

CARSON CITY BOARD OF SUPERVISORS

Minutes of the November 1, 2018 Meeting

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A regular meeting of the Carson City Board of Supervisors was scheduled for 8:30 a.m. on Thursday, November 1, 2018 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Mayor Robert Crowell
Supervisor Karen Abowd, Ward 1
Supervisor Brad Bonkowski, Ward 2
Supervisor Lori Bagwell, Ward 3
Supervisor John Barrette, Ward 4

STAFF: Nancy Paulson, City Manager
Adriana Fralick, Deputy City Manager
Dan Yu, Chief Deputy District Attorney
Kathleen King, Chief Deputy Clerk

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

1 - 4. CALL TO ORDER, ROLL CALL, INVOCATION, AND PLEDGE OF ALLEGIANCE (8:31:42) - Mayor Crowell called the meeting to order at 8:31 a.m. Ms. King called the roll; a quorum was present. First Christian Church Pastor Ken Haskins provided the invocation. At Mayor Crowell's request, Undersheriff Ken Sandage led the Pledge of Allegiance.

5. PUBLIC COMMENT (8:33:30) - Mayor Crowell entertained public comment. Public Works Department Director Darren Schulz introduced Wastewater Utility Manager Andy Hummel and Water Utility Manager Eddy Quaglieri. Mr. Hummel and Mr. Quaglieri provided background information on their qualifications and experience. Mayor Crowell welcomed the gentlemen to Carson City.

(8:36:17) Rex Jennings commended the Nevada Day Parade, and reported that Carson City won "the Most Bearded Community" award. Mr. Jennings further advised that his brother, Todd, had accepted the award on behalf of the City on the day of the parade. Mr. Jennings then presented the award to the Mayor. Mayor Crowell thanked the Messrs. Jennings, and entertained additional public comment. None was forthcoming.

(1:33:04) Mayor Crowell entertained additional public comment. Capital City Arts Initiative Executive Director Sharon Rosse distributed informational materials on the newest Sierra Room exhibit, and described the same.

6. POSSIBLE ACTION ON ADOPTION OF AGENDA (8:38:07) - Mayor Crowell entertained modifications to the agenda and, when none were forthcoming, deemed the agenda adopted as published.

7. SPECIAL PRESENTATIONS

7(A) PRESENTATION OF A CERTIFICATE OF APPRECIATION TO LT. COMMANDER ROBERT BLEDSAW (8:38:27) - Mayor Crowell introduced this item and, at his request, the Board members joined him on the meeting floor where he invited Lt. Commander Bledsaw. Mayor Crowell provided background information on Lt. Commander Bledsaw's organization of the annual Memorial Day Ceremony and his command of the Naval Sea Cadet Program over the past 17 years. Mayor

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Crowell read into the record the language of a Certificate of Appreciation, the original of which was presented to Lt. Commander Bledsaw. Lt. Commander Bledsaw thanked Mayor Crowell and the Board members, and expressed appreciation for the honor of having served the community. The Board members, City staff, and citizens present applauded.

7(B) PRESENTATION OF THE 2017 AMERICAN PUBLIC WORKS ASSOCIATION ENVIRONMENTAL PROJECT OF THE YEAR (8:43:46) - Mayor Crowell introduced this item, and welcomed Nevada Chapter American Public Works Association (“APWA”) President Don Pawlowski. Mr. Pawlowski commended Carson City’s involvement in the APWA, and presented the information delineated in the staff report. Mr. Pawlowski presented the APWA Project of the Year Award in the Environmental Category. The Board members, City staff, and citizens present applauded.

CONSENT AGENDA

(8:49:47) - Mayor Crowell introduced the consent agenda and entertained requests to separately hear items. When no requests were forthcoming, Mayor Crowell entertained a motion. **Supervisor Bonkowski moved to approve the consent agenda, consisting of two items from the Assessor, one item from Finance, and two items from Purchasing and Contracts. Supervisor Bagwell seconded the motion.** Mayor Crowell entertained discussion on the motion and, when none was forthcoming, called for a vote.

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| RESULT: | Approved [5 - 0] |
| MOVER: | Supervisor Brad Bonkowski |
| SECOND: | Supervisor Lori Bagwell |
| AYES: | Supervisors Bonkowski, Bagwell, Abowd, Barrette, and Mayor Crowell |
| NAYS: | None |
| ABSENT: | None |
| ABSTAIN: | None |

8. ASSESSOR

8(A) POSSIBLE ACTION TO APPROVE THE PARTIAL REMOVAL OF THE 2018 / 19 REAL PROPERTY TAXES FOR PARCEL NUMBERS 007-091-66 (ASH CANYON ROAD) AND 007-293-29 (SEC 11 15/19), PURSUANT TO NRS 361.060, IN THE AMOUNT OF \$2,486.47, ALONG WITH A REFUND TO BE ISSUED, IN THE AMOUNT OF \$796.47, FOR THE SAME PARCELS FOR THE TIME PERIOD THAT THESE PARCELS ARE EXEMPT, FROM OCTOBER 6, 2018 THROUGH JUNE 30, 2019

8(B) POSSIBLE ACTION TO APPROVE THE REMOVAL OF THE 2018 / 19 REAL PROPERTY TAXES FOR PARCEL NUMBERS 008-922-20 (EXECUTIVE POINTE WAY), 008-922-21 (COMMERCE WAY), AND 008-922-22 (COMMERCE WAY / NORTH LOMPA LANE), PURSUANT TO NRS 361.125, IN THE AMOUNT OF \$9,593.07, PLUS \$96.20 IN PENALTIES, ALONG WITH A REFUND TO BE ISSUED, IN THE AMOUNT OF \$4,897.27, FOR THE SAME PARCELS FOR THE TWO INSTALLMENT PAYMENTS THAT HAVE ALREADY BEEN MADE

9. FINANCE DEPARTMENT - POSSIBLE ACTION TO ACCEPT THE REPORT ON THE CONDITION OF EACH FUND IN THE TREASURY AND THE STATEMENTS OF RECEIPTS

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AND EXPENDITURES, THROUGH OCTOBER 19, 2018, PURSUANT TO NRS 251.030 AND NRS 354.290

10. PURCHASING AND CONTRACTS

10(A) POSSIBLE ACTION TO APPROVE THE INTERLOCAL AGREEMENT WITH WASHOE COUNTY, ON BEHALF OF THE WASHOE COUNTY REGIONAL MEDICAL EXAMINER'S OFFICE, FOR FORENSIC PATHOLOGY SERVICES, THROUGH JUNE 30, 2020, FOR AN ANNUAL AMOUNT NOT TO EXCEED \$148,500.00, TO BE FUNDED FROM THE PROFESSIONAL SERVICES / AUTOPSIES ACCOUNT

10(B) POSSIBLE ACTION TO APPROVE THE ANNUAL SOFTWARE MAINTENANCE CONTRACT RENEWAL WITH SUPERION, FORMERLY KNOWN AS HTE, FOR A NOT-TO-EXCEED AMOUNT OF \$63,521.16, TO BE FUNDED FROM THE IT SOFTWARE MAINTENANCE AND VARIOUS OTHER CITY DEPARTMENT ACCOUNTS

ORDINANCES, RESOLUTIONS, AND OTHER ITEMS

11. ITEM(S) PULLED FROM THE CONSENT AGENDA WILL BE HEARD AT THIS TIME -
None.

12. CITY MANAGER

12(A) PRESENTATION AND UPDATE OF ACCOMPLISHMENTS AND PROJECTS OF THE CARSON ANIMAL SERVICES INITIATIVE ("CASI") (8:50:19) - Mayor Crowell introduced this item, and Carson Animal Services Initiative Founder Lisa Schuette presented a SlideShow presentation, copies of which were included in the agenda materials. In response to a question, Ms. Schuette advised that "the animal shelter is working very well." She expressed the opinion that "a huge plus is that it's a shelter where people want to visit and they see that the animals are well cared for and, really, that's the key. ... if people aren't willing to go to a shelter, the animals don't get adopted." Mayor Crowell commended ABK Fire & Safety, LLC, which provided two fire plugs for the animal shelter. In response to a question, Ms. Schuette discussed CASI's interaction with Maddie's Pet Project. Mayor Crowell entertained additional comments of the Board members and of the public and, when none were forthcoming, thanked Ms. Schuette and CASI.

12(B) POSSIBLE ACTION TO ACKNOWLEDGE AND SUPPORT APPLICATIONS FROM BERKLEY INTERNATIONAL AND REDWOOD MATERIALS FOR STATE INCENTIVES THROUGH THE GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT ("GOED") (9:05:41) - Mayor Crowell introduced this item, and entertained disclosures. Supervisor Bonkowski read a prepared disclosure statement into the record, and advised that he would abstain from participating in discussion and action on the Berkley International application. Supervisor Barrette read a prepared disclosure statement into the record, advised of no conflict of interest, and that he would participate in discussion and action on this item.

Northern Nevada Development Authority Director of Business Development Andrew Haskin presented the agenda materials for the Berkley International application, and responded to questions of clarification. Mayor Crowell entertained public comment and, when none was forthcoming, a motion. **Supervisor Abowd moved to acknowledge an application for Berkley International for state incentives, through**

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the Governor’s Office of Economic Development. Supervisor Bagwell seconded the motion. Mayor Crowell entertained discussion on the motion and, when none was forthcoming, called for a vote.

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| RESULT: | Approved [4 - 0 - 1] |
| MOVER: | Supervisor Karen Abowd |
| SECOND: | Supervisor Lori Bagwell |
| AYES: | Supervisors Abowd, Bagwell, Barrette, and Mayor Crowell |
| NAYS: | None |
| ABSENT: | None |
| ABSTAIN: | Supervisor Brad Bonkowski |

Mr. Haskin presented the agenda materials for the Redwood Materials application. Mayor Crowell entertained public comment; however, none was forthcoming. Supervisors Barrette and Abowd expressed their support. Supervisor Bonkowski expressed appreciation for the “number of companies that are relocating to Carson City.” Supervisor Bagwell expressed appreciation that the companies are relocating, but reservation over “giving up \$900,000 for our School District and City without more information.” Mayor Crowell acknowledged the point, and commended the Governor’s Office on Economic Development on vetting the applications. Mr. Haskin acknowledged the sufficiency of the wording of the previous motion. Mayor Crowell entertained public comment and, when none was forthcoming, a motion. **Supervisor Bagwell moved to acknowledge an application from Redwood Materials for state incentives, through the Governor’s Office of Economic Development. Supervisor Barrette seconded the motion.** Mayor Crowell entertained discussion on the motion and, when none was forthcoming, called for a vote.

