

CARSON CITY BOARD OF SUPERVISORS
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A regularly scheduled meeting of the Carson City Board of Supervisors was held on Thursday, April 1, 2004, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, beginning at 8:30 a.m.

PRESENT:	Ray Masayko	Mayor
	Pete Livermore	Supervisor, Ward 3
	Robin Williamson	Supervisor, Ward 1
	Shelly Aldean	Supervisor, Ward 2
	Richard S. Staub	Supervisor, Ward 4
STAFF PRESENT:	Linda Ritter	City Manager
	Alan Glover	Clerk-Recorder
	Ken Furlong	Sheriff
	Al Kramer	Treasurer
	Scott Fahrenbruch	Acting Parks and Recreation Director
	Mark Forsberg	Chief Deputy District Attorney
	Steve Schutte	Chief Deputy Sheriff
	Vern Krahn	Parks Planner
	Katherine McLaughlin	Recording Secretary
	(B.O.S. 4/1/04 Tape 1-0007)	

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. Pat Propster of the Calvary Chapel gave the Invocation. Mayor Masayko led the Pledge of Allegiance.

CITIZEN COMMENTS (1-0049) - Gil Yanuck thanked the Board and City Manager for the training sessions on the Open Meeting Law and Ethics. He felt that the information was well prepared and hoped that all the volunteers and elected officials will avail themselves of it for the benefit of the community.

Rick Riendeau submitted to the Board a petition and a packet of information in opposition to Sierra Pacific Power Company's proposal to put a substation in their neighborhood. He asked that the matter be agenzied for a 7 p.m. meeting next week as the majority of his neighbors work and are unable to attend a daytime meeting. Mayor Masayko indicated there must be some basis for the Board to act on the matter in order to agenzie the meeting. He will discuss it with the City Manager. (The petition was given to the Clerk after the meeting.)

Willie Cooper expressed his opposition to the current RV parking ordinances. He felt that the enforcement of the ordinance is inconsistent and unreasonable. His RV is not stored on the street. He uses it a minimum of twice a month during the summertime. He felt he was being ticketed without the enforcer's knowledge

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regarding the period of time the vehicle has been in the street and that he was arbitrarily being ticketed because the RV is in the street. He urged the Board to develop a method so that the owner will know when the vehicle is observed in the street. He suggested that a warning be given to allow the owner time to move the vehicle before issuing a citation. Mayor Masayko felt that his suggestion was valid. He explained that the ordinance is under review at this time. He asked him to call the City Manager or Community Development and to make his comments known to the committee.

John Munoz urged the Board to help Lompa Estates and prevent it from incurring detrimental damage from the substation. There are residents and an elementary school with 1,000 feet of the proposed substation site. He also indicated that other residents supported his request. The substation should be located in a different area and away from residents. Additional comments were solicited.

Richard Waiton expressed his opposition to the comments that the City has the cheapest property taxes, water and sewer fees, and costs. The Board should raise the fees as deemed necessary without making these comments. Mayor Masayko explained for the record that this item was agenized for 10:45 a.m. and asked that he make his comments at that time. Additional public comments were solicited but none were given. No formal action was required or taken on any of these items.

3. SPECIAL PRESENTATION - PROCLAMATION FOR "TARTAN DAY", APRIL 6, 2004 (1-0210) - Bill Glenn, Pat Puchert - Mayor Masayko explained and read the Proclamation recognizing Tartan Day into the record. Mr. Glenn introduced his constituents and accepted the Proclamation for the Scottish Army. He explained a poignant bag pipe incident that occurred during World War II. Ms. Puchert explained that the recognition is for freedom rather than to honor Scottish Americans. She described the Scottish effort on April 6, 1800, to obtain freedom. Their Declaration of Independence was used as the template for the United States' Declaration of Independence. Tartan Day is celebrated in five Countries. Their Tartans represent their clans. Mayor Masayko congratulated them on Tartan Day. Robert Bledsaw played the bag pipes.

LIQUOR AND ENTERTAINMENT BOARD (1-0330) - Mayor Masayko recessed the Board of Supervisors session and immediately convened the Liquor and Entertainment Board. The entire Board was present, including Member Furlong, constituting a quorum.

5. BUSINESS LICENSE - Treasurer Al Kramer

A. ACTION TO APPROVE A FULL BAR LIQUOR LICENSE FOR GENE AND KAREN FAIRL, DOING BUSINESS AS FAIRL'S COUNTRY SALOON LOCATED AT 3481 HIGHWAY 50 EAST (1-0336) - Chairperson Masayko explained that having a Liquor License is a privilege and stressed the need to comply with the Statutes and Codes regarding having a Liquor License. He also indicated that the Sheriff's Office conducts sting operations to ensure compliance with these Laws. Mr. and Ms. Fairl committed to knowing the regulations and training the employees who will serve alcoholic beverages. Chairperson Masayko explained the Code requirement that they allow the Sheriff's Officers access to the facility at all reasonable times when in the pursuit of their duties. The Fairls indicated that they understood and agreed to do so. Member Furlong noted the favorable Sheriff's Investigative Report. Member Aldean moved to approve a full bar liquor license for Gene and Karen Fairl, doing business as Fairl's Country Saloon located at 3481 Highway 50 East, fiscal impact is \$1,000 original new fee, \$575 investigation fee, and \$200

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quarterly fee. Member Livermore seconded the motion. Motion carried 6-0. Discussion indicated that the establishment will open later today.

B. ACTION TO APPROVE A FULL BAR LIQUOR LICENSE FOR LUCKY 7 BAR, INC., WITH JERRY MCCUISTION AND KIL YE CHEW, OFFICERS AND LIQUOR MANAGERS OF THE CORPORATION, LOCATED AT 1914 NORTH CARSON STREET (1-0428) - Chairperson Masayko briefly summarized the history of the establishment. He thanked them for appearing before the Board. He stressed the need to comply with the Liquor Laws and Regulations including prohibiting the sale of liquor to minors. They indicated that they understood the Laws and Regulations and will train their employees regarding the Statutes and Ordinances. They agreed to allow the Sheriff's Officers access to the establishment at all reasonable times when in the pursuit of their duties. Member Furlong indicated that the Sheriff's background investigation had been conducted and found no problems. Member Williamson welcomed them to the community. Discussion indicated that Ms. Chew had been operating Kathy's Somewhere Else Bar. Member Williamson wished them success and thanked them for their investment in Carson City. Member Staub moved to approve a full bar liquor license for Lucky 7 Bar, Inc., with Jerry McCuiston and Kil Ye Chew, officers and liquor managers of the corporation, located at 1914 North Carson Street, fiscal impact is \$1,000 original new fee, \$575 investigation fee, and \$200 quarterly fee. Member Livermore seconded the motion. Motion carried 6-0. Discussion indicated the establishment will open for business later this afternoon.

C. ACTION TO APPROVE A FULL BAR LIQUOR LICENSE FOR SPARKY'S SOUTH CARSON 7, LLC, DOING BUSINESS AS SPARKY'S SPORTS BAR AND GRILL, ROD S. ATAMIAN AS LIQUOR MANAGER, LOCATED AT 2310 SOUTH CARSON STREET (1-0515) - Mr. Atamian indicated that they had purchased the chain of Sparky's Sports Bar and Grill in October 2003. He also indicated that he is familiar with the Liquor Laws, will enforcement them, and will provide appropriate training for his employees in those laws. Chairperson Masayko explained the requirement that the Sheriff's Officers be allowed access to the establishment at all reasonable times. Mr. Atamian indicated that the establishment will be open 24 hours a day, 365 days a year. Member Furlong indicated that the Sheriff's Investigation had been completed and that the Department did not object to the licensing. Member Williamson disclosed that Chief Executive Officer and Corporation President Blake Sartini is a good friend of her brother's. She does not have any financial involvement with the establishment. Mr. Atamian indicated that a corporation owns the chain and described his position in the corporation. A manager will be hired to manage the day to day operations. Chairperson Masayko reminded him that his manager would have to make the same commitments that Mr. Atamian had. Mr. Alamian indicated that he will tell him. Member Aldean moved to approve a full bar liquor license for Spark's South Carson 7, LLC DBA Sparky's Sports Bar and Grill, Rod S. Atamian as Liquor Manager, located at 2310 South Carson Street; fiscal impact is \$1,000 original new fee, \$500 investigation fee, and \$200 quarterly fee. Member Livermore seconded the motion. Motion carried 6-0. Chairperson Masayko congratulated him and thanked him for his investment in the community. Discussion indicated the establishment will open in May.

BOARD OF SUPERVISORS (1-0595) - 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 meeting as the Board of Supervisors. The entire Board was present, constituting a quorum.

