF SUPERVISORS - None.

STATUS REPORTS AND COMMENTS FROM THE BOARD MEMBERS - None.

STAFF COMMENTS AND STATUS REPORT - None.

**RECESS BOARD OF SUPERVISORS** (10:53:44) - Mayor Teixeira recessed the meeting at 10:53 a.m.

**RECONVENE BOARD OF SUPERVISORS** (6:00:22) - Mayor Teixeira reconvened the meeting at 6:00 p.m. All members of the Board of Supervisors were present constituting a quorum. City staff included City Manager Larry Werner, District Attorney Neil Rombardo, Business Development Manager Joe McCarthy, and Recording Secretary Kathleen King.

# **10. CITY AUDIT COMMITTEE**

10(A) PRESENTATION OF THE 2008 REDEVELOPMENT AUTHORITY AND OFFICE OF BUSINESS DEVELOPMENT AUDIT, AND ACTION TO ACCEPT THE AUDIT AND DIRECT STAFF TO DEVELOP APPROPRIATE POLICIES AND PROCEDURES FOR THE OFFICE OF BUSINESS DEVELOPMENT (6:01:11) - Supervisor Staub introduced and provided background information on this item. He referred to the draft report of the compliance audit, dated November 3, 2008, copies of which were included in the agenda materials. He discussed the purpose of the audit, emphasizing that it was designed and implemented to determine appropriate compliance with policies and procedures "that may or may not be adopted for the redevelopment authority and the office of economic development." He advised of having reviewed the draft report "on more than one occasion," and that the audit committee had also reviewed the draft report and unanimously adopted it "without amendment." He reviewed the provisions of the audit manual with regard to presentation of the draft report

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to the audit committee, to City staff, and to the Board of Supervisors. He provided an overview of discussion which took place at the November 25<sup>th</sup> audit committee meeting.

Supervisor Staub read the objectives from the Scope and Methodology section (page 3) of the draft report into the record. He provided background information on the decision to set aside objectives 4 and 5 in light of forthcoming revisions to the policies and procedures for both redevelopment areas, and to focus the audit on the office of business development. Supervisor Staub reviewed the Conclusion portion of the draft report, at page 4. He emphasized he was "merely reading or making citations from the audit" which was accepted by the audit committee. He read a portion of the Conclusion, and portions of the Findings, Recommendations, and Management's Response, at page 6, into the record. He reviewed and discussed the table of projects / processes at page 7. Supervisor Staub commended office of business development staff "for their vision and … for their intent. Their intent clearly was … to be in the best interests of Carson City." He discussed the importance of following established processes, and expressed the hope that policies and procedures will be revised to ensure consistency and fairness in a transparent, public process.

Supervisor Staub read into the record the details of Finding 2, at page 12, and reviewed the table of vendors at page 13. He referred to the recommendations at pages 21 and 22 of the draft report, and noted the City's November 17, 2008 response which was also included in the agenda materials.

Supervisor Staub referred to his written recommendations, dated July 31<sup>st</sup> and October 1<sup>st</sup>, copies of which had been previously provided to Mr. McCarthy. He reviewed additional recommendations, as follows: That the policies and procedures of the redevelopment authority should be comprehensive and "we need to create some education in how we use it." He expressed the hope that the guidelines and processes will be presented within 60 to 90 days, detailing how the redevelopment authority works, how it interacts with the office of business development, "how those two and this Board operate with the advisory board," and how the Downtown Consortium "fits into the matrix if it fits into the matrix."

Supervisor Staub advised of having received an e-mail earlier in the day from Jed Block, recommending a meeting of the redevelopment authority citizens committee "to hopefully bring it back to life and get it on track so that it's involved in the process." Supervisor Staub expressed the opinion that the incentive application process should be codified and uniformly followed with no exception. He expressed the further opinion that all incentive applications should be reviewed, whenever possible, by the redevelopment authority citizens committee "so that there's appropriate contact with the business and the community that it may be affecting. This is not only as to incentives, but also as to the activities that are sponsored by the redevelopment authority." Supervisor Staub advised of complaints from certain merchants and business owners "as to why they're left out." He referred to the successful Fridays@Third Street events which prompted complaints from the Telegraph Square merchants "as to why doesn't it rotate." He recommended additional public process.