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| RESULT: | Approved [5 - 0] |
| MOVER: | Supervisor Lori Bagwell |
| SECOND: | Supervisor John Barrette |
| AYES: | Supervisors Bagwell, Barrette, Abowd, Bonkowski, and Mayor Crowell |
| NAYS: | None |
| ABSENT: | None |
| ABSTAIN: | None |

13. TREASURER - POSSIBLE ACTION TO ORDER AND DIRECT THE CARSON CITY TREASURER TO SELL, AFTER GIVING NOTICE OF SALE, FOR A TOTAL AMOUNT NOT LESS THAN THE AMOUNT OF TAXES, COSTS, PENALTIES AND INTEREST LEGALLY CHARGEABLE AGAINST THE PROPERTY AS STATED IN THE ORDER, THE FOLLOWING PROPERTIES: APNs 002-381-46; 003-063-06; 003-093-03; 008-241-01; 008-331-28; 008-382-37; 008-795-22; 009-481-10 (9:19:59) - Mayor Crowell introduced this item. Treasurer Gayle Robertson presented the agenda materials, and responded to questions of clarification. Mayor Crowell entertained public comment and, when none was forthcoming, a motion. **Supervisor Abowd moved to order and direct the Carson City Treasurer to sell each property described on the record, after giving notice of sale, for a total amount not less than the amount of taxes, costs, penalties, and interest legally chargeable against each property. Supervisor Barrette seconded the motion.** Mayor Crowell entertained discussion on the motion and, when none was forthcoming, called for a vote.

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| RESULT: | Approved [5 - 0] |
| MOVER: | Supervisor Karen Abowd |
| SECOND: | Supervisor John Barrette |
| AYES: | Supervisors Abowd, Barrette, Bonkowski, Bagwell, and Mayor Crowell |
| NAYS: | None |
| ABSENT: | None |
| ABSTAIN: | None |

14. PURCHASING AND CONTRACTS - POSSIBLE ACTION TO APPROVE THE PURCHASE OF TWENTY FOUR (24) VEHICLES FOR SEVERAL DEPARTMENTS THROUGHOUT THE CITY, UTILIZING THE STATE OF NEVADA'S COMPETITIVE BID LIST, COOPERATIVE PURCHASING AGREEMENTS FROM SOURCEWELL / NATIONAL JOINT POWERS ALLIANCE ("SOURCEWELL / NJPA") AND A COOPERATIVE PURCHASING AGREEMENT WITH HELPING GOVERNMENTS ACROSS THE COUNTRY BUY ("H-GAC BUY") FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$1,678,127.28 (9:23:57) - Mayor Crowell introduced this item, and Purchasing and Contracts Administrator Carol Akers presented the agenda materials. Fleet Supervisor Zach Good provided additional detail, and responded to questions of clarification. Mayor Crowell entertained public comment and, when none was forthcoming, a motion. **Supervisor Abowd moved to approve the purchase of 24 vehicles for several departments throughout the City, utilizing the competitive bid list and cooperative purchasing agreements indicated in the agenda item, for a total not-to-exceed amount of \$1,678,127.28. Supervisor Bagwell seconded the motion.** Mayor Crowell entertained discussion on the motion and, when none was forthcoming, called for a vote.

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| RESULT: | Approved [5 - 0] |
| MOVER: | Supervisor Karen Abowd |
| SECOND: | Supervisor Lori Bagwell |
| AYES: | Supervisors Abowd, Bagwell, Bonkowski, Barrette, and Mayor Crowell |
| NAYS: | None |
| ABSENT: | None |
| ABSTAIN: | None |

15. RECESS BOARD OF SUPERVISORS (9:27:47) - Mayor Crowell recessed the meeting at 9:27 a.m.

BOARD OF HEALTH

16. CALL TO ORDER AND ROLL CALL (9:38:02) - Chairperson Susan Pintar called the meeting to order at 9:38 a.m. Ms. King called the roll; a quorum was present. Member Furlong was absent.

17. PUBLIC COMMENT (9:38:27) - Chairperson Pintar entertained public comment; however, none was forthcoming.

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18. POSSIBLE ACTION ON APPROVAL OF MINUTES - July 19, 2018 (9:38:34) - Chairperson Pintar introduced this item, and entertained a motion. **Member Abowd moved to approve the minutes, as presented. Member Barrette seconded the motion. Motion carried 6-0.**

19. HEALTH AND HUMAN SERVICES DEPARTMENT

19(A) PRESENTATION, DISCUSSION, AND POSSIBLE ACTION TO ACCEPT THE HEALTH OFFICER'S REPORT REGARDING THE ROLE OF THE HEALTH OFFICER AND CURRENT PROJECTS (9:38:55) - Chairperson Pintar introduced this item, and presented her report which included a review of the flu immunization campaign and discussion of the adult immunization campaign which is currently being developed. Chairperson Pintar and Health and Human Services Department Director Nicki Aaker discussed public health funding relative to the upcoming legislative session. Chairperson Pintar entertained a motion to accept her report. **Member Bagwell moved to accept the Health Officer's report, as presented. Member Barrette seconded the motion. Motion carried 6-0.**

19(B) PRESENTATION, DISCUSSION, AND POSSIBLE ACTION TO ACCEPT THE BIENNIAL REPORT THAT IS REQUIRED BY CONTRACT 1718-118, BETWEEN CARSON CITY AND VITALITY UNLIMITED (9:45:58) - Chairperson Pintar introduced this item. Vitality Carson City Program Coordinator Judith Ricketts Stookey presented the agenda materials. Ms. Stookey and Consultant Colleen Lawrence responded to questions of clarification. Chairperson Pintar entertained additional questions or comments of the board members and of the public and, when none were forthcoming, a motion. **Member Abowd moved to accept Vitality Unlimited's report, as presented. Member Bagwell seconded the motion.** Chairperson Pintar entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 6-0.** Chairperson Pintar thanked the ladies for their presentation. Ms. Stookey invited the board members to visit Vitality Unlimited Carson City.

19(C) PRESENTATION, DISCUSSION, AND POSSIBLE ACTION TO ACCEPT THE COMMUNITY ASSESSMENT FOR PUBLIC HEALTH EMERGENCY RESPONSE ("CASPER") SURVEY THAT WAS CONDUCTED SEPTEMBER 17 - 21, 2018 (10:04:56) - Chairperson Pintar introduced this item, and Public Health Preparedness Manager Jeanne Freeman introduced CASPER Incident Commander Jessica Rapp. Ms. Rapp presented the agenda materials in conjunction with displayed slides. Ms. Rapp and Ms. Freeman responded to questions of clarification, and discussion followed. Chairperson Pintar entertained additional questions or comments and, when none were forthcoming, a motion. **Vice Chairperson Crowell moved to accept the report. Member Bagwell seconded the motion. Motion carried 6-0.**

19(D) PRESENTATION, DISCUSSION, AND POSSIBLE ACTION TO ACCEPT THE PRESENTATION REGARDING THE FLU VACCINATION POINT OF DISPENSING ("POD") EXERCISE THAT WAS CONDUCTED OCTOBER 6, 2018 (10:21:39) - Chairperson Pintar introduced this item, and Public Health Preparedness Manager Jeanne Freeman presented the agenda materials in conjunction with displayed slides. Chairperson Pintar entertained additional questions or comments and, when none were forthcoming, a motion. **Member Bagwell moved to accept the Flu Vaccination Point of Dispensing presentation. Member Abowd seconded the motion. Motion carried 6-0.**

20. PUBLIC COMMENT (10:31:14) - Chairperson Pintar entertained public comment; however, none was forthcoming.

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21. ACTION TO ADJOURN BOARD OF HEALTH MEETING (10:31:20) - Chairperson Pintar adjourned the Board of Health meeting at 10:31 a.m.

22. RECONVENE BOARD OF SUPERVISORS MEETING (10:32:10) - Mayor Crowell reconvened the Board of Supervisors meeting at 10:32 a.m.

23. CITY MANAGER

23(A) PUBLIC HEARING TO TAKE PUBLIC COMMENT ON A PROPOSED AMENDMENT TO THE PLAN OF EXPENDITURE FOR THE V&T RAILROAD SALES TAX, AUTHORIZING THE CITY TO EXPEND ANY SALES TAX ACCUMULATED TO DATE, AND REMAINING EACH FISCAL YEAR, AFTER SUFFICIENT SALES TAX HAS BEEN SET ASIDE TO PAY DEBT SERVICE ON BONDS SECURED BY THE TAX, ON CERTAIN STREET AND HIGHWAY PRESERVATION AND REHABILITATION PROJECTS (10:32:22) - Mayor Crowell introduced this item, and opened the public hearing. Ms. Paulson introduced Bond Counsel Ryan Henry, and presented the agenda materials. Mr. Henry commended Ms. Paulson's presentation, and advised that nothing in the plan amendment or the sales tax amendment should be construed to impair the V&T bonds or the security for those bonds. "... those will get paid first before any of these additional street and highway projects will get paid ..." Mr. Henry responded to questions of clarification. Mayor Crowell entertained public comment and, when none was forthcoming, closed the public hearing.

23(B) POSSIBLE ACTION TO ADOPT AN AMENDED PLAN OF EXPENDITURE FOR THE V&T RAILROAD SALES TAX, AUTHORIZING THE CITY TO EXPEND ANY SALES TAX ACCUMULATED TO DATE AND REMAINING EACH FISCAL YEAR, AFTER SUFFICIENT SALES TAX HAS BEEN SET ASIDE TO PAY DEBT SERVICE ON BONDS SECURED BY THE TAX, ON CERTAIN STREET AND HIGHWAY PRESERVATION AND REHABILITATION PROJECTS (10:38:21) - Mayor Crowell introduced this item, and entertained discussion. Supervisor Bonkowski suggested discussing potential for sales tax revenues to decrease in the event of a recession. He suggested keeping "a reserve in place, above and beyond the amount of the debt service," and discussing "what the amount of reserve should be in case of a drop in revenue." Supervisor Bonkowski pointed out that "the original plan of expenditure includes construction of a permanent depot terminal and, if we make this change to the plan of expenditure, ... then we are abandoning that component of the original plan of expenditure. So I want us to discuss that. I'm not sure that I have an objection to that but I think that we should discuss it and get it on the record." Supervisor Bonkowski further pointed out that Carson City has invested \$15 million in the V&T Railway Reconstruction project. Storey County has invested \$1.2 million. Lyon County has invested "basically zero. And that doesn't include an additional \$4 million from the Carson City Visitors Bureau." Supervisor Bonkowski suggested that funding and benefit to the various counties are not well balanced, and that this should be included in the discussion. He expressed the belief that a tax voted on by the people for an established period of time should sunset. "We're now changing the plan of expenditure and adding a ... purpose that this tax can be used for which is going to generate some motivation on the part of a future Board to not sunset this tax and to continue it because it's going to generate revenue for road repair." Supervisor Bonkowski suggested including "some statement on the record that it is our intent to sunset that. Obviously, we can't bind a future Board but if they understand what our intent was, ... that would be helpful."