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6. CONSENT AGENDA (1-0598)

6-1. AIRPORT AUTHORITY - ACTION TO APPROVE THE LEASE TRANSFER AND ASSIGNMENT TO STERLING, AIR, LTD., OF THE AIRPORT LEASE DATED JANUARY 20, 1977, BETWEEN THE CARSON CITY AIRPORT AUTHORITY AND TIFFANY PROMOTIONS, INC. (SUCCESSOR TO CARSON TAHOE AVIATION, INC.) RECORDED ON MARCH 22, 1985, BOOK 389, PAGE 575

6-2. DEVELOPMENT SERVICES - CONTRACTS - ACTION TO ACCEPT DEVELOPMENT SERVICES RECOMMENDATION ON THE 2004 PRODUCTION WELL INSTALLATION - CONSTRUCTION OVERSIGHT PROJECT, CONTRACT NO. 2003-084, AND AUTHORIZE DEVELOPMENT SERVICES TO ISSUE PAYMENTS TO BROWN AND CALDWELL, 3264 GONI ROAD, SUITE 153, CARSON CITY, NV 89706 FOR A CONTRACT AMOUNT OF \$52,650, AND AUTHORIZE THE CONTRACTS DIVISION TO ISSUE AMENDMENTS FOR A NOT TO EXCEED AMOUNT OF \$5,265

6-3. PURCHASING AND CONTRACTS - ACTION TO APPROVE CONTRACT 0304-069, BIOMASS OPERATIONS WITH CARSON CITY RENEWABLE ENERGY, LLC, A SOLE SOURCE PROVIDER FOR THE PURPOSE OF RECYCLING BIOMASS FROM THE CARSON CITY SANITARY LANDFILL AND OTHER SOURCES ON BUREAU OF LAND MANAGEMENT PROPERTY LEASED TO CARSON CITY THROUGH NOVEMBER 20, 2006, WITH THE OPTION TO RENEW, AS SPECIFIED IN THE CITY'S REVISED INTERLOCAL AGREEMENT WITH BLM EXHIBIT A SECTION 4A

6-4. DEVELOPMENT SERVICES - ENGINEERING

A. ACTION TO APPROVE AN AGREEMENT BETWEEN FOOTHILL GARDENS LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP AND CARSON CITY WHEREBY FOOTHILL GARDENS LIMITED PARTNERSHIP AGREES TO: 1. CONVEY A PORTION OF ALL THAT CERTAIN REAL PROPERTY DESCRIBED AS APN 002-101-49, AND, 2. GRANT A PERMANENT SIGHT DISTANCE EASEMENT AND RIGHT-OF-WAY UPON, OVER, AND ACROSS CERTAIN REAL PROPERTY DESCRIBED AS APN 2-101-49 FOR THE PURPOSE OF ROADWAY CONSTRUCTION

B. ACTION TO APPROVE AN AGREEMENT BETWEEN COMBS INVESTMENTS, A NEVADA LIMITED LIABILITY COMPANY, AND CARSON CITY WHEREBY COMBS INVESTMENTS AGREES TO GRANT A TEMPORARY CONSTRUCTION EASEMENT UPON, OVER, AND ACROSS CERTAIN REAL PROPERTY DESCRIBED AS APN 4-243-01 FOR THE PURPOSE OF ROADWAY CONSTRUCTION RELATED TO THE WIDENING OF A PORTION OF ROOP STREET

6-5. PARKS AND RECREATION

A. ACTION TO APPROVE THE PARKS AND RECREATION COMMISSION'S RECOMMENDATION TO APPROVE AN URBAN FISHING POND FUNDING CONTRACT BETWEEN THE STATE OF NEVADA ACTING BY AND THROUGH ITS NEVADA DEPT. OF WILDLIFE, 1100 VALLEY ROAD, RENO, NV 89512, AND CARSON CITY, 201 N. CARSON ST., SUITE 2, CARSON CITY, NV 89701

B. ACTION TO APPROVE THE PARKS AND RECREATION COMMISSION'S RECOMMENDATION TO APPROVE A MEMORANDUM OF UNDERSTANDING (M.O.U.) BETWEEN THE STATE OF NEVADA, ACTING BY AND THROUGH ITS DEPT. OF WILDLIFE, AND CARSON CITY. THIS M.O.U. IS INTENDED TO BE FOR THE ADMINISTRATION OF THE NEVADA DIVISION OF WILDLIFE'S QUESTION NO. 1 FUNDS FOR THE DESIGN AND

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CONSTRUCTION OF AN URBAN FISHING POND AT THE CARSON CITY FAIRGROUNDS

C. ACTION TO APPROVE AN URBAN FISHING POND INTERLOCAL CONTRACT BETWEEN CARSON CITY AND CARSON VALLEY CONSERVATION DISTRICT PROVIDING ENVIRONMENTAL PERMITTING SERVICES FOR THE CARSON CITY FAIRGROUNDS/FUJI PARK URBAN FISHING POND - Supervisor Aldean pulled Item 6-3 from Purchasing and Contracts for clarification. Supervisor Livermore moved for approval of the Consent Agenda's remaining seven items as identified as one from the Airport Authority, one from Development Services - Contracts, two items from Development Services - Engineering and three items from Parks and Recreation. Supervisor Staub seconded the motion. Motion carried 5-0.

6-3. (1-0641) Supervisor Aldean pointed out the termination clause in the agreement and suggested that the City be reimbursed for costs incurred by the City if the contractor withdraws before completion of the work. City Manager Ritter explained staff's belief that a contractor will fence the area and the biomass project will proceed even if the proposed contractor does not do the work. Mayor Masayko read the title of the item into the record. Supervisor Aldean moved to approve Contract No. 0304-069 Biomass Operations with Carson City Renewable Energy, LLC - a sole source provider - for the purpose of recycling biomass from the Carson City Sanitary Landfill and other sources on Bureau of Land Management Property leased to Carson City through November 20, 2006, with the option to renew, as specified in the City's Revised Interlocal Agreement with BLM Exhibit A Section 4A' and that the fiscal impact is a definite increase in revenues for Carson City. Supervisor Williamson seconded the motion. Supervisor Staub pointed out that the Agenda Report indicates the fiscal impact is an increase in revenue to Carson City. It does not, however, indicate any expenses incurred by the City. More time should be taken developing the packet so that staff can recognize what the City expenses are and appropriately include them. The City is going to be installing the fencing and construct a pad. The City will incur an expense performing this work. The costs should be included. Mayor Masayko felt that this provides the necessary transparency and disclosures. Supervisor Aldean pointed out that the costs could offset the projected revenue. The Board should know the costs and revenue estimates. Mayor Masayko directed the City Manager to include these figures in the future. The motion was voted and carried 5-0.

4. BOARD OF SUPERVISORS - NON-ACTION ITEMS

A. INTERNAL COMMUNICATIONS AND ADMINISTRATIVE MATTERS (1-0723) - Supervisor Livermore reported on the neighborhood meetings regarding Sierra Pacific Power Company's proposed substation on Fairview. He committed to copying to the Board any information that is given to the residents in the future. He indicated that he and staff are still sorting through the process and attempting to determine if the proposed location is the proper site for this use. He requested the issue be agenized for a special meeting as had been requested. He explained the Board's meetings regarding Sierra Pacific Power Company's franchise agreement and referenced former City Manager Berkich's comments indicating the type of information that would be required from Sierra Pacific in order to develop a master plan for its infrastructure needs. The master plan and its approval process involve public hearings and will create an awareness of the proposed locations. A master plan has not been developed and the public was surprised by Sierra Pacific's decision to place a substation on Fairview. He asked the community to commence the process of determining locations for future substations. Additional meetings are needed for this purpose. He again urged the Board to conduct such meetings. He then reported on his Hospital Board activities, attendance at the WNCC's athletic program fund raiser and complimented WNCC on it. Supervisor Staub reported on his

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attendance at the Boys and Girls Club awards banquet, the Airport Authority meeting and noted for the record that its meeting was the shortest one in the history of the Authority, and the WNCC athletic program fund raiser. He announced the Carson City High School appreciation dinner for its sponsors. He then cited media reports concerning OPEC's decrease in oil production, the gasoline price increase, the Senior Citizens Follies fund raiser scheduled for May 29 and 30, and the WNCC United Students Association's Annual Poetry Under the Stars event scheduled for April 9. Supervisor Williamson reported on her attendance at meetings on Redevelopment issues including the kiosk, with the Macquaries on the freeway multipurpose path, the NACO Board meeting including a proposal to ask the Counties to support a proposal to stop legislation with unfunded mandates, a meeting on affordable housing projects and funding, and the WNCC athletic program fundraiser. She announced the Comstock Soccer Shootout Tournament scheduled for April 17-18 and 24-25. Supervisor Aldean reported on her attendance at Steve Kastens' retirement reception, distribution of completion certificates to the Open Meeting training classes, the Chamber of Commerce meeting, the reception for the new Eagle Valley Golf Course General Manager, the TRPA Governing Board meeting, the WNDD meeting on low income housing, the Chamber of Commerce Prime Time event, and the WNCC athletic program fundraiser. Mayor Masayko reported on his attendance at Steve Kastens' retirement reception, Fandango's expansion opening ceremony, the Chamber of Commerce Voice of Business meeting, the Boys and Girls Club awards dinner, the Republican Central Committee meeting, the Statewide Transportation Board meeting, a meeting with Gail Anderson from the Nevada Commission on Economic Development and the Hungarian Consul General regarding Eastern Europe's desire for economic development, trade and partnerships with American industries which were passed on to the Chamber of Commerce's Manufacturing Committee, the Chamber of Commerce Prime Time event, the Convention and Visitors Bureau discussions, the WNCC athletic program fundraiser, and the NNDA breakfast. He also noted UNR Basketball Team's efforts in the "Sweet 16 Tournament".