Supervisor Staub recommended tracking incentive packages "to finality so that the incentive that we provide and the representations that are made by the applicant are followed through and that we have clearly audited the expenditures that have justified the 20 percent incentive." Supervisor Staub noted previously discussed difficulties associated with an insufficient number of staff persons in the office of business development.

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With regard to contracting, Supervisor Staub recommended "doing business … locally with contractors and vendors that are properly licensed to do business in this state." He further recommended clearly defined parameters for each contract, and requiring appropriate approval. On behalf of the audit committee, he recommended adopting a resolution which clearly defines that the office of business development staff and the processes of the redevelopment authority "fall within City contracting and purchasing guidelines." Contracts should be appropriately monitored by staff to ensure authorized expenditures are not exceeded, and that if thresholds are reached, appropriate approval is requested.

Supervisor Staub recommended appropriately publicizing and noticing redevelopment authority-sponsored activities and that as much input as possible is solicited "from affected businesses, adjacent businesses," for both redevelopment areas. He further recommended establishing an advisory committee for redevelopment area 2 as soon as possible. He suggested implementing a request for proposal process for all vendors which the redevelopment authority and the office of business development will need services from on an annual basis. This will ensure a transparent process and the best price. Supervisor Staub further suggested not always using the same people.

Supervisor Staub reiterated the purpose of the compliance audit, and the acknowledgment that the accomplishments of the redevelopment authority and the office of business development have been in the best interests of the City. He further reiterated the importance of a transparent, public process. He expressed the hope, with assurances from Mr. Werner and Mr. McCarthy, that "we will right the ship and we will proceed in a process that is accountable and is transparent and which no one can attack or criticize." He thanked former city auditor Sue Johnson for her diligence in preparing the draft report. He advised of having ensured that the audit focused on "process and not personality," and expressed the opinion that the "product, by and large, is a good product."

Mr. Werner agreed with Supervisor Staub's assessment of having agreed to disagree "on a lot of the ... actual audit." Mr. Werner read the Conclusion of the City's November 17<sup>th</sup> response into the record. He advised that the "underlying premise" is agreement regarding the need for policies and procedures. He advised that the City of Reno Redevelopment Authority does not follow any of the City of Reno's policies; they basically operate under state law. The City of Sparks follows the City of Sparks policies and procedures, and Clark County operates in a similar manner. Mr. Werner advised that there is no clear direction that the City's policies and procedures, as adopted by the Board of Supervisors, "automatically apply to the redevelopment authority." This was the basis for the disagreement with the draft audit findings. Mr. Werner noted difficulties associated with the timing of the city auditor's resignation in that City management had no opportunity to discuss the draft findings. He suggested that, given the opportunity, many of the issues would have been resolved prior to finalizing the draft report. He acknowledged that the audit time frame was prior to his appointment as City Manager, but expressed the belief that it is the City Manager's responsibility to respond to the draft report.

Mr. McCarthy expressed appreciation for Supervisor Staub's comments, and agreed with the desire to establish clear policies and procedures "moving forward." He provided an overview of his presentation, and assured the Board that "rules of the road" will be established which "citizens and the business community can feel very comfortable that it's open, transparent, and competitive."

Supervisor Williamson expressed the opinion that the draft report is "a flawed document based on a false premise with faulty conclusions." She expressed the further opinion that data was manipulated to support

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the false premise. "Multiple projects with multiple vendors were grouped together and professional services providers to reach the magic \$25,000 figure." Supervisor Williamson expressed the opinion that "it's very telling that the internal auditor declined the opportunity to appear in public ..." She noted that the Board members had no opportunity to examine any of the internal auditor's work papers. She expressed serious doubts, and the opinion that the redevelopment authority should have the opportunity to respond to some of the charges. Supervisor Staub expressed appreciation for Supervisor Williamson's concerns, and the hope that the draft audit report is not represented as containing charges. He noted the findings based upon the auditor's conclusions. He acknowledged the timing of the auditor's resignation "somewhat ties the hands" of the Board. He pointed out that no new auditor would sign off on another auditor's conclusions. He advised of no intention to defend the draft report, but reiterated that the audit committee had endorsed the draft. He further reiterated "there are no charges in this document," and offered the work papers for review "through Supervisor Livermore." He noted the importance of getting "on with the business of government and the business of redevelopment and we need to do it just a little differently than we've done it in the past." He noted the City Manager's commitment, and requested the redevelopment authority's commitment to establish a more transparent process "so that we don't have to cross this bridge ever again."