Ms. Paulson advised that there is currently \$1.3 million in the fund. "We're only going to spend \$754,000 of that so leaving about \$550,000 in fund balance. We won't be touching that until the bonds are paid off.

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So there's that cushion there because we also have the two-month lag time with the sales tax receipts. So we don't want to end up where we're in a cash shortage situation. And then we'll also watch each year, before we allow them to use that additional ... \$350,000. We'll monitor the sales tax and see how it's coming in and if it's not available, ... then we won't spend it. So that's how we're going to keep track of that.

"The original plan of expenditure ... they had to include all of the different elements of the project but the only portion that the City is responsible for is the \$15 million bond and the debt service on the bond. The City isn't required to finish that other portion of the project. ... currently, in the plan and in the ordinance, we can only use the sales tax to pay for the debt service on those bonds or bonds that are used to refund them. So it doesn't even include ... issuing any new bonds if we wanted to pay for other portions of the project."

Supervisor Bonkowski reiterated his desire to make the Board's intent clear for the record. Supervisor Barrette expressed "wholehearted" concurrence with Supervisor Bonkowski's comments, and with the "idea that this should sunset." With regard to the portions of the project that remain incomplete, Supervisor Barrette suggested including "in the motion an invitation for Storey County and Lyon County to pay for that so that they're aware of the fact that we think we've shouldered most of the burden."

Mayor Crowell advised of having served on the V&T Railway Reconstruction Commission and that "Washoe County, Lyon County, and Douglas County pay zip. And we tried numerous times to change that. It's probably not going to happen. ... on the theoretical side of issues like this, at some point in time, roads that have been funded through the gas tax, and there's a clear nexus between use of roads and the impairment of the roads, and there's a nexus on this one as well for infrastructure, but I worry that, at some point in time, we have to face the piper that gas tax is not sufficient to cover the needs of our roads. My own sense is ... these funds are not technically general fund dollars but they were designed for a different purpose. ... when we start going down this road of picking up ancillary ways to make do with our road situation we have, we need to not lose sight of the fact that, at some point in time, ... there has to be some form of funding mechanism for roads. Either that, or we've just got to say it comes out of general fund and go on down the road which, to me, there is no real nexus between a lot of the general fund monies that come in on sales tax and roads. And so, I intend to vote for this because I think we're in a position on roads where we need to do this. We need to have that help. But as a long term method of financing infrastructure projects like this, through this method, it'd be very difficult to get me to go down another road."

In response to a question, Ms. Paulson advised that the revenue in the fund could continue to accumulate and we could defease the bonds. "That would probably end up being about two years earlier than they are currently going to be paid off." Supervisor Bagwell noted that "if we paid off early, we would only be able to save two years so then we need to weigh ... do we get a greater good for the community to utilize the excess dollars now for roads because we're only going to get a two-year gain on the bond. I think it's a good discussion that we're having on the record because I think we owe it to the public to try to always do as anticipated." Supervisor Bonkowski pointed out that "one of the projects that the initial \$700 and some thousand dollars would go towards is a current construction project that is completed except for one portion which is the money that would come from this fund. So ... we've kind of backed ourselves into a corner because if we don't approve this now, we're not going to complete that construction project or we have to come up with another source of funding." Supervisor Bagwell suggested "this is a good problem to have ... How often is the government actually doing better than what was projected when the bond was issued?"

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So, I guess we can look at it too as an opportunity to do more for our community than was originally anticipated. And the two years that we could save on bond timing, not dollars just timing versus completing that project, and how much more benefit is that to the community? Probably pretty big for the completion of that project.”

In response to a question, Transportation Manager Lucia Maloney clarified that the reconstruction project, on Fairview Drive from South Carson Street to Roop Street, will be done regardless of the Board’s action on this item. “The portion discussed in the plan of expenditure under consideration today is from Roop Street north near the judicial complex. So that piece of road is in bad condition and that’s what the City couldn’t necessarily afford without this V&T bond. But it’s a separate segment.” In response to a question, Ms. Maloney further clarified “the portion that we’re talking about on Roop Street for the V&T Plan of Expenditure is .20 miles from Fifth Street north to Musser Street.”

Supervisor Abowd expressed agreement with Supervisor Bagwell’s comments in that she had considered paying the bond off early. “But for the two years that it saves and for the good that this accomplishes, that is the greater good, I think, for our community. And we know we’re strapped in terms of roads and trying to accomplish things that need to happen. And that’s a well trafficked area by this community so I think it’s important that the money go towards that.”

In response to a question, Ms. Maloney advised that predicting the costs of projects is difficult. Cost “depends on contractors, how busy they are, the prices that we can get. Having a planned budget for these projects and implementing our pavement management plan where we can plan ahead and get our projects out to bid early and have those larger-scale project bid packages where we can get a contractor and come in and get economies of scale, both in materials, in mobilization and testing costs, quality assurance, all of those things. The bigger the package that you can get, the better the price we have opportunity to receive. And so having said that, I will add that pavement management best practices is that you want to keep your good roads good. It’s cheaper to maintain them when they’re in good distresses than when the quality gets worse and you need to do those more expensive rehabs. So the Roop Street and the Clearview projects, those were selected based on their current condition in that if they aren’t done now, the cost to bring them back up will be much more expensive on a per square foot or per yard basis.”

Supervisor Barrette suggested that “this still is ... band-aiding. This won’t solve our problems by any means and so the Mayor is correct. We need to find a way because we’re not going to get more gas tax unless we get it ourselves right here. So I think that’s another reason because it just draws out in relationship ... it’s going to cost more and more. So we need to do what we can but we also need folks to step up and do a bigger pot later.”

Mayor Crowell entertained additional discussion of the Board members and public comment and, when none was forthcoming, a motion. **Supervisor Bonkowski moved to adopt an amended Plan of Expenditure for the V&T Railroad Sales Tax, authorizing the City to expend any sales tax accumulated to date and remaining each fiscal year, after sufficient sales tax has been set aside to pay debt service on bonds secured by the tax, plus sufficient reserves, on certain street and highway preservation and rehabilitation projects, and referencing the late materials distributed prior to the start of the meeting for the cost of the street and highway project. Supervisor Barrette seconded the motion.** Mayor Crowell entertained discussion on the motion. Supervisor Bonkowski referenced his earlier points of discussion, and reiterated his adamant support for a future Board “to sunset this tax when

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the bonds are paid off and to not be tempted by the use of this revenue continuing. This was put to a vote of the people for a specific purpose and when the term of that use is up, ... the bond should sunset and we should go through the process again if it's going to be used for roads.” Mayor Crowell entertained additional discussion and, when none was forthcoming, called for a vote.

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| RESULT: | Approved [5 - 0] |
| MOVER: | Supervisor Brad Bonkowski |
| SECOND: | Supervisor John Barrette |
| AYES: | Supervisors Bonkowski, Barrette, Abowd, Bagwell, and Mayor Crowell |
| NAYS: | None |
| ABSENT: | None |
| ABSTAIN: | None |

23(C) PUBLIC HEARING TO RECEIVE PUBLIC INPUT ON THE INTRODUCTION, ON FIRST READING, OF AN ORDINANCE AMENDING TITLE 21, TAXATION, CHAPTER 21.06, V&T RAILROAD SALES TAX, OF THE CARSON CITY MUNICIPAL CODE, TO REVISE VARIOUS PROVISIONS RELATING TO THE PURPOSE, IMPOSITION, REFUND, AND USE OF THE V&T RAILROAD SALES TAX (10:57:34) - Mayor Crowell introduced this item, and opened the public hearing. Ms. Paulson presented the agenda materials. Mayor Crowell entertained public comment and, when none was forthcoming, closed the public hearing.

23(D) POSSIBLE ACTION TO INTRODUCE, ON FIRST READING, AN ORDINANCE AMENDING TITLE 21, TAXATION, CHAPTER 21.06, V&T RAILROAD SALES TAX, OF THE CARSON CITY MUNICIPAL CODE, TO REVISE VARIOUS PROVISIONS RELATING TO THE PURPOSE, IMPOSITION, REFUND, AND USE OF THE V&T RAILROAD SALES TAX (10:58:52) - Mayor Crowell introduced this item, noting it as corollary to item 23(C). Bond Counsel Ryan Henry advised that the ordinance will not impair the outstanding 2014E V&T Refunding Bonds. Mr. Henry advised of “an additional requirement under the statute ... which says ... whenever you amend the original sales tax ordinance, you have to take a look at whether or not the collection agreement that the City entered into with the [Department of] Taxation back in 2006 needs to be amended or not. We’ve already reached out to the Department of Taxation and we’ve begun discussions with them about whether or not that original collection agreement needs to be amended. We believe it does not need to be amended and, in that situation, we just need written concurrence of the Department of Taxation. Dan and I are working on that and we hope to have that in place before second reading of the sales tax ordinance ...”

Mayor Crowell entertained public comment and, when none was forthcoming, a motion. Supervisor Barrette commended the Public Works Department and Transportation Division staff, and noted that they are tasked with prioritizing projects based on funding. **Supervisor Bonkowski moved to introduce, on first reading, Bill No. 119, an ordinance amending Title 21, Chapter 21.06, of the Carson City Municipal Code, to revise various provisions relating to the purpose, imposition, refund, and use of the V&T Railroad Sales Tax, referencing the late material distributed prior to the start of the meeting on the cost of the street and highway project. Supervisor Barrette seconded the motion.** Mayor Crowell referenced discussion from the three prior agenda items, and called for a vote.

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| RESULT: | Approved [5 - 0] |
| MOVER: | Supervisor Brad Bonkowski |
| SECOND: | Supervisor John Barrette |
| AYES: | Supervisors Bonkowski, Barrette, Abowd, Bagwell, and Mayor Crowell |
| NAYS: | None |
| ABSENT: | None |
| ABSTAIN: | None |

**24. BOARD OF SUPERVISORS NON-ACTION ITEMS:
FUTURE AGENDA ITEMS**

STATUS REVIEW OF PROJECTS

INTERNAL COMMUNICATIONS AND ADMINISTRATIVE MATTERS

CORRESPONDENCE TO THE BOARD OF SUPERVISORS

STATUS REPORTS AND COMMENTS FROM BOARD MEMBERS (11:02:34) - Mayor Crowell commented on last evening's Halloween, and reminded the Board members of the ribbon cutting ceremonies at the Industrial Air Park and at the Fandango conference room. Mayor Crowell announced the ceremony at the Veteran's Memorial scheduled for 9:00 a.m. on Friday, November 9th. Supervisor Abowd announced the Day of the Dead celebration scheduled for 10:00 a.m. on Saturday, November 3rd. Mayor Crowell encouraged everyone to see the Battle Born exhibit in the Old Assembly Chambers at the Capitol Building.