B. STAFF COMMENTS AND STATUS REPORTS (1-1247) - City Manager Linda Ritter indicated that the Airport Road sewer line repair had been completed. Traffic is again using Airport Road.

7. CONVENTION AND VISITORS BUREAU - Executive Director Candace Duncan - **ACTION TO ADOPT ON SECOND READING, BILL NO. 104, AN ORDINANCE AMENDING CARSON CITY MUNICIPAL CODE CHAPTER 4.08 (ROOM RENTAL TAX), SECTION 4.08.070 (RENTAL BUSINESS AND ROOM DEFINED), BY ADDING "EXTENDED STAY MOTEL", "TIME SHARE", "BED AND BREAKFAST INN", AND "RECREATION VEHICLE PARK" TO THE DEFINITION OF "RENTAL BUSINESS" AND BY ELIMINATING APARTMENT, APARTMENT HOUSE, APARTMENT HOUSE HOTEL, ROOMING HOUSE, GUEST HOUSE, AND TRAILER COURT, AND AMENDING SECTION 4.08.100 (EXEMPTIONS), BY ELIMINATING THE TRANSIENT LODGING TAX EXEMPTION FOR THE FIRST 28 DAYS OF AN INDIVIDUAL'S STAY AND OTHER MATTERS PROPERLY RELATED THERETO (1-1260)** - Gene and Judy Lepire of Comstock Country Resort - Mayor Masayko indicated for the record that the only comment he had received on the ordinance from the public indicated the belief that the revision is not a good idea. The individual did not wish to see the 28 days charge of ten percent. Supervisor Williamson disclosed that she had received a telephone call from Kurt Lepire of Camp-N-Town who felt that the proposal will drive individuals away. She had advised him that the Board would discuss the issue today and invited him to come and speak on his concerns. Mayor Masayko briefly noted the purpose of the ordinance. Public comments were solicited.

Mr. Lepire explained his request that this item be pulled from the agenda at its first reading. He had requested

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an impact statement and that the item be considered at this meeting. Mayor Masayko indicated that he had not been aware of the request to pull the item from the agenda. There had been an impact statement prepared and was found to be negative. Supervisor Livermore explained that he had disclosed their conversation and was quoted in the *Reno Gazette Journal*. He had an insufficient amount of information at that time to request pulling the item from the agenda. He felt that Mr. Lepire's points had been made and the Board had understood his concerns. Supervisor Staub indicated that he had made similar statements to the Board at the last meeting.

Mr. Lepire expressed his belief that the change will place him in unfair competition with the RV park in Douglas County and that his clientele will not stay at his facility as Douglas County does not include RV parks in its lodging tax. He also questioned the estimated impact of \$10,000 and how it had been created. He felt his business would generate \$4,000 a month if the fee is imposed. The impact was felt to be misleading. He was willing to live with it if the true impact is only \$10,000. He believed that the impact would be \$10,000 per month for the entire community. He questioned the need to charge users of RV parks for the use of their personal beds. It is a bad business decision that will drive RV park users out of the City. He alleged that RV park clients are well aware of the price difference between communities and facilities and would not stay more than a day or week in his facility. He also felt that he should benefit from the same services charged at motels and that the Sheriff's Office should enforce the eviction laws for his facility. People on fixed incomes need to be protected. He was attempting to protect his customers. The proposal is not the correct method to protect Carson City's revenue source. Mayor Masayko felt that Mr. Lepire had made his point. He was unsure about the eviction issues. Mr. Lepire explained his concern for the seniors who are living on a fixed income. He indicated that his records are maintained in such a fashion that it would be easy to determine the period of time an individual stays in his RV park. The Bureau has audited his records previously and will again in the future. The proposal is telling retired individuals to leave the City.

Ms. Duncan explained that she had received some telephone calls from concerned operators regarding the confusion created by the current ordinance regarding long-term clientele. The tax is not collected when a full month has been paid. If the clientele pays by the week, the tax is to be collected. Mayor Masayko suggested that a different approach may be required for RV parks/campgrounds. The Bureau's Board needs to hold this discussion.

Supervisor Livermore explained his personal knowledge of individuals who have sold their Carson City homes and acquired RV vehicles. They stay at the Pinion Resort when they reside in Carson City. He questioned the difference between a resident using a RV park and motel and a transient. Ms. Duncan indicated that she was unsure of the difference. The ordinance includes RV parks in the definition of transient facilities and requires the payment of the tax. A mobile home park is used by permanent residents and is not under her jurisdiction. She was unsure whether it would be possible for the RV park owner to designate a section of his/her facility for permanent lodging and not tax the users. The tax is assessed during the first 28 days only. Supervisor Livermore pointed out that construction workers reside in RVs for six months and questioned how they are taxed. Mayor Masayko pointed out that the ordinance does not identify mobile home parks and removed trailer courts from the Code. He felt that any unidentified facilities could not be assessed the fee.

Discussion between Ms. Duncan and Supervisor Aldean indicated the City's room rates are competitive with the surrounding communities. The competitiveness of the rates was discussed when the ordinance was

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considered. It had taken over a year to develop the proposed ordinance. There were many meetings during that period. A visitor was identified as an individual who stays 2-3 days, or longer. An individual who pays by the month is considered a resident. Individuals who pay by the week are considered transient and are assessed the tax. The Bureau knows that hotel and motels sometimes have permanent long-term clients.

Mr. Lepire provided an example of a person who rents space at a mobile home park rather than a RV park to keep from paying the tax. He urged the Board/Bureau to contact the individual and discuss the reasons for not using the RV facilities. He also felt that 3-4 other individuals were renting mobile home park spaces to avoid the tax. He felt that he should split his park into two sections and allow mobile homes to stay at his facility.

Ms. Lepire explained that their clientele spend their summers at their facilities to avoid the heat of Arizona. They spend three months in Carson City. They will not stay in Carson City if the tax is implemented. They can go to Douglas County and avoid it. Discussion indicated her belief that between 80 and 110 of their sites are used for long term residences by construction workers and/or retired individuals seeking a permanent residence. The tax will be detrimental to these individuals' and their desire to stay here and use the community's businesses. Many of their clients decide to remain in the community, open new businesses, build homes, etc. They do not stay in the motels/hotels. They drive \$80,000 to \$300,000 rigs. They build \$400,000 homes. They are an asset to the community. She felt that many of these individuals are careful with their money and will not pay the tax when it is possible to utilize spaces within a short distance without the fee. She urged the City/Bureau to check out the ordinances in surrounding communities. Additional public comments were solicited but none were given.

Mayor Masayko pointed out that the ordinance could be adopted today and revised later, if needed. They had been discussing the ordinance for a year. It is not all new information. **Supervisor Williamson moved to adopt on second reading Bill No. 104, AN ORDINANCE AMENDING CARSON CITY MUNICIPAL CODE CHAPTER 4.08 ROOM RENTAL TAX, SECTION 4.08.070 RENTAL BUSINESS AND ROOM DEFINED, BY ADDING "EXTENDED STAY MOTEL", "TIME SHARE", "BED AND BREAKFAST INN", AND "RECREATION VEHICLE PARK" TO THE DEFINITION OF "RENTAL BUSINESS" AND BY ELIMINATING APARTMENT, APARTMENT HOUSE, APARTMENT HOUSE HOTEL, ROOMING HOUSE, GUEST HOUSE, AND TRAILER COURT, AND AMENDING SECTION 4.08.100 EXEMPTIONS, BY ELIMINATING THE TRANSIENT LODGING TAX EXEMPTION FOR THE FIRST 28 DAYS OF AN INDIVIDUAL'S STAY AND OTHER MATTERS PROPERLY RELATED THERETO, and that the fiscal impact is hard to determine, approximately \$10,000 per year, Ordinance No. 2004-7. Mayor Masayko seconded the motion.**

Supervisor Staub explained his original belief that an impact statement was required and his request of Mr. Forsberg regarding his belief. Mr. Forsberg had indicated that he did not have an opinion at that time. The Board proceeded with the ordinance on first reading. Mr. Lepire had raised some issues which should not be ignored. If recreational vehicle parks are added while removing apartments, apartment houses, and trailer courts, he questioned how a trailer court could be defined differently from trailer parks, mobile home parks, and recreational vehicle parks. If the ordinance is to be amended, it should be done correctly. He also felt that service treatment should be the same for all. He suggested that RV parks be removed from the ordinance at this time. After a determination is made as to whether there is different treatment for RV parks, the ordinance could be amended. Mayor Masayko felt that the issue was troublesome for the second reading.

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If the ordinance is voted down, it will be returned to the Bureau for additional work. He did not believe that the world would stop as a result of the \$40 charge for RV parks. The ordinance needs to be addressed and may need to be returned for additional consideration. If the business impact statement is needed, the process should be started over. He urged the Board not to amend the ordinance on second reading.

Supervisor Williamson explained her understanding that mobile home parks are regulated by the State with different requirements, licenses, and amenities that are not found at RV parks. The Sheriff should be contacted and discuss the policies/treatment issues. Mayor Masayko indicated that this can be done. Supervisor Williamson pointed out that a monthly rate is for 30 days. The ordinance relates to 28 days. The increase is \$38 and not \$40. She also felt that this amount is a minor issue when a person compares it to a \$300,000 RV and to \$2.50 a gallon gasoline. She felt that there is a demand for services. The ordinance makes the Code easier to understand the rules. She indicated her intent to support the ordinance.

