CARSON CITY BOARD OF SUPERVISORS Excerpt from the 7/11/91 Meeting - Rough Draft Page 1

9. CITY MANAGER REPORTS, RESOLUTIONS, AND BOARD DIRECTIVES (2-0435)

B. ACTION ON AWARD OF EAGLE VALLEY GOLF COURSE RESTAURANT/BAR CONCESSIONAIRE - Deputy City Manager Pat Sorenson distributed copies of the bid report to the Board and Clerk. He then explained the Board's direction to rebid the services, the bids which were received, statutory requirements, the selection committee and its recommendation. He then introduced ARA Representative Denny Walsh. Supervisor Smith expressed his feeling that he had directed a committee person be an individual from the food and beverage industry. He was disappointed that this had not occurred. Mr. Berkich explained that an attempt had been made to have an individual from the industry participate, however, the qualified restaurant individual could not participate at the time the interviews occurred. Supervisor Tatro noted that the State Senior Buyer John Balentine, who is also President of the Purchasing Management Association of Northern Nevada, had been asked by the City Manager Office through State Purchasing Administrator Phyllis Williams to participate. Supervisor Tatro was not involved in the process and indicated that Mr. Balentine had had some hospitality experience in casinos.

(2-0587) Mr. Walsh then responded to Board questions concerning his bid. Mr. Walsh stated that the bid was a guarantee of \$2,000 even if sales were zero. Anything from zero to \$350,000 is ten percent, anything above that is 25 percent, in addition to the \$2,000. Mayor Teixeira stated the bid as being a flat rate fee of \$2,000 on top of which was a monthly fee based upon the gross sales of from ten to 25 percent, which is adjusted on an annual basis. Mr. Walsh agreed. Mayor Teixeira stated that this was \$24,000 plus and Mr. Walsh agreed. When questioned about the utility payment, Mr. Walsh stated that ARA was willing to pay all of the utilities. His bid on the utility part had been a mistake. He had a "rough idea" of what the utility bills run. He stated he would not be surprised if they were in the neighborhood of \$1500 to \$2000 monthly, was willing to accept those figures, and would not seek a refund in the future. Mr. Cockerill noted that the utilities under discussion were gas, electricity, and telephone. The City would be paying for water, sewer, and garbage. Mr. Walsh is the area manager for four Reno convention authority facilities which are serviced basically as a caterer functions. He does not at this time have any private facilities. ARA is a large corporation. Discussion ensued concerning the fee structure. Mr. Walsh explained that there would be a restaurant with waitress service at Eagle Valley, which is different from his operation at the other locations. There would be no change in the present service system. The prices stipulated in the bid were those in effect in Reno. The prices included in the bid were "proposed prices". The average price at Eagle Valley currently for a glass of beer or a bottle is \$1.50, which is what Mr. Walsh stated he would charge. Golf Pro Gary Bushman noted that 80 percent of the concession is in beverages. Mr. Walsh stated that he was willing to stay with the current beverage prices of \$1.50 for beer, \$1.00 for soda, and \$1.75 for well drinks. Supervisor Smith expressed concern about the changes being made in the bid during discussion and whether they would be maintained. Discussion indicated that the "market" would reflect his pricing. Mr. Walsh agreed to submit any future price changes to the Board. Clarification indicated it would not be weekly but annually. Supervisor Bennett suggested that the changes be submitted to the Golf Advisory Committee. The Committee could then bring any concerns to the Board. Further clarification indicated that any change in the current prices would be brought to the Board/Committee. Concern was expressed about the lack of bidders and spread in the bids. Mr. Walsh explained that his superior is Vice President Todd Whitner of Phoenix, who is in charge of the West Coast convention centers and ball parks. Procedures for special events were discussed. Mr. Walsh stated "there is no price for Special Olympics". His involvement in special events would be at the Board's/Committee's/Golf Pro recommendation levels. He has been involved with American Cancer Society, Easter Seals, and Ronald McDonald Family House. The firm has a "heart as a company" and participates in these activities. Waivers would be granted if recommended. He would participate as much as possible in these activities. The 120 day "no cause cut" term in the contract was noted. A local manager would be retained in Carson City. Mr. Walsh would be establishing the criteria under which the manager would function. Mr. Walsh did not feel that there would be problem in his ability to work with the Golf Pro or the Men's and Women's Clubs. Mr. Walsh stated that he understood that if the Board did not feel his price increases were justified, they would not

CARSON CITY BOARD OF SUPERVISORS Excerpt from the 7/11/91 Meeting - Rough Draft Page 2

be allowed. Clarification indicated any verbal commitments not in the contract would be added.

(2-1318) Mr. Bushman had golfed at Wild Creek and Northgate and was aware of the operation. He felt that the present level of service at Eagle Valley would be reduced if the contract is let to ARA. He did not feel that the changes made during the discussion would maintain the service expected of the golfers.