STAFF COMMENTS AND STATUS REPORTS

RECESS AND RECONVENE BOARD OF SUPERVISORS MEETING (11:07:02; 1:30:55) - Mayor Crowell recessed the meeting at 11:07 a.m., and reconvened at 1:30 p.m.

25. PUBLIC WORKS DEPARTMENT - POSSIBLE ACTION TO DETERMINE THAT WASTE MANAGEMENT OF NEVADA HAS PROPOSED THE BEST VALUE FOR COLLECTION SERVICES IN RESPONSE TO THE REQUEST FOR PROPOSALS ISSUED JUNE 26, 2018, AND TO DIRECT STAFF TO ENTER INTO NEGOTIATIONS WITH WASTE MANAGEMENT OF NEVADA FOR SOLID WASTE AND RECYCLABLE MATERIALS EXCLUSIVE FRANCHISE COLLECTION SERVICES (1:31:05) - Mayor Crowell introduced this item, and entertained disclosures. Supervisor Bonkowski read a prepared disclosure statement into the record, and advised that he would abstain from discussion and action. Mayor Crowell entertained additional disclosures; however, none were forthcoming. Public Works Department Operations Manager Rick Cooley provided an overview of the subject item, and introduced Sloan Vazquez McAfee Partner Charissa McAfee. Ms. McAfee presented the agenda materials in conjunction with displayed slides.

In response to a question, Ms. McAfee advised that the "contract is pretty ironclad. There has to be a significant, extraordinary situation in order for any types of increases to be requested. We did find that, and typically we find, ... if proposals are within ten percent of our benchmark pro forma, higher or lower,

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that there is enough ... capital invested and the service level is of the correct amount to meet the needs of the City. So we did take a look at everything that was proposed. It was within the ten percent limit that we look for and, frankly, when the incumbent comes in with the lower rate, with their familiarity with a community, it would be difficult to see them get any kind of an extraordinary rate increase approved by saying ... we didn't understand what service levels were required ... to serve the City."

In response to a further question, Ms. McAfee explained that the "new service approach was required. Previously, it was not required under contract and the City was very clear in its requirement that there be a local call center; that that was a deal breaker. There had to be a local call center so that was put into the RFP, as part of the agreement. And so, entering into a new agreement, there's a whole new set of requirements, a whole new set of service stipulations and there's a number of liquidated damages and other factors built in to ensure that what's been agreed to actually occurs. I'm pleased to see that all of the proposers took that seriously and they all proposed a local call center for the City which is what the City required and what's needed in order to provide the type of service that you all want to see and that the residents asked for."

In response to a question, Ms. McAfee explained that "the way that the draft agreement was established and approved is there is a standard yearly rate increase that is based on the CPI that goes through each year. And that is the only opportunity to raise rates, apart from if there were some sort of a significant change in legislation that had material impact on a company's ability to provide service and do it in a way that it was sustainable. That's really the only type of an issue or if there was some sort of natural disaster that wiped out infrastructure. Something like that. It would have to be significant, unanticipated, and something that they could not have anticipated. And that's pretty standard language for this type of a contract. Because of the length of the contract, there has to be some remedy if something were to happen or if laws were to change. Typically, we see in this industry either recycling to be mandated or for there to be a level of performance that's required so there'd be an opportunity to look at a contract if that requirement changed or if the type of vehicle had to be changed because of legislation."

Mayor Crowell proposed a hypothetical situation that the "recycle market ... goes belly up. What happens to single-stream recycling in this community?" Ms. McAfee advised that "we have incorporated language to ensure that the services would continue and we actually provided a good amount of instruction prior to the proposals to say let us know what you can collect. If there's some material that you have an issue with, let us know what that would look like. And there would be some remedy, say if ... it was not viable to collect a certain type of material, then the company could sit down with the City and negotiate whether or not they continued to collect that specific material, based on the market. But, again, that's pretty standard. As you said, the markets are very volatile and, with all that China's done in the past few years, things have greatly changed in the recycling industry. But we did review the plans that each of the companies had and the majority of them had viable plans for the recycling." Ms. McAfee acknowledged that the risk, relative to recycling, will rest with the company and not with the City.

In response to a question, Ms. McAfee advised "it is standard in the industry, because solid waste contracts are so long, ... that when you come in and have a competitive process that the rates will go down. You see this pretty frequently that there is a correction that occurs. Now, why would a company propose lower rates or significantly lower rates? There's usually a couple of reasons. One, there is a long-term investment so they're saying ... this is a 15-year contract that's worth x-amount of money so it's worthwhile to us to be competitive not knowing where the others are going to come in and to really sharpen the pencil and come

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forward. So that's one piece. The other piece is you have companies that really want to be in the City. In particular, it appears based on the proposal, that Waste Management very much wants to continue to operate in Carson City. Typically, when you see an incumbent do this, especially if the incumbent has contracts in some of the neighboring jurisdictions, when they look at the larger picture, it is not worthwhile to them to lose a local contract and allow another company to come in and have a foothold. So, it's worthwhile to them, in the big picture, to do whatever it takes to maintain that contract because it's good for them in their larger business structure.

"With that said, could there have been lower rates in the past? Well, all the company can do is operate according to the prior contract and that's why we come in and we take a look at this contract and we provide as much of a competitive environment as possible which, with the five companies that were competing, they all knew that everyone was going to come in with some pretty good rates and they did.

"The other piece is that, especially with corporations, any hauling corporation, you're not going to see huge capital investments in something that's not required by a contract. It's just not going to be approved. The funding will go somewhere else so it's not typically until you see the introduction of a competitive process or an RFP process and the requirement that ... if you want to participate, this is what you have to do where a company will make the decisions to go ahead and have a local call center or roll out 'x' number of carts for reduced commercial rates for those reasons. So, those are some of the reasons that we typically see in this industry."

In response to a question, Ms. McAfee explained that "the residential recycling and green waste services were one of a number of factors that were looked at when judging the collection services proposal. We looked at the collection approach. That included productivity and operating assumptions. We looked at the collection facilities that were proposed, the recycling program and the materials that were proposed as well as the green waste program and then we also looked at the public education and promotion program. So the score was a combination of all of those different components and so there were other components of the Waste Management proposal or some of the other proposals that were scored differently. We did look favorably upon the C&S proposal to conduct weekly service; however, that comes at a cost to your commercial customers. ... significantly higher rates for commercial customers ... because you have to look at it in a whole. You can't just take the single component so, while that is an attractive feature, it comes along with rates ... We have to look at the entire proposal, all of the programs, residential, commercial, etc. So that's why it came out that way. If we were scoring it just on residential recycling, then that would definitely be a factor."

In response to a further question, Ms. McAfee explained that recycling for commercial customers is an optional service and they can subscribe. All proposers were required to offer that at 80% of their solid waste rate. In response to a further question, Ms. McAfee clarified that "residential service is the only service that has a bi-weekly component. So household, curbside, one week you put out your recycling carts. The next week you put out your green waste carts. For commercial, it's subscription based. So you can subscribe to once a week, two times a week, four times a week. You can have a one-yard, a six-yard, whatever size and frequency you want, then you subscribe and you pay the rate that goes along with that." In response to a further question, Ms. McAfee advised that recycling will be a single-stream program. "So you put your paper, your cardboard boxes, whatever you'd like to put in there."

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In response to a question, Ms. McAfee advised that the RFP evaluation team included her partners, Joe Sloane and Enrique Vazquez. “And then we came forward and we brought our evaluation results to the City Manager, to the Public Works Director, to Mr. Cooley, and to the attorney who was assigned to review and discuss all of the components and rationale for each of the scores that were put forward. And that was conducted in a several-hour long meeting.” Ms. McAfee acknowledged that the actual scoring started with the outside consultant. “They were reviewed and discussed and all sorts of questions were asked so we could go through and discuss each and every component of those scores.”

Mayor Crowell entertained additional questions of the Board members. In response to a question, Ms. McAfee explained that “the majority of the proposers did have exceptions. The larger corporations had very similar exceptions. The more local-owned companies had fewer or no exceptions. The majority of the exceptions were clarifications of language that did not change the intent of the language. So it would be the insertion of a word or a clause to further flesh out the language but without changing the intent or the service. For example, there would be clarification on what organics is or further clarification on adding separate definitions for residential or single-family collection service, commercial collection service, and on-call collection service. In the draft agreement, each of the different groups that received service were defined and then collection service was defined but the proposers asked that there be a combination. So very much focused on definition. No change to intent.

“The next set of exceptions were what we consider to be reasonable exceptions. So, for example, there’s a requirement in the RFP that the proposer allow the City to provide an insert to go with the billing. The proposer asked that it be stated that the insert needed to be 8.5 x 11 and not increase postage costs. That’s standard. So, in other words, they don’t want a 14 x 17 cardboard ... to be sent. So that sort of a stipulation. That is the bulk of the exceptions ... those that are clarifications but they’re reasonable; what we would consider standard and actually things that we see in other agreements.

“The other exceptions that we consider material are as follows: There were three exceptions requested that further clarified or fleshed out what the city services would look like. So, for example, there’s annual community cleanups. We specified two cleanups plus additional. Waste Management asked that the total number per year be limited to four. And so that is something that we can negotiate and discuss. There was a request that we had said for illegally dumped items to be picked up within 24 hours. They asked ... that you consider making it a longer period of time, maybe 48 hours because they’re concerned that they would not be able to meet that and they could be fined if they didn’t meet the 24 hours if that’s what’s in the contract. Another piece is that for the annual, neighborhood cleanups ... and Waste Management stated that they’ve seen in other contracts where it works well, instead of having ‘x’ number of neighborhood cleanups where each of the supervisors is allotted 12, 30-yard bins or the roll off sized carts per year to allocate to any events or types of services that they see fit; that that often allows it to be spread out nicely among all the different neighborhoods and gives flexibility in that manner. Again, you could say ... we want to keep it how it is or you could say that sounds like a good plan ... We don’t consider that material because it really doesn’t change the overall cost structure and we can say no.