Supervisor Livermore indicated that he would not support the ordinance as it is bad legislation. A business impact statement is needed. There is new information that should be considered. The revenue projection is only \$10,000. He felt that the ordinance should be redone and the process started over. Others should be included. It should be brought back when it is right and fair.

Supervisor Aldean indicated that she understood Supervisor Williamson's position. She agreed that the tax will not make a difference if the park is attractive and the amenities are there. She then explained her problem with the information as presented. It is prudent to be cautious and return the ordinance to the Bureau. She also recommended that in the future individuals with problems with proposed ordinances not wait until so late in the process. She was aware of there having been previous discussions on the ordinance.

Mayor Masayko felt that nothing would be lost if the ordinance is passed at this time. It will clean up the Code. The RV park issue can be addressed in the future. If it is sent back, something may be lost. They will enforce the weekly rent on apartment houses which is the problem they were attempting to resolve. This will become an enforcement problem for the Bureau. It is hard to audit. It is not a wise investment of the Bureau's funds. He did not feel that the \$40 will stop the individuals from coming and staying in Carson City.

Supervisor Staub acknowledged the intent and applauded the effort. The important issue is the inclusion of RV parks and trailer parks while excluding trailer courts. He questioned what was being attempted. The correct language is needed. Another 30 days or a year delay will not break the City. The ordinance should be analyzed and others should be given the ability to discuss the issues with the Bureau. Another issue is the unfair competition created between Carson City and other communities who do not have the tax. The tax is uniform for individuals who stay two to three days in hotels/motels. He felt that the Board should analyze the ordinance further, error on the cautious side, and iron out the issue.

The motion to adopt Ordinance 2004-7 on second reading was voted and failed on a 2-3 vote with Mayor Masayko and Supervisor Williamson voting Aye.

RECESS: A recess was declared at 10:25 a.m. The entire Board was present when Mayor Masayko reconvened the meeting at 10:35 a.m., constituting a quorum.

8. SENIOR CITIZENS CENTER - Bruce Scott, Chairperson of the Carson City Senior Center, Inc.,

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Grantee for the nutrition funding - **ACTION TO ADOPT A RESOLUTION APPROVING THE CONVEYANCE OF A PORTION OF APN 002-121-09 FROM THE CONSOLIDATED MUNICIPALITY OF CARSON CITY TO CARSON CITY SENIOR CITIZENS CENTER, INC., AND COMMUNITY DEVELOPMENT INC., BOTH NON-PROFIT ORGANIZATIONS RECOGNIZED AS EXEMPT PURSUANT TO 26 U.S.C. 501©)(3), PURSUANT TO NRS 244.287 FOR THE DEVELOPMENT OF AFFORDABLE SENIOR HOUSING (1-2072)** - City Manager Linda Ritter; Chief Deputy District Attorney Mark Forsberg; Community Development Inc. Chief Development Officer Fred Free; Carson-Tahoe Hospital Chief Executive Officer Ed Epperson, Legal Counselor Mike Pavlakis and Board Chairperson Caleb Mills, Senior Center Director Janice McIntosh - Chairperson Scott introduced members of Community Development Inc. and the Center who were present. He described the purpose of the resolution and the proposal to provide 40 to 60 low income apartments for seniors on a portion of the property. The footprint has not yet been approved. The grant application must be submitted by Friday which requires expediting the process. The grant requires the Center and Corporation to have ownership of the property. A positive relationship with the hospital was noted. The Center's master plan has included both medical and senior housing facilities. It is also possible that the Hospital's regional plan may reduce its ability/desire to have a medical facility at the Center. The proposed location for the apartment complex is to be the entire area east of the rehab facility and the Center on approximately 4.8 acres. A lot of additional work is required before the complex can be constructed. The tax credit program may not be available next year. An agreement Community Development Inc. will be submitted to the Board at a future meeting.

Mayor Masayko expressed his concern about rushing the project. He also felt that the tax credit program will be continued. He questioned whether the private nonprofit organization wants to be free of tax assessments. The City/Board's position regarding tax assessments has been to not allow an exception for this type of project. Justification for this position was indicated. He also indicated that the City is continuing to negotiate the in lieu of taxes with Nevada Rural Housing regarding the Southgate facility as is allowed in the Statutes. Chairperson Scott indicated that they will pay the ad valorem taxes on the improvements but not on the value. They do not plan to ask for tax relief. Low income residents will utilize between 30 and 50 percent of the units. They understand the concerns and want to be part of the community. The numbers will include paying taxes. He acknowledged that the proposal appears to be rushed. They had not anticipated having the opportunity to develop the housing under the proposed program. The opportunity became available as a result of other low income housing development in the area. This is the first time the Center has qualified for the program. They will be competing for ten percent of the State funding. They plan to present a strong case for the funds. Clark and Washoe Counties receive 90 percent of the funds.

Discussion between Supervisor Aldean and Chairperson Scott explained that West Coast Affordable Homes is a developer of low income housing in seven western States. They know the tax and development situations. The 99 percent partner purchases the tax credits for the depreciation. A management entity holds the remaining one percent. It will be formed from the Carson City Senior Center Inc. and West Coast Affordable Housing. West Coast has expertise in both the development and management of these facilities. They will be the onsite manager. They have a significant track record in this field. Community Development Inc. is the same company as West Coast but one firm manages the units and the other develops them. West Coast/Community Development approached the Center as it has the space for a facility. Having the land for the unit allows the development at a cost that meets the 30 to 50 percent average rent criteria for low-cost tenants. "Carson City, the Senior Center, and their close proximity to the proposed location are additional assets that make the application even stronger." The Senior Center Board is willing to participate as it will

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be onsite and is a partner in the process. A management contract will be developed with Affordable Housing who will manage the units. The Center will have absolute and direct input to that process and will be onsite making sure that everything is kept as it should be. These agreements will be developed in writing and approved by Carson City.

Discussion between Supervisor Livermore and Chairperson Scott reiterated Friday's deadline for submittal of the grant application. Supervisor Livermore cautioned against allowing the funding to drive the project. Discussion also indicated that neither site plan contained in the Board's packet had been approved. They were included to illustrate the potential and to indicate that the units will fit the site. Chairperson Scott reiterated that the proposed area is the entire space between Beverly and Long Streets east of the Center's expansion project. Supervisor Livermore pointed out that a no build easement exists on a portion of this property. Chairperson Scott indicated that the parking lot for the units is to be located in that area. Chairperson Scott agreed to move the parking area to another location if the Hospital needs the area for its use. The site plan has not been finalized. They had not discussed putting the housing units on any other property. Supervisor Livermore questioned whether the proposal was the best long-term use for the site. Chairperson Scott reiterated that the master plan's long-term use had included residential housing for seniors. Supervisor Livermore also felt that the 99-year lease would eliminate any future use of the property by the Center. Chairperson Scott did not believe that the concept closes the door for future uses at the Center. Discussion questioned whether the Center's master plan had been updated and included the Hospital facility. Supervisor Livermore believed that the master plan should be adhered to and followed before deadline driven projects are approved. The master plan needs to be amended to reflect the current development and future plans for the site before any long term commitments are given. Chairperson Scott then explained that the primary lender and purchaser of the tax credits are required to remain for 15 years. The partners have first right of refusal. The Center could secure a loan for the 80 to 90 percent equity using the income revenue to acquire the property. The one percent management company has second right of refusal. Chairperson Scott also believed that the agreements could be changed to another entity in 15 years, however, they cannot be less desirable unless the Center decides to not purchase the property. The management and standards agreements and the agreement with the managing partner will remain. Supervisor Livermore asked for more details from Community Development Inc., including its tax records, a listing of other projects, etc. Chairperson Scott indicated that they had investigated the firm. They were not ready to make a commitment regarding the partnership today. The request is for approval to enter into a long term lease of the property which will allow the partnership agreements to be developed and presented to the District Attorney's office. He emphasized the need for the City to be comfortable with the process before moving forward. The Center is working with both the City Manager and District Attorney's office. The next step is to submit the grant application and await the State's determination on the tax credit funding. During this period they will develop the management agreements so that the project can proceed if the tax credit funding is approved. He reiterated that the agreements will be submitted to the Board for its consideration. Supervisor Livermore reiterated his desire to have additional information as well as a revised master plan and for the Board to have oversight of all the details. He also wanted this information to be submitted in a timely fashion and not as late material. Chairperson Scott felt that Mr. Free may be able to furnish additional information regarding the company and agreed that the master plan needs to be reviewed.