Supervisor Aldean advised of having discussed the draft report with Mr. McCarthy, and noted the comfort which can be derived from having parameters in which to operate. She expressed the opinion that the redevelopment authority is "ultimately responsible for all of our staff's transgressions." In consideration of the "litany of projects that we have, with the assistance of staff, brought to fruition; the investment that we have encouraged people to make even during an economic downturn, ... we have a lot to be proud of." Supervisor Aldean noted that "some of the recommendations are certainly worthwhile," and that "they have been embraced by staff." In consideration of the fact that policies and procedures will be presented to the Board for review and approval, she suggested moving on. She acknowledged the need for policies and procedures, but reiterated the accomplishments of the redevelopment authority and the office of business development "under some very difficult circumstances." She expressed the hope to "move forward in a very positive and productive way, ... get this behind us and improve the process." She expressed the belief that redevelopment staff has "done a miraculous job with the resources they've been given."

Supervisor Livermore reiterated the need for additional staff in the office of business development. He expressed a desire to move forward, and suggested utilizing existing staff such as the Purchasing and Contracts Division. He discussed the importance of transparency in government. He noted the importance of the office of business development "in the economy today."

Mayor Teixeira discussed the purpose of the agenda item to review the draft audit report. Supervisor Aldean requested clarification with regard to the recommended board action. She suggested that accepting receipt of the audit in its current form is one thing; approving the audit is "entirely different." Supervisor Staub advised that the word "accept" was intentionally used.

Mayor Teixeira advised of not having been previously aware of many of the projects listed in the table on page 7 of the draft report. In response to a question, Mr. Rombardo advised that the District Attorney's office had not written any of the contracts. In response to a question, Mr. McCarthy reviewed details of the D'Vine Wine incentive project. He advised of having used professional discretion with the office of business development budget to assist those entrepreneurs in making a decision on renovation of the old Charles Marriage building. In response to a further question, he advised of a small contract with Palmer

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Engineers to conduct analysis of the Carson Mall renovation project. He discussed the very small window of opportunity for the Gottschalk's CEO to reconsider releasing their current space in the Carson Mall and relocating to north Douglas County. In response to a further question, he advised of having requested a proposal, including cost estimates, from Palmer Engineering and that he approved the proposal. He acknowledged that the District Attorney's office was not contacted for smaller projects which engaged the services of local professionals. In response to a question, Mr. Rombardo advised that the office of business development used outside counsel. Mr. McCarthy advised of a previous agreement with former District Attorney Noel Waters to use outside counsel to review all agreements. In response to a question, he advised of having had outside counsel work on the cooperative agreement with Michael Hohl at the beginning of the process; however, "we recognized it was wiser to keep that in house."

Mayor Teixeira called for additional Board member comments and, when none were forthcoming, opened this item to public comment. He read a December 18, 2008 letter from Clark Russell into the record, a copy of which was provided to the recording secretary.

(6:56:58) Joe Eiben, a member of the Audit Committee, echoed Supervisor Staub's comments with regard to the purpose of the audit. He discussed the importance of determining the party or parties responsible for the redevelopment authority, and expressed the opinion that the elected officials are ultimately responsible.

(6:59:19) Steve Hartman advised of the intent to provide "a little history lesson," as a member of the very first Carson City Redevelopment Authority and as its chair for a number of years. He advised of having been requested, in 1982/83, during an economic downturn, to "do something about what was then a really dilapidated capital city." The Carson City redevelopment area number one was created, having clearly met the definition of a blighted area. The subsequent area to be incorporated was New Empire "because of its issues with infrastructure." Development of the first redevelopment area was the subject of "very, very long, numerous public meetings about the size of that district." The district was limited to ten percent of the assessed valuation of Carson City which, in those days, was about \$440 million so that ten percent would not have an impact on the school district. Mr. Hartman advised of having met with former School District Superintendent Milan Tresnit to arrange a deal to which the school district could agree. At the end of the twenty-year period, the school district would be entitled "to come back up in terms of the advalorem increase so they weren't kept at that lower level for all those years." He noted the depreciating property values in the downtown area, and advised "we were losing money in those early days faster than we could get anybody to invest." He advised of a "whopping \$60,000 budget at our peak."