“There was request for additional language in the extraordinary rate increase. ... Any time that language is looked at, we always go to the city attorneys and we discuss and then its part of negotiation. I’ve yet to participate in a procurement where there isn’t some sort of push back on that language. And that’s why you have negotiations ... There was some question about indemnification and this, again, is clarifying intent and it’s very standard where we did not state that once the material is dropped off at a facility that

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the indemnification for the material transfers to the facility from the hauler. That is standard and should be added. So those are the types of exceptions. We do typically see from companies like Republic, Recology, Waste Management, ... any of the bigger companies that have corporate attorneys where we get a large number and, if it's reasonable, we consider it. If it's not reasonable, we push back. What we don't want to see is an exception that says we want to have a call center that's not in the city. Or we do not want to provide 96-gallon carts. We want to provide 64-gallon carts."

Supervisor Bagwell discussed concerns regarding the call center. In response to a question, Ms. McAfee stated that "83% were pleased with service or very happy with the service. There was that vocal minority that really wanted to see a local call center and it really is a deal breaker for that not to occur. However, it's not optional for them. It's not a point of negotiation. This wasn't an exception that was brought up as part of the proposal, part of the agreement. This is a legal contract that requires a local call center and the local staffing and so ... a change was made to the service requirements that would apply to anyone who wanted to do business in this City and Waste Management decided to meet that requirement and to participate in a responsive way. Had any of the companies said that they would not, they would have been deemed non-responsive to the proposal because that was required. So that's not something that can be negotiated away ... It has to occur or else there's breach of contract and then all the remedies go into effect. That feedback was heard loud and clear and so it was incorporated very specifically into the requirements for any company wanting to do business here."

In response to a question, Ms. McAfee advised that she didn't have the information which went "above and beyond." Each of the proposals are hundreds of pages and the variances are ... enormous. So what we have to do is we have to grade in each of the categories and put together a comprehensive score that looks at all aspects and then, as long as the requirement's met, then it's accepted. Now, had there been two companies that had the same score, that had rates that were extremely similar, then we would come forward with ... these are the differentiators as you look to choose, but that's not the case in this procurement."

Ms. McAfee acknowledged that each of the proposers understood that there was a CPI price escalator. "... for the record, we had discussed having a CPI that the Board could approve but, during the earlier discussions and as directed by the Board, the language was changed to 'it will occur' so that there would be no question and that surety is part of what brought in some great competition. But that was directed by the Board and that change was made and brought forward to the Board in the final packet and was discussed in the meetings." Ms. McAfee further acknowledged that the company could decline the CPI but they're entitled to it if they want it. "It's not mandatory; however, they can't come forward and say, 'Here's the CPI' and it's capped. They can't come forward and say, 'Here's our application for the CPI,' and the Board say, 'Sorry, we don't want to give it to you this year.' ... They do not have to request it, but when they put in an application, as long as they follow the rules of the application, ..."

In response to a question, Mr. Yu advised that "for the RFP process, there is no bid protest. ... this is ... not a bid. And also because, under the provisions of NRS Chapter 244, the governing body of this City, the Board of Supervisors, has that inherent statutory authority to grant an exclusive franchise agreement. Compare that with, for example, your normal bid process which is also laid out specifically in NRS with respect to protesting awards of contract, under [Chapter] 332 or 338, which would be for purchasing contracts or for public works and construction contracts. That's specifically laid out but, as I said, for [Chapter] 244 purposes, that's an inherent, statutorily derived authority of the governing body of this local jurisdiction to provide and award exclusive franchise agreements. So this hearing is essentially ... the

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opportunity and the venue for any member of the public to come up and place any sort of a verbal protest on the record. Certainly, they're invited to provide written statements as well. But, as far as a statutory and official bid protest which would, in fact, ... act in operation as a stay on the proceedings, that is not applicable here for an RFP."

Mayor Crowell inquired as to the decision of the Board being subject to challenge. Mr. Yu referred to the "common law doctrines. I suppose if somebody wanted to view this as a final decision of the Board and, for example, file a petition for judicial review or file a writ of mandamus for injunctive or declaratory relief, they can certainly do that. I'm not suggesting that as an avenue but I suppose you could always seek the wisdom of the court to provide some sort of a remedy that way." Mayor Crowell suggested the benefits of clarifying the rights and liabilities and obligations. Mr. Yu acknowledged there is no statutory right of bid protest under this type of contract but there may be an independent right of review, either judicial review or writ.

In response to a question, Ms. McAfee explained, in conjunction with a displayed slide, that the services listed for commercial customers "are your most common services so we asked for rates for each service level for up to six times per week. But for those services where only one customer gets that service level or zero customers, I didn't include that. These are the customers where you have a hundred, 250. These are the most common so this is where you really see the difference. When we ... evaluate the costs, we don't compare the rates. We want you to see this and it's important that you have this information. We look at overall rate revenue. So we take all of the service levels and we are able to come up with a first-year rate revenue and compare the revenues. ... We go through and we look at every single rate and make sure that they're formulaic, that there's a rationale, that it's consistent throughout. Then we take the overall proposed first-year rate revenue and we compare that. So there's a number of counterbalances to make sure that any given way no one's getting away with something so to speak." In response to a further question, Ms. McAfee advised that the reasonableness of rates is evaluated "because we require the costs and all of the operation assumptions. So we look at the reasonableness which is one component; however, what I was trying to explain is that we take a look at the overall rate sheet; each service level times each frequency. We look at it in whole and we make sure that it's consistent. So, in other words, you don't cherry pick certain rates that we might bring forward and have those be unnaturally low and make up for it in another portion of the overall rate sheet. So we did go through and make sure that each of the haulers had a consistent set of rates and there wasn't gamesmanship, so to speak, in how the proposal was set forth.

"... when we do come forward and bring a recommendation, based on the ... evaluation criteria that's put forth, the reality is we have ... phenomenal ... the companies that proposed are outstanding. C&S is an outstanding company with a phenomenal proposal. Recology as well. They've really put forth great proposals. Eagle Valley, theirs ... really hit all the marks. We have to take, in whole, the proposed services and evaluate what's the best value and so that's what our recommendation is based on. However, you can pick any company that you prefer and, frankly, I don't hesitate to say that you would receive outstanding services and a great transition from ... the top three. Phenomenal service; however, it would be at a rate higher and so, if you're able to get great services at a better value when we look at the whole, that's why our scoring is as it is. But, any of the companies that we've rated are outstanding. You have that opportunity to choose any of them. But the greatest value to your rate payers is the proposal that we've scored as such."

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Supervisor Barrette expressed an interest “in the process that got us here in relationship to our public works people. I know you weren’t the scorers but you had this big meeting ... I’m curious as to what our staff feels in relationship to the situation. In response to a question, Mr. Cooley stated that “when we got together, ... running through the numbers and all the individual parts and pieces, we were all in agreement that it was, it really made it difficult to go any other direction than the direction we’re recommending. ... when you look at everything in total of what we asked for, what they’re proposing to provide us ... it was kind of hard to go any other direction. ... the numbers, when you divided them up, looked at that component ... looked at all the services, they gave us exactly what we’re looking for. We were all in agreement that this would be the recommendation.”

In response to a comment, Public Works Department Director Darren Schulz advised that “the questions that were asked here today are the exact same questions that we asked on that day so we were feeling the same way. ... I will also add that we ... were shocked when the results came in because it is not what we were anticipating but, when we went through ... as to how the evaluation happened and then the review of the cost proposal, we fell in line ... that their conclusion was the same as what we had. And I think the overarching issue with our current hauler has been ... nobody likes to pay any amount any month. We didn’t hear so much about the costs but the complaints have been on the customer service side. But we knew that before the proposals came in and so our direction, as was stated today, was to make sure that this new contract going forward, everything is in those details. ... customer service means something different to everybody, obviously, but we need to put in the contract something, in terms of customer service, that we’re comfortable with that we can then enforce with whoever the hauler is. So, even before the proposals came in, we felt confident that that contract would be written to handle that customer service component. Little did we know that our current hauler would come in and, in our mind, appear to be the successful firm but that customer service component, we wanted to take that completely off the table. ... we didn’t want to deal with it in the future any more than you wanted to deal with it in the future ...”

In response to a further question, Mr. Schulz stated that “the two top firms are equal across the board except for the commercial rates. And so our questions were the same as yours, why is that? And it was just to the answer that you heard. Here are the possible reasons that a company would do that and try and make sure that they retain the contract. But, other than our speculation, we don’t have the answer to that. But we did talk about what are the risks? ... what could be hidden here that we’re not seeing? And as was explained, we couldn’t come up with any because it’s an iron clad contract. That’s what the rate is and here’s the increases each year and that can’t be negotiated. So we were surprised but we were comfortable with it.”

Following a brief discussion, Ms. McAfee advised that Waste Management fees “were the lowest [for] residential ... by a small amount; however, they were the lowest. ... C&S and Waste Management were very close in their residential rates except for the additional trash cart. There’s a rather large difference there. When a proposed first-year rate revenue is within ten percent of our projections, then that’s good. So they’re 4.2 percent lower. That’s pretty much right on.” Supervisor Bagwell emphasized the importance of the public understanding that Waste Management “beat the other bidder by over \$1.5 million in the commercial revenue sector. ... It’s what the bidder did. And that’s \$1.5 million to our commercial industry so for me to decide whether to reject it, ... to me, the residential was within \$80,000 and I’d have paid the \$80,000 ... to get the weekly pickup, to not have to worry about which day it is that I roll my cart out. So I thought that was a lot more consistent but it’s \$1.5 million in revenue to our commercial sector which lets the businesses have a lot more money ...”

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Ms. McAfee acknowledged having reviewed internal rates of return. "... there's components that we certainly keep confidential that are listed as confidential." Mayor Crowell pointed out that "there are times when people will intentionally go against the economic grain for a lower cost and I just want to know that you're comfortable that's not happening here." Ms. McAfee advised that the consultants are comfortable. "We review and analyze all of the proposed service levels, the infrastructure, the capital investments that are going to be made. You ... typically see an incumbent coming in with an advantage in a couple of ways. There's an intimate knowledge of what it takes to service the community and there's existing infrastructure. There's a number of other components. You have, for larger companies, they frequently have negotiating ability with truck manufacturers, cart manufacturers, etc. that can be advantageous. What typically works against them is the rate of return that's required by the corporate folks so that oftentimes will balance things out.

"You have here a situation where a concrete change in customer service was required. So it's not a situation where a company is saying, 'We're going to do better.' They have to make a concrete change. They're having to open a local office. So there's a remedy to ... the feedback that was received from some of the folks who had issues with inconsistent service. Because of that concrete change, along with the very explicit language in the contract, we feel comfortable in saying that you will have a different experience moving forward. Had none of those changes occurred, had you taken the same contract ... we'd just be taking their word for it. So that gives us the assurances that we need and the legal requirements to provide these services.