(1-2817) Discussion between Chairperson Scott and Mayor Masayko indicated that Chairperson Scott had not represented that the Hospital has first right of refusal for the southern half of the subject property for expansion of its facility. Mayor Masayko expressed his desire to not rush the process and to provide time

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to research the status of this property. He questioned whether the project will “pencil out” if the acreage is less than 4.8 acres. Chairperson Scott indicated that the master plan was developed for the acquisition of the 1.93 acre former BLM site. This is the area presently used for the rehab center and the parking lot. The master plan indicated that the southern portion of the parcel will be utilized for Hospital related developments and the northern portion will be utilized for the Senior Center and its associated housing. When the Hospital decided to move its campus to the northern edge of Carson City, the Senior Center Board and the Hospital had meetings regarding the Hospital’s plan at the Rehab Center. The Hospital indicated there is an interest in keeping the Rehab Center where it is. It is not part of the regional complex plan. The Hospital also has a long-term plan to fill in the areas designated at the Center for a mental health/medical office building. These uses were to be located on the southern half of the property. Chairperson Scott felt that there have not been enough discussions with the Hospital. He also indicated that City staff has some concerns regarding the legal requirements under which the City became the owner of this area and the Federal strings attached to both parcels. He also felt that a logical and progressive process will be used to work through these problems before construction on the property occurs. Mayor Masayko expressed his desire to have accomplished this before bringing the resolution forward.

Ms. Ritter pointed out that the contingencies in the resolution include the use agreement. The use agreement defines the property which will be used for the project as well as the property tax situation. Mayor Masayko reiterated his questions concerning whether the project will pencil out with less than 4.7 acres. He also felt that the Hospital should not be forced to support the project. Chairperson Scott apologized for the way the item “came down”. The Center is not proposing or requesting that the Board become a referee. He asked that the Board approve the resolution with the understanding that if the issues with the Hospital cannot be resolved, the project will not move forward. Mayor Masayko expressed his willingness to support the resolution contingent upon resolution of the issues with the Hospital. He also indicated that this means that the project may not move forward regardless of the State’s decision regarding the tax credits. Chairperson Scott agreed and indicated that they did not want the project to be a cause for contention with the Hospital. The project should be beneficial for the community. He again apologized for the present situation. Mayor Masayko pointed out that the current atmosphere between the Center and Hospital appears to be adversarial. Chairperson Scott agreed that there had not been the level of communication necessary to resolve the matter.

Discussion between Supervisor Staub and Chairperson Scott indicated that the proposal should have been presented to the Senior Center Advisory Board. It had been presented to the Senior Center Governing Board. It had allegedly been agenzized for discussion by the Advisory Board but did not “make it”. The Governing Board has always worked with the Advisory Council and normally runs major things past it. Chairperson Scott felt certain it will have a lengthy discussion on the proposal. Discussion also indicated that a District Attorney’s opinion indicates that the Center can move forward with the program without interfering with a third party agreement. Supervisor Staub felt that the neighborhood should have been noticed about the project. He also felt that the discussions had commenced late last year. Chairperson Scott believed that the property owners had been noticed and that there had been significant advertisements regarding the project. Discussion ensued on the amount of notice that had been given to the Hospital. Chairperson Scott indicated that he had personally talked with Hospital Chief Executive Officer Ed Epperson. He felt that the City had been actively talking to the Hospital. Supervisor Staub explained that the Board finds the process to be very disconcerting. The Board has been very supportive of the Center. He did not want people to think that the Board is changing its ideology regarding either the Center or the Hospital. The Hospital is a key player. It has concluded that it has a contractual right to the property. He then explained his concern regarding the

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proposed 99 year lease and the provision that the City subordinate its interest to a mortgage lender.

Discussion between Mayor Masayko and Chairperson Scott indicated that the commitment regarding the taxes should be included in the agreement. Supervisor Staub explained his concern that the Legislature could enact a bill forcing the City to grant the tax waiver to the project. Chairperson Scott explained that Community Development Inc. is doing the master planning and the development. They will pay the costs for the participants. The Center will be a participant but is not putting up any of its money. Mr. Free should explain the revenue projections. It may be possible that the Center will receive a small amount of revenue from the project. The project is not forecast to be a major revenue provider. It should be able to maintain the facility for the Center and to be self-sustaining over the full term of the lease. The concept is for the project to provide low income affordable housing. Two different entities had proposed similar projects. The Board had selected Community Development Inc. as the project it wanted to move forward with based upon the preliminary layouts and the details. Mayor Masayko pointed out the need for someone to be at the Legislature to prevent any undesired changes from occurring.

Mr. Forsberg explained that the noticing requirements of NRS 244.287 had been met. It was posted on the property and in public places. Notices were also sent by the City's Community Development Department to all the property owners within 300 feet of the site. NRS 244.287 allows the City to subordinate its interest to a mortgage lender. It does not require it. This issue will be resolved later during the agreement negotiations. Staff originally looked at NRS 244.283. It allows the property to be leased or conveyed for public purposes. It was then realized that NRS 244.287 provides for the resolution's suggested process and allows for an outright conveyance of the property. The resolution leaves the lease/conveyance options open to the Board. This includes the potential for a third process to be used that was not contemplated with either the lease/conveyance. Mr. Forsberg then explained the "dispute" regarding the 1996 agreement between the Center and the Hospital on the 1.93 acre parcel that is the site of the Rehab Center. This agreement was "signed off on" by the City as an approving body over the Hospital activities during a period when the Hospital was a county hospital. This property was obtained by the City under a Recreational and Public Purposes Lease from the BLM. The 4.4 acres were deeded to the City by an act of Congress for the specific purpose of providing a senior assisted living center or related public purpose. The agreement indicates that the northern half of the 4.4 acres falls entirely under the control of the Center for senior assisted living. Also, under this agreement, the City is the ultimate owner of the southern portion. The property was deeded to the City and not the Center. The agreement indicates that the City's obligation is to use its best interest to get an amended lease from BLM that will allow specific designated purposes on the property. This agreement was entered into long before the City received the property pursuant to the Congressional act. The specific uses included a therapy pool, cardiac rehab facility, indoor activities/gymnasium, and a life stress center as depicted on the site plan that was circulated and referred to by Supervisor Livermore. The ultimate document from Congress, however, does not reference these specific uses. This creates the dispute—whether these uses continue to be possible under the terms of the deed that was given by the United States which calls out for only a senior assisted living center or related public purposes. The District Attorney's position favors the Senior Center exercising control over the property. He also questioned whether the agreement survived the transfer of the Hospital from a county hospital to a separate nonprofit entity. The agreement specifically indicates that it is not transferrable. He then questioned whether the City is obligated to seek a change in the lease so that the Hospital can accomplish its purposes. He believed that neither he nor anyone present had been privy to the decision leading up to the Congressional act. He was not aware of names of the individuals who had participated in the decision or the information that was presented to Congress. He felt that the City

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is the only one who can exercise control over the property. There is no option to purchase the property existing at this time. There is no right of first refusal existing on behalf of anyone at this time. The agreement in 1996 required the City to use its best efforts to procure a lease. He did not know how a court or arbitrator would rule on these issues. The dispute between the Hospital and the Center is over whether the Hospital has a right by virtue of the 1996 agreement to some control over the property. Mayor Masayko pointed out that this does not preclude the courtesies of engaging in discussions regardless of the legal standing.

(2-0131) Supervisor Aldean commended Chairperson Scott on his ability to perform while under fire. She also felt that the concerns expressed by the other Board members were justified. The ultimate objective, as indicated by the record, is to work in a cooperative manner. She also indicated that additional discussion is needed and that some of the issues will be resolved during the drafting of the use agreements. The ability to move forward is contingent upon their ability to develop a use agreement that the Board is willing to approve and the ability to obtain the State tax credits. Her family's experience with Lake Tahoe senior housing projects indicates there is a small window of opportunity for this program and that there is a lot of competition for the tax credits. It is unfortunate that the program must be rushed to meet the timeline. Additional time may have allowed more public discourse on the concept and the various issues. Discussion with Mr. Forsberg indicated that the Board could approve the resolution in spite of all of the concerns and nuances without committing to doing anything on the property. Development could occur only after all the myriad of issues are resolved to the Board's satisfaction. Supervisor Aldean felt that the desires were admirable in spite of having a flawed process. The City can withhold approval pending completion of the negotiations. Chairperson Scott felt that an approval would be a commitment to enter into a potential lease, however, a lot of things must occur before that approval can be requested. The process merely leaves the door open to allow them to work through the issues as laid out today. If the grant is obtained, but an agreement cannot be reached with the Hospital, the Board will not be placed in a position of being a referee. The Center wants the program to be a win-win for all parties. They have a wonderful relationship with the Hospital and want to work through the process to develop an acceptable agreement that will work for all parties. He reiterated that if a concurrence cannot be obtained, the agreement will not be submitted.

Mayor Masayko pointed out that, regardless of the record, the agreement must stand on its own. It could obligate the Board to moving forward depending on the escape clause that must be negotiated. Once the agreement is signed, it will prevail regardless of the intent and representations that are on the record. Mr. Forsberg indicated that, in his view, the Board is not entering into the agreement and will not be compelled to do so if they approve the resolution today. The agreement is to be contingent upon the City's satisfaction.

Discussion between Supervisor Williamson and Chairperson Scott indicated that, if the resolution is not approved, the Center will not be eligible for this year's tax credits. The tax credits may or may not be available next year. There may be a 30 percent bonus but this is uncertain at this time. The program is contingent upon the use agreement. It will be something that will provide assisted senior living, be attractive, and meet the needs of the current facility. These issues will be discussed further in the future. The Center's representatives are long term, dedicated, working volunteers. Supervisor Williamson trusted the Hospital and the Center. She expressed her intent to approve the resolution.