Mr. Hartman advised of having approached legislators, who expressed interest, specifically Ways and Means Committee Chairman Marvin Sedway. He reiterated the limitation of ten percent over a twenty-year period. He advised of having been "in a big hurry at that time," but not to do projects. "We were in a big hurry to lay the groundwork for redevelopment." He advised of having met on a weekly basis, and that counsel was always present to provide assistance and direction. "After the first year and half or two years, we had been involved with everything from trying to keep the V&T building from being torn down to trying to entice folks into doing things in the downtown area … much like you do today." Mr. Hartman referred to Mayor Teixeira's first term in office, during which time he approached Mr. Hartman and requested the resignation of the entire redevelopment authority. He advised that Mayor Teixeira had indicated the elected Board members should be in charge of spending money. He further advised of having had twelve banker's boxes full of redevelopment authority files at that point in time.

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unfortunately destroyed by former partners in an effort to make space. Mr. Hartman advised of having informed Mayor Teixeira and the Board members that they had "neither the experience nor the time nor the expertise to do the job of supervisor and be a full-time member of the redevelopment authority." Mr. Hartman advised that his opinion had not changed.

Mr. Hartman expressed the opinion that the accounting and policy errors reflected in the draft audit report represented "symptoms of … an abandonment of the philosophical purpose of redevelopment." In reference to previous comments, he stated, "You are the redevelopment authority." He expressed the opinion that the redevelopment authority has made huge errors in not using the redevelopment authority citizens committee. He pointed out that the Board of Supervisors appoints advisory committee members "based on what they bring to the table." He noted that the original redevelopment authority was comprised of bankers, lawyers, architects, engineers, and real estate professionals - "the expertise that you need for redevelopment." "You are now at a point where you select business A over business B. Whenever you do that, you're going to make somebody mad." Mr. Hartman expressed the belief that this is a huge issue, and was never intended as a purpose of the redevelopment authority. He advised that the office of business development was never envisioned by the original redevelopment authority.

Mr. Hartman advised that Nevada's redevelopment statute was adapted from California's statute. The purpose and philosophical basis of redevelopment was to use tax increment as a way to generate revenue and pour the revenue back into the district. The original redevelopment authority envisioned a business community, "the downtown merchant's association ... in those days." Mr. Hartman expressed the opinion that "we've lost sight of what we're supposed to be doing." He referred to Open Space Advisory Committee procedures in making recommendations to the Board of Supervisors. He noted that the Board "can agree to it or not agree to it, but you know that we took it, considered it, and made a recommendation. You know who we are ... and we have some expertise." He reiterated that the current redevelopment authority has not properly utilized its citizens committee or the Downtown Consortium as a resource. "You need to do that. Then you won't have all these issues. You'll know what they are. You'll know that somebody looked it because you can't do that. You don't have time." Mr. Hartman further reiterated that redevelopment requires specific expertise in consideration of "millions of dollars." He commended the redevelopment authority on a "better than average job," and advised he has always been a redevelopment advocate. In reference to earlier comments, he agreed that no project is so urgent as to be transacted outside the process. He agreed with Supervisor Staub's comments that the redevelopment authority and the office of business development are "bound by all those rules as related to redevelopment." He advised of having previously "dealt with those issues. We did it when we went out to bid on the original redevelopment consultant, ... Lyle Stewart."

Mr. Hartman discussed the importance of avoiding the perception of crony-ism and misappropriation of public funds. He agreed with earlier comments that there was never any intent to harm the community, but advised that the procedures have been in place. "We all worked with them. Everybody that works in government, with government in any fashion, knows those rules. Those aren't new rules. We've been dealing with those rules for as long as I've been in this town …" He expressed the opinion that there has been an abdication. He noted the growth in Carson City from 1983 to the present. "There's a lot more on [the Board of Supervisors'] plate. There's a lot more in downtown." He reiterated the importance of appointing an advisory committee with the appropriate expertise to make recommendations to the Board of Supervisors.