"It's a very good proposal as far as the rates; however, we've managed procurements where folks come in 30 percent lower than our benchmark and that's where we have to ... we count the number of lifts per hour, per truck that they're projecting. All of these components that are brought in and there's a lot of red flags if it's ten percent or more lower. It's four percent lower. That's within our margin of error, so to speak. It's a reasonable proposal."

Ms. McAfee assured the Board that the consultants will assist in the negotiations with any company chosen. "Incumbents face the challenge of, if they come in with not low enough rates, then others are more competitive and have better rates than them. If they significantly lower rates, then the decision makers say, 'Well, then, why were the rates as high as they were to start with?' It's a challenge that all incumbents face. Usually that's why corporate incumbents are less likely often to be the winning proposer unless they have some sort of massive amount of infrastructure like they own the local landfill that's used. This is a unique case where the City has the landfill. Again, we went over every jot and tittle and feel that the company we're recommending meets all the requirements at the best value. However, again, this is not a bid. And you have other factors here, the experience that you've had. So, certainly, we serve at your pleasure and happy to answer more questions."

Mayor Crowell commended Ms. McAfee's presentation, and entertained public comment. Mayor Crowell disclosed having known Attorney Susan Fisher for many years. (2:44:32) McDonald Carano Government Affairs Vice President Susan Fisher introduced herself for the record, and expressed appreciation for the opportunity to represent C&S Waste Solutions and President / CEO John Shea. Ms. Fisher advised that Mr. Shea "has been involved in this industry his entire life ..." Ms. Fisher advised of having participated in the public scoping meetings and the stakeholder meetings, and stated that "two things stood out over and over and over again and it was the customer service and it was weekly recycling. And we have proposed weekly recycling. Our residential rate came out \$.40 over what Waste Management's is for the residential

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customers, \$.40 per month so under \$5 a year to have weekly recycling. The other thing is there's been reference today to a call center. We don't do call centers. We have an office in each community that we serve. We have staff in each community. We have a general manager in each community that we serve. We have employees who live and work in that community and they're members of the community ... and encouraged to engage in the community. The community engagement and giving back to the communities that they serve is just part of our corporate culture. It's not something that we do because we're mandated to do it. We have the office and we have the people and the staff.

“And something else that I think is very unique about C&S Waste Solutions, in addition to being so involved in the communities they serve, is that the people in the office who are answering the phone calls and taking complaints, if there are any complaints, they go out and they ride the trucks with the drivers so that they understand what the landscape looks like. They understand what sort of things might trigger a phone call if something doesn't get picked up for some reason. So they really understand so that they can explain to the people and then they get that corrected. The person doesn't have ... to wait another week. It gets picked up the next day if they can get it remedied then. So there are a lot of things that they do just as part of their own corporate culture to make sure that their customers feel like they're part of the C&S family.”

(2:47:29) C&S Waste Solutions President / CEO John Shea expressed appreciation for the opportunity participate in the City's RFP process and to address the Board. Mr. Shea read a prepared statement into the record, copies of which were provided to the Clerk.

In response to a question, Mr. Shea advised that commercial recycling would be considered on a case-by-case basis. “That's something that you deal with when you have a community that's developed with ... one bin size for waste and then to evolve to having multiple containers. It's something that ... down the road, Planning has to start factoring in larger enclosures. But ... we've always found a way to accommodate it on a case-by-case basis. We'll meet with every business. We'll look at needs, space, and ... we'll work to some resolution that works for both parties. ... it might be a cart, it might be two bins. It's just something we'd have to ... sit down with the customers and work through a resolution.”

Supervisor Abowd expressed appreciation for Mr. Shea's attendance and participation, and acknowledged that “savings to the roads is money in our pocket. That's a big deal. And the philosophy to reduce waste is also a big deal. So that matters to me. But having a commercial business, how do I sell the fact that ... your commercial rates are slightly higher. How do I sell that factor?” Mr. Shea suggested considering “the potential for reducing the container size that they have and adding the new enhanced services. So adding green waste service, adding recycling service and saying that ... you have a three-yard bin now but maybe that becomes a one-yard bin. If you actively participate in the programs, we will come out and train you, we'll provide educational materials, we'll show you how to do it. And if you give us a chance to do it and you embrace these new programs, then you'll be able to reduce your rates because you'll have much less in the form of waste. It may go from a three-yard to a 96-gallon cart because you're able to ... break down the cardboard, use the other services that we're adding. So I think it's not something you can look at across the board and say that they're going to be higher because we're going with the fixed size. They're going to have the opportunity to reduce the size because we're adding these other services.” At Supervisor Barrette's request, Mr. Shea presented his background and experience.

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(3:04:38) Mayor Crowell disclosed having known Mary Pierczynski for many years. (3:04:52) Mary Pierczynski, of Foster Consulting representing Recology, expressed appreciation for the compliments on Recology's proposal. She introduced Recology General Manager Dan Shea, and provided background information on Recology. (3:05:54) Mr. Shea provided background information on his service in the Navy, and discussed the benefits of Recology to the community. "If you're truly looking for a partner, one that you're not going to have to negotiate with, one that's not going to have to sharpen the pencil, but one who's going to be here with you everyday, Recology is the company you want. We're not just simply going to pick your garbage up and live by a contract. We're going to be part of your family right here in Carson City and I encourage you to really, strongly consider what I'm saying here today because I promise you, we'll deliver." In response to a question, Mr. Shea provided an overview of his work experience. In response to a question, Mr. Shea stated that "the rate you see from us, because of who we are and what we believe in, that is a very transparent rate. There is no hidden ancillary fees that are not apparent in that which is a very standard thing that happens; overage charges, contamination charges, and other stuff. Our fee is our fee and ... I just want to be very clear about that. That fee is very transparent. We're not hiding anything. There are no ancillary fees in there."

In response to a question, Ms McAfee advised there are a number of different approaches for handling overages. "They have the opportunity to tag it, to not provide service, and to give them the opportunity to remedy it. They have the opportunity to go in and tell the customer. There's a number of different ways that they can handle that. There's overage language in the contract." In response to a further question, Ms. McAfee advised that "all of the proposers, including Recology and including C&S, addressed overages. And that's a standard piece. ... they had different strategies but that was a piece of what they said they would or would not do ..." Ms. McAfee responded to additional questions of clarification, and discussion followed.

In response to a further question, Ms. McAfee stated "they all proposed a local office. It's not as if it's a closed building where the phone rings and you can't go and visit. Everyone proposed an office where people could come in, they could pay their bills, they could call, they can discuss with someone. Everyone has provided a liaison who worked directly to resolve customer issues. And then the reality is, with hauling contracts, usually a lot of the employees are local because ... they're part of the community. That's a standard piece. You have local folks. ... there are other differences, but everyone was required to have a local office."

In response to a question, Mr. Shea discussed the distinctions between the employee-owned Recology and other companies. Mayor Crowell entertained additional questions or comments and, when none were forthcoming, Mr. Shea thanked the Board for the opportunity and reiterated the request to consider Recology's proposal.

(3:27:17) Greg Marnell, representing Waste Management / Capital Sanitation, introduced Area Controller David Stratton. In reference to previous comments, Mr. Marnell stated "there's a lot of opportunity for things to be highlighted that are maybe not as efficient as they should be and, certainly, that's occurred here. But, ... unless I'm reading the dais wrong, most of the time if you're getting complaints about us, it's because there's an issue ... but you're not getting it from the 20,000 customers that we service in Carson City and ... that's evident by the survey that was done and most of the folks were happy with the service that was being provided."

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“... our response to the RFP ... it really gave us an opportunity to see what the community needs were. We obviously listened to each of you. You were crystal clear on what it is that you wanted. I don’t know how many times, at the pre-proposer meeting, [Ms. McAfee] used the term value in talking about a lot of different things. So there was no question that the expectation from the City was that they wanted the rates to be reduced. That was crystal clear.

“What often happens in a long-term agreement like this one, twenty ... plus years, is ... we never came and asked for an extraordinary rate increase. This was all a product of what the CPI was, whether it was ... 1%, it was negative, it was 3%, whatever it was. And over a period of time, obviously, the rates continued to grow. So, I think that’s where you get to the point where you’re able to show a cost reduction and, as a public company, ... but there’s also some value in doing business with multi-national corporations. ... our buying power for trucks, carts, other equipment necessary ... the business is substantial and that’s what gives us the opportunity to come in and provide you with the rate structure that we have.

... the other thing that has not been mentioned, and it’s clear from the questions you folks have asked that you haven’t read every single page of these 200-plus page documents from five different parties, ... they end up being a lot of material. ... we’ve looked at all these options. We’ve looked at split-body trucks. We’ve looked at the weekly recycling. The advantage that you have, when you’re an incumbent, we know the City. We know the volumes. The recycling volumes here are not substantial and we hope that changes with the reduction for the commercial users; that more folks will participate on a commercial basis. And what we have found in other jurisdictions is when you eliminate those baskets that have been here since 1991, all of a sudden people find it easier to participate and it’s not as cumbersome to wheel their cart out to the curb every other week. ... we were able to look at those type of things and we were able to provide a quality product that met all of the requirements of the RFP and beyond. So we’ve not only got a district manager that operates here, we’ve also committed to an outreach coordinator to deal with your commercial customers ... that’s what that person is going to do is work with the multi-family communities and the individual businesses in order to provide them with that recycling because, clearly, that’s something that the Board wanted was to see an increase in commercial recycling. “So we used all of that information, that local information to come up with what we feel is a quality package that we provided to the City ...”

In response to a question, Mr. Marnell advised that Waste Management “has been engaged in litigation” in Reno “almost since the inception of the agreement. It occurred ... right after the ... new City Council was seated. And the new City Council doesn’t like the agreement that the old City Council entered into and so, consequently, they’ve created an environment that allows other companies to infringe upon the franchise and that’s what’s created the legal issues that are pending. Now, we’ve been in front of a district court judge. He ruled that the contract is clear and unambiguous. There’s been several findings by the city’s internal judicial process that these poaching haulers are, in fact, violating the franchise. But it’s a political issue and the politicians are not in a position where they want to take a stand and it’s creating a significant financial burden.”

In response to a question, Mr. Marnell advised of the requirement to purchase “all new trucks and all new carts. So that’s the way we bid the project.” In response to a further question, Mr. Marnell advised that there would be two passes per week through each neighborhood. In response to a question, Mr. Stratton provided background information on his experience, and advised that District Manager Brett Hansen “really understands the operation here and we spent a lot of time going through all of our costs and determining where we needed to improve. And we challenged Brett and Brett challenged his drivers on becoming more

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efficient. And, quite frankly, there are aspects of this agreement that allow us to become more efficient. When you containerize recycling, we don't have the drivers getting out of the truck. That helps. There's an opportunity to have more customers where there's an opt-out ability but, by and large, its mandatory service now. That really helps so you spread now your cost structure over more customers so that was part of it.