Supervisor Livermore explained his belief that the proposal places the Hospital in a no win adversarial position. Discussion should have occurred in the beginning. Deadline driven processes should not occur. He did not like being placed in a position of having to vote against the plans. He felt that the Hospital had

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not been contacted until after he had received his Board packet and contacted Senior Center Director Janice McIntosh about the proposal. He could not support the resolution as drafted.

Mr. Free explained that Community Development, Inc., is a Caldwell, Idaho, nonprofit public corporation. They are audited annually under the Federal Single Audit Act. He indicated that his books are open and will be given to the Board. Their purpose is to provide single and multi-family affordable housing. The proposal falls under its multi-family rental category, which he is primarily involved in. As the name Community Development, Inc. is registered in Idaho, they must operate under another name, which is West Coast Affordable Housing. They propose to be the co-general partner in a limited partnership. They will own the improvements on the property. They will lease the property and not own it. This allows the limited partnership to take advantage of the tax credits. They will have all of the management and operating responsibilities. There is a potential that the Center may benefit from the revenues. The program is projected to operate in the black although there is not a lot of profit. There should be a positive cash flow of between \$10,000 and \$20,000 a year which will be split between the two cogeneral partners. The long range potential benefit is that the improvements could be transferred to the Center after the initial period and may be acquired for as little \$1 as allowed by law. He then explained that they have similar projects in Idaho and Alaska that have been in operation for two or three years. They have 20 other projects in various stages of completion. The proposal is the first project that involves a land lease. They prefer a 50-year lease. Ninety percent of the projects do not have and are not planned to have tax exempt status. They feel that there are a lot of subsidies up front regarding the projects which are provided through the tax credit programs. Unless there are unusual circumstances, they should be able to operate the units and pay the full property taxes. This is their philosophy. They have records supporting this statement. He then stipulated that they will not seek property tax exemptions from Carson City.

Public comments were solicited. Mr. Epperson introduced his Board Chairperson Mills and distributed a packet to the Board and Clerk. (A copy is in the file.) He indicated that the Hospital has a right to develop the southern portion of the property and intends to do so in the future. He then summarized the documents he had distributed and described how he had learned about the proposal. He indicated that they are willing to discuss the proposal with the Center. They understand the need for senior housing in the community. They were surprised to learn about the proposal to utilize the entire area for senior housing. He then indicated that they are not comfortable with having the project move forward before the legal issues are resolved. He was unsure whether the 4.8 acres of property had been included in the transfer documents when the Hospital became a nonprofit private facility. The rehab facility was completed in accordance with the 1996 agreement. When they complete the regional facility, they will evaluate their needs and develop plans for the property adjacent to the rehab center. A commitment could not be made at this time. Discussion also indicated that the life stress center may remain at its present site, be moved to the regional facility, or placed elsewhere. Mr. Epperson then explained the study on future uses of the present hospital facility. Its preliminary concept is to convert the facility into a long term acute care facility. If this occurs, the mental health facility may have to be moved. The property adjacent to the rehab center was designated in 1996 as the location for the mental health facility. He then explained the pressure that had been applied on the Hospital to allow the Center to construct over the no build easement. They had allowed the construction to occur without compensation for the property. Supervisor Livermore rhetorically questioned whether it would be necessary to seek a legal remedy to resolve the issue if the resolution is approved.

Mr. Pavlakis explained the 2002 deed transferring the rehab property to the Hospital and the 1996 transfer

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agreement regarding the former BLM site. He felt that the Hospital's rights are enforceable and that the current process is putting the cart before the horse. The Hospital was notified of the urgency of the request. They felt, however, that the proposal is not as envisioned in the 1996 agreement for assisted living. This is a big legal issue and, as has been indicated, is pitting one nonprofit entity against another with the City being used as an instrument to force it to happen. The Hospital should have been involved in the beginning when City staff was first notified. Mayor Masayko indicated that he felt that the process was not complete and that the Hospital should not be criticized for standing up for its rights.

Chairperson Mills explained his concern about the process which had been going on for more than a year without the Hospital's knowledge or involvement. He had discovered the plan while reading the newspaper. The discovery was disturbing due to the lack of notice and communications. Although the project may be good for Carson City, the approach is wrong. He urged the Board to carefully consider it. The process will establish a poor policy for the future. The Board should not be placed in the middle and asked to be a referee. He urged the Board to reject the resolution as he felt the urgency was created by the Center.

Mayor Masayko explained that the Board is attempting to move the process forward without creating foregone conclusions. He then announced that the balance of the morning's agenda will be considered at 1:30 p.m. The utility rate item will be considered after morning's agenda is completed. Additional public comments were solicited.

Chairperson Scott indicated that he had heard the comments regarding statements on the record. They want the program to be a win-win for all and intend to work with the Hospital. They stipulated that they will not bring forward an agreement unless it is backed with a more cooperative and mutually agreeable situation. It will be unfortunate to lose the project but they want what is best for the community. He again apologized for the manner in which the project had been brought forward and the lack of time to work with people. The program had only been worked on for six to 12 weeks. Premeeting discussions would have assisted in working out the problems. Mayor Masayko felt that the Hospital's position is unshakeable. He also felt that the Board would not "strong arm" it into doing something that is not in its best interest. He understood the timing concern. He urged the City staff to get the committees together as quickly as possible and not conduct business in this fashion.

Supervisor Staub explained that on September 26, 2002, the Hospital denied a request that it abandon its development rights to the property east of the rehab center. Someone must have decided at that time that the Hospital had some rights to the land or the question would not have been asked. The 1996 agreement sections regarding the 1.93 acre parcel are subject to a BLM lease which states that the City and the Senior Center will exercise their best efforts to procure a lease and option to purchase the property from the BLM for the Hospital's intended use as a therapy pool and further discusses the life stress unit which are to be located on the property east of the rehab center. The resolution does not mention these rights. He could not support the project without consideration of the Hospital and resolution of these rights. He recommended that the resolution be amended to include the Hospital. Mayor Masayko asked that the resolution not be amended at this time and directed the District Attorney and City Manager to revise the resolution over the lunch hour. He also agreed with Supervisor Staub that the details should be included in the document. Supervisor Staub supported his request. He then disclosed that he serves on the Hospital Finance Board. He has no financial interest in the Hospital or the matter before the Board of Supervisors. He does not receive any compensation for serving on the Finance Board. Supervisor Aldean supported his suggestion and pointed out that the fourth

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“Whereas” in the Resolution indicates that the property is a portion of the 4.4 plus or minus acre site of land. She felt that this means that there is flexibility regarding the site. Supervisor Livermore felt that the Board should not direct the staff to develop the terminology in one hour. This was an unfair request that is unworthy of all the involved parties. Supervisor Livermore then moved to deny the request for a resolution approving the conveyance of a portion of APN 002-121-09 from the consolidated municipality of Carson City to Carson City Senior Citizens Center, Inc., and Community Development, Inc., both nonprofit organizations recognized as exempt pursuant to 26 U.S.C. 501(C)(3), pursuant to NRS 244.287 for the development of affordable senior housing. Mayor Masayko indicated that he would recognize the motion even though the agenda indicates that the motion should be to adopt the resolution. The motion denies the request. The result will be the same. The motion died due to a lack of a second. Mayor Masayko then ruled that the item was continued until 1:30 p.m. He also noted that Supervisors Aldean and Staub, in addition to himself, supported an amendment to the resolution that will require all parties to consult with the Hospital regarding the 1996 agreement. The amended resolution will be considered after the recess. He did not wish to have amendments made from the dias. He also indicated that Item 8 will be heard after 1:30 p.m.

BREAK: A recess was declared at 12:23 p.m. The entire Board was present when Mayor Masayko reconvened the meeting at 1:30 p.m., constituting a quorum.

(2-1045) Mayor Masayko limned the instructions that had been given to staff prior to the lunch recess. Mr. Forsberg explained that he had drafted the resolution as requested and given copies to Mr. Pavlakis and Mr. Epperson. He had also developed a second resolution exempting the portions of the property involved with the 1996 agreement with the Hospital. These parcels, F, E, G, H, I, and F of APN 002-121-09, are controlled by Carson City Senior Citizens Center, Inc., and the City of Carson City and can be used for any purpose other than hospital related functions. The “compromise” resolution eliminates any dispute about the Hospital’s rights. Copies of both resolutions were distributed to the Board and Clerk. Discussion reiterated that the “compromise” resolution eliminates the property the Hospital’s claims. It also questioned whether the proposed 50 to 60 units will fit on the parcels F, E, G, H, I, and F. It was agreed that the compromise was a substantial reduction in area but allows the Center and Community Development to proceed with a project. It was also felt that the Hospital and Center could negotiate on the other portion and, if successful, include it in the project. The Board will have to approve the addition. Typographical errors in the Board directed resolution were pointed out. Mr. Forsberg indicated that the resolution does not address the validity of the Hospital’s claim of rights to parcels A, B, C, D, E, F, and A. It does, however, recognize that there are claims to these parcels. The agreement will have to address these issues if the project includes these parcels. Parcels F, E, G, H, I and F have always been under the Center’s control. Supervisor Aldean indicated that Chairperson Scott preferred the “compromise” resolution. Concerns regarding the first resolution were limned. She did not believe that it provided what was needed for the Center to accomplish its goal of obtaining the tax credits. The second resolution is cleaner, more definitive, and easier to apply for the tax credits.