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Mr. Hartman questioned the concept of business development, and pointed out that none of the advisory committees to the Board of Supervisors were created to generate business incentives or bail outs. He expressed the belief that when the Board of Supervisors "favors the few, you're going to miss the many." He explained the concept of professional services, as defined and envisioned under the statute, "to deal with those people who have a ticket" and urged careful consideration. Mr. Hartman expressed the belief that the Board of Supervisors' philosophical position is "to point the direction." He expressed the opinion that the Board has done that "in large part." He discussed the importance of treating everybody the same. "Extend something and improve a block instead of a parcel." He noted that the community gave up Park Street "in return for which Charlie Jeorg and Alan Glover got us … the right to have a parking garage across from the Blasdell Building. It's never been built." "As you set that path, … as you treat everybody the same," then "get out of the way." He commended the skating rink project as having created energy in the downtown, and noted that the project was "finished … and operational in three weeks. No one else gets that kind of treatment. Don't make those distinctions. Change the rules to let everybody do that." The Board members thanked Mr. Hartman for his comments.

(7:19:27) Karen Abowd expressed appreciation for Mr. Hartman's comments, and for the "forward thinking" of the Board and the office of business development staff. As a 28-year Carson City resident, Ms. Abowd discussed the importance of staying "on the path" and moving forward. "In this economic downturn, we can't afford to go backwards." She expressed support for an advisory committee and additional office of business development staff to "keep going so that we are that forward community that people want to live and be in." In response to a question, she expressed the opinion that the City should be a "facilitator; not driving the engine." She acknowledged that a plan should be generated by the redevelopment authority citizens committee and the Downtown Consortium working together to be carried out by the private sector.

Mayor Teixeira called for additional public comment; however, none was forthcoming. He called for additional Board member comments and, when none were forthcoming, entertained a motion. Supervisor Staub moved to accept the audit and direct staff to develop appropriate policies and procedures for the office of business development and the redevelopment authority. Supervisor Livermore seconded the motion. At Supervisor Williamson's request, Supervisor Staub clarified the intent of his motion was to accept the audit and instruct staff accordingly. Supervisor Staub acknowledged that freezing all redevelopment funds was not included in his motion. Mayor Teixeira called for a vote on the pending motion; motion carried 5-0.

**RECESS BOARD OF SUPERVISORS** (7:22:41) - Mayor Teixeira recessed the Board of Supervisors at 7:22 p.m.

**RECONVENE REDEVELOPMENT AUTHORITY** (7:22:58) - Chairperson Williamson reconvened the Redevelopment Authority at 7:22 p.m. All members of the Redevelopment Authority were present, constituting a quorum.

10(B) PRESENTATION OF THE 2008 REDEVELOPMENT AUTHORITY AND OFFICE OF BUSINESS DEVELOPMENT AUDIT, AND ACTION TO ACCEPT THE AUDIT AND DIRECT STAFF TO DEVELOP THE APPROPRIATE POLICIES AND PROCEDURES TO BE IMPLEMENTED BY THE REDEVELOPMENT AUTHORITY (7:23:05) - At Chairperson Williamson's request, Mr. McCarthy read a prepared statement into the record detailing the

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accomplishments of the office of business development relative to the Board of Supervisors' and Redevelopment Authority's annual goals and objectives over the last several years. He discussed the definition of redevelopment to eliminate blight and prevent decay; to keep and promote existing businesses, encourage investment and involvement of the private sector in vacant properties that otherwise would be overlooked, and encourage and engage the involvement of citizens, residents, businesses, and community organizations. He provided historic information on redevelopment successes since 1986, including the origins of the existing office of business development and designation of redevelopment area number two. He listed the new Ribeiro shopping center at the former site of the Oasis Mobile Home Park, the ongoing redevelopment of the St. Charles Hotel, redevelopment of the Sweetland Building, halting AIG Baker's large development in north Douglas County, negotiating a commitment agreement of \$3.6 million to retain Dick Campagni's auto dealerships in Carson City, facilitating the redevelopment of the vacant Supply One building as the Casino Fandango, recruitment of the Galaxy Theater to Carson City, facilitating the rehabilitation of the former Wal-Mart building to the Burlington Coat Factory and Sportsmen's Warehouse, facilitating the redevelopment of the former Lucky Spur and the former Charles Marriage building, actively assisting Kent Witt in attracting The Home Depot to the North Carson Crossing Shopping Center, and collaborating with Mr. Witt to continue pursuing Kohl's department store and other national tenants among redevelopment / office of business development successes.