Comments noted potential structural management changes at the courses. Mr. Berkich felt that these changes would have little bearing on the concession. Mr. Walsh was aware of the potential changes and was willing to work with those changes. Supervisor Smith expressed his feeling that the five year contract could restrict the options available to the Board on the course, specifically the Board's ability to privatize the entire operation, regardless of the 120 day termination clause. Supervisor Tatro responded by expressing his feeling that it was not a five year contract but rather a 120 day contract that may last five years. He noted that the current restaurant employees had remained in spite of their tenuous employment situation. He had not felt that the current program was a good idea. The present plan is the best choice available at this time. Mayor Teixeira acknowledged Mr. Bushman's loss of key personnel which had affected the operation and commended Mr. Bushman on his efforts to maintain the service beyond the original plan of three or four months. Supervisor Smith noted that Mr. Bushman had brought on a knowledgeable food and beverage manager. The golf season is at its peak. He did not feel that the Board would be successful in replacing the concessionaire if it cancels the contract. Supervisor Tatro felt that the contact would only be canceled with justification even though the Board could do so legally. Mayor Teixeira felt that the contract merely allowed the Board flexibility. Discussion noted that the other bidder had been invited to attend the session but had chosen not to appear.

(2-1805) Golf Course Advisory Committee Chairperson James Jackson had participated in the original selection process. His Committee had selected the Ormsby Corporation and still supported that recommendation even though the Committee had not discussed the current bids. He felt that the Board was not listening to its Committee.

(2-1905) Golf Course Advisory Committee Member and golfer Bob Tobias expressed his feeling that the Board failed to listen to the Committee. He felt that the Board was only interested in the money issues which should not be the primary consideration in view of the revenue currently generated at the course. Projects and repairs have been delayed. Competition for players had increased since the opening of new courses in Reno and Dayton. He questioned the ethics of changing the bid during the discussion. He then explained a problem he had encountered at Northgate concerning his attempt to obtain breakfast before playing. He felt that service should cater to the players which he did not feel ARA could provide.

(2-2125) Eagle Valley Men's Club President Jean Hall supported Messrs. Jackson and Tobias' comments. He opposed any outside agency running the operation. He felt the present operation should be continued.

Mr. Walsh agreed to consider the current employees when hiring.

Discussion ensued among the Board, staff, and Mr. Jackson concerning the Committee's involvement in the original bidding process and current procedure as well as Board direction. Comments stressed that the public and/or a Committee member could have participated or observed the process if a desire had been expressed to do so. The oral interview was only ten percent of the total point evaluation. Mayor Teixeira noted that the individual who was both a golfer and a Committee Member had supported the Ormsby Inc. He felt this clearly indicated to him that the Committee still supported its original recommendation to have the bid awarded to Ormsby Inc. Supervisor Smith explained his problems with the original selection committee in view of its numbers. He also noted that the City taxpayers were the owners of the course and not the golfers, Clubs, or Committee. This was the reason the Board would make the final decision and in accordance with the its feeling as to the best interest of the entire City.

CARSON CITY BOARD OF SUPERVISORS Excerpt from the 7/11/91 Meeting - Rough Draft Page 3

Mayor Teixeira expressed his feeling that if the Board had completed the first bid award, Ormsby Inc. may have received it. He noted the Board's fiduciary responsibilities. His concerns with having an oral interview process which only weighs ten percent of the entire evaluation and having to "dig out" concessions during the meeting were explained. The course is a revenue generated operation supported by the users and hopefully will remain that way. He felt that the original process was correct. He had personally solicited bids for it. The contractor's willingness to invest funds should be included in the process. The current procedure works. He recommended Ormsby Inc. Mr. Cockerill pointed out that the Board must function under NRS Chapter 342 which mandates that responsive and responsible bids and that the interview criteria was required by the Statutes. Based upon these requirements, the committee recommended ARA. Mayor Teixeira felt that the committee recommendations were subjective. Mr. Cockerill recommended the Board include in its motion, if Ormsby Inc. is selected, supporting findings reflecting that its bid was responsive, responsible, and highest. Supervisor Bennett moved that the Board approve and aware the Eagle Valley Golf Course Restaurant Concessionaire to Bidder No. 1, ARA Leisure Services at 4590 South Virginia Street, Reno, Nevada, as the highest responsive and responsible bidder pursuant to the requirements of NRS Chapter 332 for a contract amount of \$2,000 minimum a month with an annual adjustment in accordance with the CPI and ten percent of all gross sales to \$349,999.99 with 25 percent of all gross sales over \$349,999.99 and that the contract include the representations made orally here, i.e, the reviewal of the price structure before the Golf Advisory Group and the Golf Advisory Committee keeping this Board informed as to the quality of service and the price structure, and all other representations that were made here. Supervisor Smith seconded the motion. Motion was voted by roll call with the following result: Fettic - No; Smith - Yes; Tatro - Yes; Bennett - Yes; and Mayor Teixeira - No. Motion carried 3-2.