Ms. McIntosh felt that the “compromise” resolution makes the application cleaner and is needed for the tax credits. It helps state the plan clearly. She also acknowledged for the record that the first resolution was very broad. It is now better defined but the land may not fit the original plan as submitted in the Board’s packet.

Mayor Masayko supported proceeding with the “compromise” resolution which excludes a portion of the 4.65 acre. Mr. Epperson thanked the Board for its effort. He also indicated that both resolutions were felt to be

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workable. They support the "compromise" resolution as it helps the Center more. Additional public comments were solicited but none were given.

Supervisor Livermore moved to adopt Resolution No. 2004-R-8 APPROVING THE CONVEYANCE OF A PORTION OF APN 002-121-09 FROM THE CONSOLIDATED MUNICIPALITY OF CARSON CITY TO CARSON CITY SENIOR CITIZENS CENTER, INC., AND COMMUNITY DEVELOPMENT, INC., BOTH NONPROFIT ORGANIZATIONS RECOGNIZED AS EXEMPT PURSUANT TO 26 U.S.C. 501(C)(3), PURSUANT TO NRS 244.287 FOR THE DEVELOPMENT OF AFFORDABLE SENIOR HOUSING, parcels identified in the Resolution are F, E, G, H, I, and F. Supervisor Aldean seconded the motion. Discussion indicated that Supervisor Staub had wanted the parcel letters included in the motion. Mr. Free explained that the Nevada business name for his firm is West Coast Affordable Housing, Inc. He suggested that the motion include dba West Coast Affordable Housing. Supervisor Livermore amended his motion to indicated that Community Development, Inc., dba West Coast Affordable Housing, Inc. Supervisor Aldean concurred. Supervisor Livermore then disclosed that he is a member of the Hospital Board. He does not have a financial interest in the facility but does receive a small stipend. The motion was voted and carried 5-0.

OTHER MATTERS - Mayor Masayko then indicated that the Closed Session will be considered as the last agenda item. The water and sewer rates will be considered before it is.

9. CLERK-RECORDER - Alan Glover - ACTION TO APPROVE A LICENSE AGREEMENT WITH SEQUOIA VOTING SYSTEMS, INC. (2-1490) - Discussion explained that the license fee is approximately \$3,000 a year and is paid by the Secretary of State during the first two years of the agreement. The City is liable for the fee after the initial two year period. The current package costs the City approximately \$15,000. At the end of the two-year period the City can renew the contract with Sequoia and continue to use its equipment or obtain a different package/equipment. The City will need approximately \$1 million for five to eight years for new voting equipment. Mr. Glover opined that the equipment that will be obtained by the State is not state of the art equipment. A better touch screen model will be available soon. This is normal for computerized equipment. The "state of the art" changes quickly. He hoped that the new election equipment will last through the year 2008. Clark County has been using its Sequoia model for ten years. It is called open faced. It will soon be phased out at a cost of \$13 to \$14 million. The equipment is not compatible with any other Sequoia software. He then explained that the City's storage area for the election equipment is adequate, however, will need additional electrical outlets as the equipment must be charged up monthly. Adding the electrical circuits will not pose a major problem for the City/staff. The current concept will place the wiring in the ceiling and not have it running against the walls. He was unsure when the new election equipment will arrive. Sequoia has indicated they will be delivering it to Carson City and Douglas, Washoe and perhaps Lyon and Storey Counties within the next two weeks to one month. The contract has an August 6 delivery date for the voter verified paper trail attachment. This date is unacceptable to the County Clerks due to the need to be able to test the equipment. The report which will be created by the equipment was limned. Supervisor Aldean moved to approve the License Agreement with Sequoia Voting Systems, Inc., as attached to the Board's packet; fiscal impact is approximately \$3,000 annually. Supervisor Staub seconded the motion. Motion carried 5-0.

OTHER MATTERS (2-1675) - Mayor Masayko again iterated his intent to defer discussion on Item No. 10, the Closed Agenda item, until after the Board has discussed Item 11.

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11. DEVELOPMENT SERVICES - PUBLIC WORKS - Public Works Operations Manager Tom Hoffert - **DISCUSSION AND DIRECT TO STAFF REGARDING THE REVIEW OF DEVELOPMENT SERVICES AND FINANCE DEPARTMENTS RECOMMENDATIONS FOR RATE ADJUSTMENTS BASED ON THE ANNUAL REVIEW OF THE SEWER AND WATER FUNDS (2-1685)** - Public Financial Management, a limited partner with Hobbs, Ong and Associates, Consultant John Bonow, City Manager Linda Ritter, former Committee Chairperson Ron Knecht - Mayor Masayko disclosed for the record that he had several discussions with former Committee members regarding this item. Mr. Hoffert's introduction indicated that former Committee Members Larry Osborne and Jeffrey Smeath were unable to attend the afternoon session and their support of the proposed rates. He also corrected a *Nevada Appeal* article that had indicated the proposed rates were reduced for commercial fire services and private fire hydrants will be reduced. There is no reduction in any of the rates for this year. The original program included a decision not to charge for the private fire hydrants and the fire services as they are beneficial to the entire system. There have not been any charges for these services since June 1, 2003. Mayor Masayko explained that the model calls for a five percent increase in the sewer rates and a seven to nine percent increase in the water rates. It is not an automatic increase. Staff must justify these increases. He also pointed out that the Board could defer action on the request if additional information is needed. The record should indicate that they are not operating on "remote control". It is a good model. The information is available but the Board is not obligated to accept the recommendations. It is not a foregone conclusion even though they are required to annually consider the rates by April 1. He also indicated that the information that was provided was based on data for a partial year. Mr. Hoffert agreed that the information is that which has been accumulated and that developed by the rate methodology as established last year.

Mr. Bonow then indicated that they do not expect to make a presentation annually. The model validates last year's efforts and determine if the assumptions and projections which had been used during that process were correct based on fiscal year 2003 and the water year ending December 2003. He then gave a slide presentation. (Copies of the slides are in the file.) Discussion indicated that the reserves have been spent/depleted. The program is now creating reserves. As capital costs are reduced, additional reserves can be created. They used estimated data for 2004. It should not be substantially different from actuals and will provide the necessary capital to complete the improvement plans. He also explained that an average cost and impact on the classes could be used to estimate the funding level. If a rate increase is not supported, capital improvements will have to be deferred or additional debt incurred to make the improvements. The concept was selected to make five years of small incremental increases in the rates rather than periodic large increases. Supervisor Livermore explained the public's concerns that the rates were being increased based solely on parity with surrounding areas. Mr. Bonow indicated that the rates were not being increased because the surrounding area had increased its rates. It is not included in the rate model. Every entity is unique. Supervisor Williamson thanked him for his presentation and pointed out that now is the time to test the Board's resolve to make incremental small increases annually. The fund lacks the financial cushion it has had in the past. Mayor Masayko pointed out that they had significantly increased the connection fees. He also cautioned that they should be cognizant of the number of connections which are being made when developing the capital program. He also felt that as the fee increase was discussed for several months, individuals may have acquired their connection permits before the new fees were implemented. Mr. Bonow explained that the Committee decided to continue the City's previous program for capitalizing on the connection fees, which he described. Under this program it is possible for the connection fee to be lowered if the number of connections exceeds the rate of inflation. If the number of connections is less than the rate of inflation, the fee may be increased moderately. For this reason he did not believe that would be extra

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funding in the system to fund capital if this calculated approach is used. Additional capital will only be provided when the growth is above the projected level. Mayor Masayko explained his reluctance to support the rate increase until additional “real” data on the projects is provided. He also felt that the increased connection fees may provide enough funding to provide the necessary capital for the improvements. This will also reduce the need to annually increase the service fees. Mr. Bonow agreed and pointed out that there will not be a reserve to handle any wide fluctuation in revenue. Mayor Masayko explained that bond financing eliminates the need for dramatic capital swings. The current interest rates are so low that it could be done. The connection fee is the capital return. It requires new customers to pay the capital that has already been invested in the system. This is a powerful capital tool. Without these funds, another funding source will have to be provided. Mr. Bonow explained that the seven to nine percent fee increase is connected to the monthly meter charges and not the connection fee. He clarified his statement that these fees are being used for the net cost to finance capital. The connection fee is taken from the top of the capital costs with the monthly user fees paying the remainder. Mayor Masayko then expressed his reluctance to mortgage the future and his objection to waiting ten years before making a rate adjustment. He also objected to an across the board increase in fees. High end users should bear more of the increase. This is a philosophical question which should be part of the rate design. He felt that the customers will react negatively to the proposed rate increases due to the lack of information regarding the need for an increase at this time. Mr. Bonow explained that they had used the same approach as the Committee had. The amount of annual capital improvements which are needed determines the funding requirements. Mayor Masayko indicated that this is the information that is lacking. It justifies the rate increase.