In order to engage the involvement of citizens, residents, businesses, and community organizations, Mr. McCarthy advised that the office of business development, over an 18-month period, dedicated over 200 hours of staff and personal time to assist in the update of Carson City's land use master plan, Envision Carson City, and led the effort to create the downtown urban code, "a document honored by the Sierra Business Council in 2007." He discussed the return of "a first-class, urban-type farmer's market to the downtown," creation of the "sensational Curry Street Promenade and pop-up park, concerts at Third Street, and the Arlington Square Ice Rink." He advised that, to date, 150,000 visitors have been "brought ... to the downtown since May" 2008, and that sales tax revenue has been increased in food and beverage establishments throughout the downtown. Office of Business Development staff has initiated a "substantial and extremely promising relationship with the Carson Nugget that could reap benefits for downtown for years to come in both commercial and civic investment initiatives that will mirror the best practices of sustainable development." During his six years with the City, Mr. McCarthy advised that the Board of Supervisors, the redevelopment authority, and the office of business development "have demonstrated shared ideas and outlooks for the fulfillment of these and other economic development and redevelopment goals. The thrust has always been" flexibility, nimble efficiency and, most importantly, cost effectiveness. "In that spirit, I deployed my professional services budget to put together an interdisciplinary development team with targeted areas of expertise to address our complex redevelopment initiatives. This aggressive approach never existed within the framework of the redevelopment authority before." The emphasis was on pre-development support, architecture and design, marketing, and public relations. Mr. McCarthy discussed the objective of the office of business development to ensure that well-thought-out projects have "the ability to proceed, intercede, and possibly help at the pre-development stage of each project."

Mr. McCarthy noted that the specific deficiencies represented in the draft audit report "relate mostly to my use of professional services to execute the goals and directives of the redevelopment authority." "To address these concerns, staff is formulating expanded policies and procedures, programs and internal business practices all of which have been recently approved, in concept, by the redevelopment authority." He assured the redevelopment authority that these policies and procedures will be designed consistent with the direction of the redevelopment authority. "As we proceed, we will ensure that all future professional

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service contracts will have an audit trail and the redevelopment authority will continue to be kept abreast of each and every one of them." He further assured the redevelopment authority that staff will expand the competitive list of professional service providers to use on a rotating basis. He provided explanation "regarding the recent deployment of professional service assistance, specifically as referenced in the draft audit."

Mr. McCarthy reiterated that the goals of the redevelopment authority and the Board of Supervisors "were extensive and required imagination, and we continue to accomplish these most important objectives with efficiency and vigor." He advised that the new policies and procedures "will truly bode well for our redevelopment efforts." He paraphrased a quote from Abraham Lincoln, "Think calmly and well upon this subject. Nothing valuable can be lost by taking time. If there's a desire to hurry, in hot haste the step you would never take deliberately, no good will come from such a rush."

Mr. McCarthy requested the redevelopment authority to celebrate the last five years. "We were under the gun. You asked me to get out there and give it everything I got. You gave me direction to do that. We took a shot. We did well. Now, we need to put rules of the road in place ... to add significant transparency to our work." He expressed appreciation for Mr. Hartman's comments in reference to 1983. "It wasn't like that in 2003 when Douglas County was receiving over 300 acres from the Bureau of Land Management and Michael Hohl purchased 146 acres and was about to try to relocate the entire auto sales industry to north Douglas County. We were losing retailer after retailer and we had a mission and we didn't have much time." Mr. McCarthy expressed a vigorous willingness to "put the rules of the road in place."

Member Teixeira reiterated that the audit process was "not about the performance of redevelopment," and reviewed the history of his involvement and the accomplishments. He agreed with Mr. McCarthy's comments regarding the need for transparency. Mr. McCarthy reiterated "absolute assurance," because "it'll make my life a lot easier." Member Teixeira discussed the importance of the redevelopment authority and the office of business development mirroring "the community from the standpoint of some rules and regulations."