"Our bid stands on its own. We're not looking at this contract in reference to anything else we have in Northern Nevada, California, Oklahoma or anywhere else. It's by itself. And I did want to address the commercial revenue. You're right. If you have more recycling, you will bring your revenue base down but if you're starting at a lower base to begin with, it's all going to be less. So we fully anticipate more recycling participation but participation or not, it definitely will be cheaper for the customers to recycle with us, based on the rate structure. So there's no arguing the math on that."

Supervisor Bagwell inquired as to the Waste Management commitment to customer service. "So even though you tell me ... overall, the people are happy. Well, I don't think so. When I get 17 percent in complaints, do you know what it is to take someone to do a complaint. So if you have 17 percent complaining, I believe there's at least ten percent more out there. So I need you to assure me that your company takes customer service in Carson City seriously. I want the phone number. We want to be able to reach out. We want the public to get service."

Mr. Marnell advised that the request for a local call center will benefit the Waste Management operations. "We're currently leasing the building on Sheep Drive from the Ballardini family and we have an option to buy that property which is what our intent is. And so that's where the public will be able to go. So call center is really a semantic type of a word. ... It's our office. ... that's where the drivers are at, that's where the trucks are parked, that's where the maintenance facility is, that's where the manager's office is, and that's where the office will be. So there'll be folks in there who are dedicated to dealing with the public when they come in and there'll be folks that are dedicated to dealing with the telephone and they'll all be cross-trained to do each do each other's job so, in the event that someone is not there or it's lunchtime or whatever, that the customer's needs can be taken care of."

In response to a question, Mr. Marnell advised of having been unaware of the "significant nature of the demand" for a local office previous to the City publishing the request for proposals. "We still have folks that actually come to our office to pay their bill so they do use the facility but, from a telephone perspective, ... they call the Phoenix call center and that actually is a building." In response to a further question, Mr. Marnell commended Ms. McAfee and the request for proposals process. "It was onerous but it was a good process. It allows you to look into certain things and figure out what it is you can and can't do better. And so overall, there's no surprises [in the proposal] from us. As [Ms. McAfee] pointed out, there were certain clarification things. ... some of the language that was written relative to insurance ... was just something way above my head that the insurance people had to talk about but not the parameters of the type of insurance that would be provided. That wasn't the question. It's just, there's certain things that are written, with insurance companies, that they want to say something different. So that's something that we'll have to iron out but they're not deal breakers by any stretch of the imagination."

Mayor Crowell entertained additional questions or comments of the Board; however, none were forthcoming. Mayor Crowell entertained additional comments by the proposers. (3:42:28) Richard Johnson, of C&S Waste Solutions, inquired as to the possibility of the Board directing that negotiations

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take place with the top two companies. “It seems to me to be such a razor thin edge and we have a lot to offer and some of that might be best vetted if two companies knew that they were going head to head with one another.” Mayor Crowell recessed the meeting at 3:43 p.m., and reconvened at 3:54 p.m.

In response to earlier comments, Ms. McAfee clarified that “regardless of the hauler, all five proposers proposed two passes per week for residential. You either have one trash truck and one green-waste truck going one week, then one trash truck and one recycling truck going one week, so it’s two passes per week. Or you have a trash and recycling bifurcated truck going once, then coming back and doing a second pass for green waste. ... I also just wanted to confirm that, in our evaluation, we do look at risk. That’s a large component of what we examine because we certainly do not want to put any cities ... at risk of having a provider default on service and, in fact, in prior procurements we have gone with second or third highest ranked provider as our recommendation because of our concerns with risk. So I wanted to ensure that you knew that that was part of our evaluation and incorporated into the overall findings.”

Mayor Crowell requested Ms. McAfee to comment on Mr. Johnson’s suggestion. Ms. McAfee stated, “We typically would recommend and, in fact, our most recent procurement, we recommended negotiating with the top two. ... usually there’s one of two reasons. One is they’re within a percentage of each other. So, if we changed this to percentage points, Waste Management would be at 96.1 percent, C&S at 93.9. There’s cases where there’s like a 96.1 and a 95.9. It’s truly neck and neck. That would be one reason we would recommend that. The second reason is if, based on our pro forma and benchmarks, all of the companies were 20 or 30 percent higher and, upon our review of all of their cost proposals, we identified opportunities for the City to enjoy greater value and we knew that, by bringing the top two back together that we could identify to them these areas you need to look at because we know you can do better. We know what the costs are so take a look at that. We’d like to see you be more competitive. That’s another reason that we do it. Neither of those cases are in play here and certainly we serve at your pleasure but that’s our typical rationale and we have, in the past, recommended top two. We didn’t in this case.”

Mayor Crowell entertained additional comment. (3:58:19) Waste Management District Manager Brett Hansen acknowledged the contributions of local businesses to the community. He stated, “\$1.5 million, over the next fifteen years, is going to equate to \$22 million. So I just wanted to point that out and I wanted to allow Sue McDuffy, she’s one of our office specialists to talk.” (3:58:49) Ms. McDuffy advised of having lived in Carson City for 18 years “transported from California. And I’ve worked for Waste Management for 14 of those years as an operations specialist. I’m here at the local office ... in Carson City. I deal with the public daily with phone calls and customers coming in and I can assure you, especially since I even have my own children and grandchildren here in the local schools ... that Waste Management is very much in tune with and willing to and wants to service this community.” In response to a question, Ms. McDuffy advised that Waste Management is committed to updating its website to make the answers to frequently asked questions more accessible to customers. Mr. Hansen advised that Mr. Cooley has his phone number. “He calls me day and night about issues and we resolve them. We already have that relationship that many other companies have talked about up here; that when Rick calls me, we handle that issue.” In response to a question, Mr. Hansen advised that the proposal includes a website dedicated to Carson City. “We still have the local office and, before I leave today, I’ll give you every one of my business cards.”

In response to a question, Ms. McAfee advised that “the presentations today certainly the first two companies that spoke highlighted their commitment to recycling more effectively. However, in the

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proposals and according to our questions and requirements for recycling, I will say that all four of the top companies, but certainly our recommended company, had a very robust program. They developed very specific materials for the City to roll out the new programs to educate the community. Their new website and other communication tools would be effective. I believe that any of the top four companies would be a credit to your City. They really were very closely rated. And certainly the feedback given during the community town halls, there was some strong feedback about the communication and other issues. The proposal did address those concerns and the contract does obligate the remedies so, because we ... factor risk in, it is our opinion that, based on what is required and based on what is proposed, you'd receive a different level of service. Whether you choose to make a decision on that or not, it's certainly your decision and, again, we had the pleasure of having phenomenal companies come forward and participate. But I have no reason to doubt that what was proposed will be implemented mostly because of the effort that staff ... and the legal team put in to really making sure that the contract was a new, updated, robust contract that had requirements that better meet the City's needs." In response to a further question, Ms. McAfee expressed confidence that Waste Management, C&S, and Recology "have the infrastructure and resources and the track record necessary to serve the City for fifteen years as shown in their good scores."

In response to a question, Ms. McAfee explained that the consultants' scoring methodology is extremely complicated and very objective. "Within each of the categories, there are numerous criteria that are listed out in the RFP and, for each of those components, we go across the board. We score it according to how well they responded to the RFP and then how well they responded in comparison to each other. The numbers are put in and they are what they are. Whatever is spout out by the formula, that's what it is. We have no idea what the number is going to be and different members of our team work on different parts. So when it all comes together, it's kind of interesting to see where everything comes out.

"... the cost component is very objective obviously; however, what you have here is a case of if you eliminated the cost, you almost have a three-way tie. ... you have three phenomenal companies. So then this is where the value or the cost comes in and the reason for our recommendation. ... when you look at the three lowest cost proposers, you have three phenomenal companies, great track records, low risk. They met the requirements, they are contractually obligated to meet those requirements. So then we look at ... who's offering that at the lowest value. ... we didn't really have a case where you had a company that scored much lower in their ability or their proposed programs where they were rated lower and did poorly and then had really low prices so it counteracted. No. You had three companies that really scored quite well across the board and then, it's true, the differentiator does seem to be the cost but it's not because cost was weighted more than the others. It was weighted what it was weighted. It just ends up being that's the one differentiator right here. You have three companies ... if you directed us to negotiate with any of them, we'd happily do so and do so in confidence that the end result would be a good outcome as far as services. However, we can't change what the proposed rates are. All we can do is review them for both competitiveness and reasonableness. We compare them, half the score is competitiveness. Who's got the lowest rates? The other half if reasonableness so we actually go in and ... see can they really do what they're saying they're going to do for this amount or are they charging too much for some components and, as some of the companies in this room can attest from going through other procurement processes with us, we've come back or even put in our recommendations, they need to lower the rate for 'x' or they need to look at this component for what they're charging per ton, per 'x' because it's too high and we're going to address that if you direct us to negotiate."

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Supervisor Barrette inquired as to whether there was a way to assess past performance. Ms. McAfee responded “there’s pros and cons to being an incumbent. You have infrastructure. That helps. You have past performance. That can be a challenge; however, there is an entire set of scoring on performance record and we certainly looked at that and we certainly factored in the feedback here but not just here. So we have to look at the overall set of references, etc. So we look at all of that and Waste Management, within that scoring, I can say without it causing any issues with further negotiations or direction but, in that component, they scored lower than the other three. ... but they had strengths that some of the others didn’t have so the scores, they represent a holistic look and each of the scores come together to provide an overall view of the company.”

Supervisor Bagwell inquired as to the benefits of negotiating with two companies “to see if we can’t just get the very best deal for the residents.” Ms. McAfee reiterated “we certainly can do whatever you direct us to do and we would think very carefully on how to best approach it to ensure that we avoided risk for the City. You’ve brought up concerns about how low the rates are proposed by the highest rated company. If they were to come in with lower rates, that could be a challenge. Also, we’d have to really carefully look at the reasonableness of both new cost proposals to make sure that the price wasn’t separate from the actual costs that are associated with providing the service by the company. However, you could direct us to ask for a best and final. You could direct us ... to say we’d like you to change these specific items or come back with what your costs would be if you were to do this. But, again, our typical practice is we negotiate with two if we find that lower rates are achievable or if the scoring is so close, and when we talk close, we’re talking ... within five or six points. However, again, we serve at your pleasure.”