(1-2517) Mr. Bonow then explained that the total amount of revenue that will be generated by the rate increase is \$460,000 for water and \$505,000 for sewer. Supervisor Livermore expressed his belief that there were elements missing from the report. He hoped that the budget information will address them. He had not previously heard that there would be an annual \$1 million increase. Mr. Bonow explained that the objective had been to review the rates annually to avoid periodic rate increases that create sticker shock. A commitment will not be made on any rate increase until adequate data is presented to support it. Discussion indicated that the majority of the fee increase is for debt service with a small amount for reserves and capital needs. The reserves will be used for capital improvements rather than require 90 percent debt funding. The model’s ability to use various assumptions to create the rates was limned. The assumptions included zero funding for reserves, 100 percent debt financing for capital improvements, and various payoff periods for the debt. He recommended having a “modest” amount of cash to provide some flexibility rather than utilize 100 percent debt financing. Mayor Masayko explained that the Board determines the amount of funding that will be provided for the capital needs. The Board could lengthen the capital funding period. The proposed rates impact the users. He questioned whether it is prudent to do all of the projects recommended at this time. He also questioned whether a \$50 increase should be allowed on top of last year’s increase. Other alternatives should be analyzed. Mr. Bonow explained that without the rate increase the decision will require 100 percent financing for the capital improvements or an adjustment in the capital costs. He did not recommend 100 percent financing. Mayor Masayko felt that these alternatives should be analyzed.

Discussion between Mayor Masayko and Supervisor Aldean explained that it may be possible to defer some of the capital improvements, however, the data that had been provided does not include this alternative. Former Committee Chairperson Knecht had purportedly recommended delaying the rate increase until after data for an entire year has been obtained rather than fulfilling the April 1 deadline. Mr. Bonow explained that there are costs which need to be funded now. Mayor Masayko reiterated that the rate was developed by the

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model before the decisions regarding the improvements and expenditures have been made. Ms. Ritter explained that the budget process will include information on what is being done and the capital plan. Brunswick Canyon was cited as an example of new requirements that were not considered or anticipated a year ago. Mayor Masayko indicated that if the Board adopts the capital plan at that time, it will in essence be adopting the rate increases of five percent and seven to nine percent. Efforts to fund the Brunswick Canyon and Marlette Lake items with Federal assistance were noted. These programs need to be considered before the items are included in the rate analysis. Mayor Masayko then noted that Mr. Hoffert had indicated that Messrs. Osborne and Smeath had supported the rate increases. He then disclosed his discussions with Mr. Knecht regarding the process and noted Mr. Knecht's letter that the Board had received. (A copy was not given to the Clerk.)

Mr. Knecht gave the Board a letter. (A copy was not given to the Clerk.) He indicated that he had discussed his letter with two other unnamed former Committee members. Mr. Osborne had allegedly reviewed the letter and purportedly concurred with Mr. Knecht's concerns. Mr. Knecht also felt that other former Committee members also supported his position. He felt that staff, the consultant, and the Board had done an exemplary job of management. Staff has also done a good job of modeling as there were few increases. The City still has the lowest rates. The lowest rates should not, however, be used to justify a rate increase. The problem with the presentation and recommendation is that they were conclusory rather than evidentiary. The pro forma showing and historic rate year should show the assumptions as well as the "real world showing" of the City's experience with the current rates. He urged the Board to delay the rate increases due to the limited revenue generation data provided since implementation of the rate increase and the lack of budget documents. He recommended synchronizing the rate review with the budget process. Mayor Masayko explained that this is the purpose of the April 1 annual review date. Mr. Knecht then explained his reasons for feeling that the graphs were conclusory rather than evidentiary. It may be that staff had developed the information as part of its decision making process that lead to the recommendation, however, the information had not been included in the packet. He then briefly described his profession which requires the presentation of evidentiary information. He felt that as an economist it is reasonable to utilize 90 percent debt financing. He indicated that he had problems with anything less than 90 percent financing. The current low interest rates make it important to pursue 90 percent debt financing. He acknowledged that the Committee had not foreseen the current interest rates when it had developed its recommendations. If the Board does not use debt financing for the capital improvements, it will be force today's users to pay for tomorrow's usage. One hundred percent financing avoids this situation and requires tomorrow's users to pay for the improvements they use. Economic efficiency supports maximum debt funding. Interest rates are low and do not create a large impact on the users. A U.S. Supreme Court ruling was cited to support the advisability of using debt financing for capital improvements of this nature. The City's ability to obtain low interest rates was cited to support his contention that debt financing is a valid method of making the desired capital improvements. He reiterated his recommendation that a full year's revenue experiences be detailed showing the assumptions, the cost drivers, and the capital program. The models for varying scenarios for 2004-05 should be shown. This information should be made public for full disclosure and discussion. The Committee, staff and the consultant had alerted the public to the potential needs of the future, however, he did not believe that an appropriate amount of need had been shown at this time to justify the increases. He urged the Board to have additional hearings to clarify the needs and allow the public to know and understand them so that the rate increase will be accepted.

Discussion noted that the Committee had recommended annual increases. Mr. Knecht explained that he had

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originally supported this concept and that it may be necessary to have a series of rate increases. The numbers were for demonstration and as a planning tool. They were not to be imbedded in the process to the extent that it requires annual increases. The only way to determine if the increase is needed at this time is to provide the revenue projections with the needs and scenarios to support the increase. He did not feel that an adequate amount of information was being provided today to justify a rate increase at this time. He recommended that the Board hold off on a rate increase until a full year's financial data is provided. This will provide 1-3/4 years of data under the new rates and provide the advantage of knowing the cost drivers. He then recommended that the rate analysis be conducted after June 30, the end of the fiscal year, rather than April 1. This meshes with the Board's budget. Mayor Masayko explained that the budget process is conducted in April. The Board needs to understand the impact of budget directions, therefore, the two should be done together in April. Mr. Bonow explained that staff could estimate the revenue and expenditures between January 1 and the close of the fiscal year. Mayor Masayko explained the need to justify the increases and to provide financial accounting of the current revenue. It may be necessary to delay some of the capital projects until next year if the rates are not increased at this time. He also pointed out that government always seems to be asking for more money. They must be accountable to the public. Mr. Knecht agreed. They have not yet gone through the public process of explaining the costs, the requirements, the needs, and other scenarios. It will be beneficial to have gone through it before implementing a price increase. He urged the Board to go slowly and not skip this important step. Mayor Masayko explained his desire to have justification for the charge and questioned the reasons Carson City's rates are so low.

Ms. Ritter indicated that the requested information will be provided. The capital improvements will be adjusted. The staff will request direction regarding the debt cash issue and show the impacts of 90-10, 95-5, and 100 percent debt to cash financed bonds as well as provide flexibility without the cash balance reserve. Discussion reiterated that enough information had not been provided to "bite the bullet" and increase the rates at this time.

Discussion between Mr. Knecht and Supervisor Staub indicated that annual reviews are better than having one every 18 to 24 months even if no adjustment is made. A discussion without an adjustment provides informational data and shows where the funds are spent. Mayor Masayko indicated that there should be annual reports with an April 1 deadline. Ms. Ritter explained that the December financial report will provide the base results. The reports are to be given by April 1 and the fee changes are to start July 1. Mayor Masayko also indicated the need to have an adequate amount of budget information to keep from mortgaging the future which could cause problems then.

Mr. Bonow explained that, as one of the City's financial consultants, he understood Mr. Knecht's proposal to seek 100 percent debt financing. The bond market, however, has a strong bias against 100 percent financing. As a bond counselor, he felt that it was important that this be made part of the record. Mayor Masayko acknowledged that there are nuances to the process as well. Mr. Bonow also indicated that continual 100 percent financing will create a negative impact. Mayor Masayko pointed out that a bonding decision has not yet been made and that GO backed bonds are perceived differently than straight revenue backed bonds. He also indicated that the business sector of the community has expressed opposition to a rate increase at this time. An adjustment may be made during the budget process if justified. Additional public comments were solicited but none were given. He then indicated that no formal action is to be taken on this item.

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OTHER MATTERS (3-0285) - Mayor Masayko explained that the Closed Session is the only item left on the agenda. No action will be taken after it is recessed/adjourned. He then asked CATF to turn off the televised portion of the meeting.

RECESS: A recess was declared at 3:37 p.m. The entire Board was present when Mayor Masayko reconvened the meeting at 3:47 p.m., constituting a quorum.

10. CITY MANAGER - Linda Ritter - ACTION TO RECESS INTO CLOSED SESSION PURSUANT TO NRS 288.220 TO MEET WITH MANAGEMENT REPRESENTATIVES REGARDING LABOR NEGOTIATIONS (3-0288) - Supervisor Livermore moved to recess into a closed session pursuant to NRS 288.220 to meet with management representatives regarding negotiations. Supervisor Williamson seconded the motion. Motion carried unanimously. Mayor Masayko recessed the Open Session at 3:49 p.m.

Mayor Masayko reconvened the Open Session at 4:20 p.m. The entire Board was present, constituting a quorum. There being no other matters for discussion, Supervisor Livermore moved to adjourn. Supervisor Williamson seconded the motion. Motion carried 5-0. Mayor Masayko adjourned the meeting at 4:22 p.m.

The Minutes of the April 1, 2004, Carson City Board of Supervisors meeting.

ARE SO APPROVED ON June 3, 2004.

/s/
Ray Masayko, Mayor

ATTEST:

/s/
Alan Glover, Clerk-Recorder