Member Aldean thanked Mr. McCarthy for his presentation, and expressed sympathy for his defensiveness. She found Clark Russell's letter "extremely distasteful especially in light of the fact ... that the author of that letter was the beneficiary of our largesse, having received \$50,000 after he finished remodeling his restaurant." She found the letter to be "slightly hypocritical." She agreed with Member Teixeira on the need to move forward. She further agreed that the office of business development needs to "remain nimble so that you can, working within your budget, ... respond to timely opportunities because we will have challenges ... on our borders and a lot of competition for retailers that we desperately need."

Chairperson Williamson thanked Mr. McCarthy for his presentation, and expressed appreciation for the accomplishments of redevelopment. She acknowledged the need for policies and procedures, and noted that the draft audit report provides no evidence of missing funds. "There was a process. The funds did go through the finance department. There was no impropriety within the budgeting." Chairperson Williamson committed to working together to develop a framework of operation for the continued success of Carson City.

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Chairperson Williamson entertained a motion, and Member Aldean suggested that the motion should mirror the previous motion in terms of accepting the audit and requesting that the City Manager return to the redevelopment authority with recommendations. Member Staub moved to accept the audit and direct staff to develop the appropriate policies and procedures to be implemented by the redevelopment authority and office of business development. Member Livermore seconded the motion.

Chairperson Williamson called for public comment. (7:48:16) Day Williams discussed the importance of accountability in expenditure of taxpayer funds. "I believe the rules of the road were already written in the statute." He expressed understanding for the desire to "move on, but the fact is that the rules were violated. The taxpayers deserve accountability from people who are spending their funds, and that didn't happen." He congratulated the auditor for bringing out the lack of accountability. He discussed the need for accountability and transparency "going forward," and expressed appreciation that it's "going to happen."

At Chairperson Williamson's request, Mr. Rombardo advised that although the District Attorney's office was not involved, all the transactions have been analyzed and no illegal wrongdoing or violation of statute was found.

Chairperson Williamson called for additional public comment. (7:49:23) Jed Block expressed appreciation for "making it a viable downtown, ... for making Carson look better than it ever has." He expressed support for redevelopment.

(7:49:57) Phyllis Patton noted the extensive public input for redevelopment activities, including "exhaustive meetings for the Downtown Consortium and the downtown answers." She expressed the opinion that the redevelopment authority and the office of business development "have done a terrific job." She expressed agreement with Mr. Hartman that the responsibility lies with the redevelopment authority. "You never gave them the policies that they were supposed to follow." She expressed the opinion that the redevelopment authority needs to develop policies and procedures, and that the citizens are "thoroughly behind the redevelopment authority and what the economic development people are doing downtown."

Member Livermore expressed astonishment in that the audit "was only an audit to check the checks and balance of what the authority had functioned and done." He expressed appreciation for the Downtown Consortium and the downtown business association, but noted "that's not the panel that we appointed. We appointed the citizens advisory board that works through redevelopment as a policy filter to filter out the applications, and filter out the projects, and that's the body that makes recommendations to this authority." He reiterated the importance of transparency and accountability.

Chairperson Williamson called for additional public comment and, when none was forthcoming, advised that the next redevelopment authority citizens committee meeting is scheduled for Wednesday, January 7<sup>th</sup>. She called for a vote on the pending motion; **motion carried 5-0.** She adjourned the redevelopment authority at 7:53 p.m. and Mayor Teixeira reconvened the Board of Supervisors.

11. CITY MANAGER - DISCUSSION AND ACTION ON THE PROVISIONS FOR DEVELOPING AN INTERLOCAL AGREEMENT BETWEEN CARSON CITY BOARD OF SUPERVISORS AND THE REDEVELOPMENT AUTHORITY (7:53:28) - In response to a question, Mr. Werner reiterated the understanding, from the District Attorney's office, that the redevelopment authority is a special purpose government which develops its own rules and policies "if they're going to

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be more restrictive than state law." In response to a question, Mr. Rombardo suggested that District Attorney's office staff will continue meeting with Mr. Werner and Mr. McCarthy to develop policies and procedures relative to the redevelopment authority, and present a recommendation at a future meeting.

**12. ACTION TO ADJOURN** (7:56:24) - Supervisor Staub moved to adjourn the meeting at 7:56 p.m. The motion was seconded and carried 5-0.

The Minutes of the December 18, 2008 Carson City Board of Supervisors meeting are so approved this \_\_\_\_\_ day of January, 2009.

ROBERT L. CROWELL, Mayor