Mayor Crowell expressed understanding for Supervisor Bagwell’s suggestion and Ms. McAfee’s explanation, and suggested that the rate differential “seems like it’s going to be awful difficult to overcome in a sense of negotiating ...” Mayor Crowell expressed agreement with the consultants’ analysis on why you don’t negotiate with two or more in the present situation. With regard to negotiation, Mayor Crowell suggested not relying on a liquidated damages clause as an enforcement mechanism relative to customer service and other technical issues. “... unless a liquidated damages clause has got a lot of damages in it, it’s the cost of doing business. And so ... you want some different form, because that’s what this community is looking at. It’s customer service. No matter how we cut it. ... they want the rates ... and the best service ... but we have to have that kind of capability in a contract. It’s all fine and good to have liquidated damages but there needs to be some mechanism where it’s either liquidated damages are significant enough, on even a small violation, where you can maintain control over the contract. Or you have some other method of dealing with that. ... As we move forward, ... the responsible position ... is move down the road with your analysis right now and see where that leads out ...”

Supervisor Abowd pointed out that “the one thing this process has accomplished is all the rates are better and so, in that sense, it is a savings to the community which ... I very much appreciate. ... I am skeptical about the customer service aspect. I can’t help it. And, in that sense, I feel that maybe the next best bid, which was C&S, may be the better choice for our community moving forward. ... I have a hard time with the fact, I’m really struggling with the fact that customer service issues were asked, went unanswered, we addressed them over and over again. It bothers me. Why will it change now all of a sudden? So, I’m looking to the future of how we best help the community through this. And so maybe that’s worth a change.”

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Supervisor Barrette agreed with Supervisor Abowd's comments. "... this is a lot like cable vision back in the day. ... you get the vendor, they're there. They take you for granted until it comes up again and then they're going to promise you everything and you'll get what you get. Now, you're right. It's going to be in the contract but the contract still hasn't been negotiated. And you got it in the RFP but that's the way the negotiations are going to go. But it's going to be tough for me to swallow 15 more years. This is a large corporate company. ... I just don't know if I'm going to get customer service going forward from the top vendor. So I would at least like to talk to the top two or go where [Supervisor Abowd's] saying she wants to go."

Supervisor Bagwell expressed disappointment over the Waste Management representatives' answers to her questions regarding customer service. "I expected a much more fervent action out there that ... we're dedicated and we've heard you and we're going to do this now. And maybe something as simple as ... you telling me I'm going to put a sticker on all of our garbage cans with the local phone number because the local customer is the most important thing to Waste Management as a company. So it's a simple little thing you could have told me at the table. So I ... need to give you honest feedback that I'm not hearing that the customer is the most important person to you ... but I did hear that out of the other two companies, right? The other two came up and said that that's what drives them as a company. But I'm also with the Mayor, in all honesty, ... how do I overcome \$1.5 million times 15 years for my community? And so I am truly struggling with what the right answer is because ultimately we owe it to the residents of Carson City to make the best possible choice. As far as I'm concerned, both of you have a barrier right? Your price isn't as good and your customer service wasn't as good.

"Now, in negotiations, can I overcome your customer service issues by something as simple as I just said? ... that's really an easy answer. Every single customer in Carson City is getting a sticker with the ... phone number because Waste Management is here to serve the customer of Carson City. And so I just don't feel good today because I didn't get a warm fuzzy there. But I think you're capable because I think your employees live here too. So I don't want to diminish that. I think the people in the room probably all live in this area and are residents of Carson City or the surrounding areas. So I just need more comfort that we're doing the right thing."

Mayor Crowell suggested the possibility there may never be a comfort level. "Customer service, to a degree, is in the eye of the beholder. Generally, ... there are two sides to every story. When it gets right back to it, we need to have the customer service and we need to have the most efficient rates we've got. ... there's a large difference in the rates. Frankly, I feel, under the circumstances we're in now, it's not fair to any of them, particularly the low bidder, to come in and say ... now, we'll fix your rates for you because we're really after customer service but we want you to reduce your rates. I don't know how you do that with a straight face. And the other thing is why you'd only pick two. Pick three, pick four, pick five. Pick all of them because, according to what [Ms. McAfee] said, they're all good. And, obviously, you made a decision about customer service when it was part of the process. That's your analysis. ... in the pit of my stomach, there's concern about that customer service level but it doesn't rise to the level where I don't think it can't be handled by a contract that has sufficient teeth in it, that says this is important and this is what's going to happen if you don't have good customer service. Second, I think that ... it's \$1.5 million just on one customer base. Pretty hard to overcome that and I'm not going to ask that somebody come up here and say ... I'll just drop my rates to what they are because you haven't had the benefit of looking at whether or

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not that's even feasible from the standpoint of ... the background of these folks as to what they can and can't do. I assume that the rates that they came up with you're pretty comfortable that they can meet and that they were not excessive."

In response to a question, Ms. McAfee expressed the opinion that the Board shouldn't negotiate with other than the top two companies. "There is a delta ... if you look at the rates. Recology is a phenomenal company but that is a difference there. It's not quite the same. ... if you were to direct negotiation with more than one, I would recommend limiting it to the top two or having requirements for the outcomes to be different." Mayor Crowell assumed that the companies "made their best rate design when they filed it with us. If they didn't, then that's a different issue. Let me phrase it like this. If you were told to go negotiate with Waste Management and you couldn't come to an agreement on something, you could always go to the second one and negotiate there." Ms. McAfee acknowledged the accuracy of the statement. Mayor Crowell suggested "in a sense, you've got both of them that you're negotiating with anyway unless I'm misreading what's going on there."

Supervisor Bagwell suggested a "real negotiation with both" would afford the opportunity for them "both to come back with their best offer. And ... both get to sharpen whatever component. Maybe Waste Management improves the customer service ... and shows us that they're meaningful and the other one says ... maybe I lower my rates or they just bow out anyway and say there's no way I'm going to get to the rate." Mayor Crowell pointed out that the suggestion actually comes to a renegotiation on price. "And if we're going to do that, I think that's unfair to the ... low bidder on this one because now everybody knows their numbers. We know, staff knows all the basics there and I think that's unfair for us to do that. So my sense is, even though I've got the concern about customer service, from a fiduciary standpoint, I don't think I've got a whole lot of choice but to go with the lowest rates and assume that the customer service can get handled through a contract. ... I think it is unfair because now everybody knows what their numbers are so what are we doing? I'm just walking into a litigation trap because, for me, were I representing Waste Management and I did that, I'd say ... I'm going to go to court because you can't force me to make my lowest and best and then get the numbers out there, even though this is not a bid, this is a proposal, I don't know how you do that."

Supervisor Barrette expressed support for "going on the cheap ... but I also used to go to the horse track. ... at the horse track, I found that there were too many different equations involved. I think we have too many different equations here. ... There are a lot of things we don't know even with the great work that we've had from our consultant and our lawyers and the Public Works staff. ... when you have a track record ... you kind of have to look at it. We have a track record from our current vendor and ... one of my biggest horrors in getting into this business ... is that the vendors come and they'll promise you anything ... so my vote's going to go for the number two."

Mayor Crowell entertained a motion. **Supervisor Abowd moved to determine that C&S has proposed the best value for collection services in response to the request for proposals issued June 26, 2018, and to direct staff to enter into negotiations with C&S for solid waste and recyclable materials exclusive franchise collection services. Supervisor Barrette seconded the motion.** Mayor Crowell entertained discussion on the motion. Supervisor Bagwell discussed her struggle. "\$1.5 million is huge times 15 years to give up in money in the community that those businesses contribute in the community. So the struggle that I have is what I said earlier and I'm trying to look out at the providers of the service and I'm looking for are you taking us serious? ... Customer service is equally as important. It's not just

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money and I think I ... agree with Bob. I think you have the ability. It's will you do it? Will you make customer service important? Because that's the only way I can vote for you ... because, ultimately, part of my problem is I'm kind of a money girl. That's who I am and I look at the answers across the community and I think ... \$1.5 million times 15 years is ... \$22 million and what can those businesses reinvest that \$22 million in versus trash service? And I guess that's the other issue. Is what do we get as a gain if they have the \$22 million staying in our community ...? I'm trying to weigh it. ... I'm struggling." Supervisor Abowd agreed and stated, "Like I said before, ... the commercial is still realizing a cost savings as opposed to what was before. That's number one. Number two, most of the customers are residential and they're not really realizing that cost savings. So they are saving money on the other end of this as well and ... it's the best value for where we're going."

In response to a question, Ms. McAfee explained that the proposal is established "on services and frequency. So it's bins and frequency to bid that way. So you may have a customer that has four bins and another that has a 96-gallon cart. So it's not based on number of how many services. And ... we're looking at less than 2,000, probably about 1,500 services versus ..." In response to a further question, Ms. McAfee explained that "single service is if you get it four times a week. So it's more than that. But there could be a customer that has three bins that go four times a week so that's ... actually twelve services but it's one customer so it's not divided that way."

Mayor Crowell pointed out "this is a new franchise agreement that has mandatory pickup involved in it and I asked the maker of the motion to say to me this is mandatory. We're going to make a whole lot of people pay other money that they haven't been paying before because we don't like the customer service of the prior guy even though they gave better rates. How do you do that? We're essentially saying we're going to make everybody pay but we're not going to have them start at the lowest rate that we had possible to get at. And that's the fiduciary problem that I run into that I think is serious enough for me to say I can't vote for going down the road of just picking ... the second best, even though they're great. They're great folks. I think that we have to respect the process and we have to respect what's out there. Otherwise, we're dealing with a situation where ... we don't like it. We don't like the customer service but, on the other hand, there are financial and economic issues that are out here that are based on money and ... when we're making a major change in this community about where we're going to go on mandatory collection, ... it's incumbent on us to pick the lowest rate we can so that the burden is the least on all of our citizens and we're not doing that if we pick the second one because the rates are higher. They may be marginally higher but they're higher. ... for the people that are making the motion, I'd like to hear how you get over that."

Supervisor Barrette stated, "In any situation where you have money involved, ... income and outgo ... and make a determination of what you're buying. I have seen the track record of the previous vendor who wants to be the incumbent and the new vendor. It won't be a new vendor. It'll be the same vendor. Well, I have something to look at. I also have something look at which is how much they charged during that previous contract and how much they did for it. So when I go in to buy that bottle of wine I've been using as an example ..., I have either had the wine before or I take a risk. I've gotten to the point, with this situation, where I'm much happier taking the risk. But I'm not in business. I'm not in commercial sector. Were I, I might feel quite different about it. But [Supervisor Abowd] is correct. C&S is lower than the vendor that we're about to leave behind if we do this. The cost to our people will be less just because the previously poor service vendor ... says I can do it cheaper doesn't give me a lot of confidence that he'll do it better. That's my answer to your question. I understand what you're saying. You're not wrong but we're not sticking our commercial people with higher rates. We're just not going to the lowest that were offered."

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Mayor Crowell inquired as to whether anyone had checked into complaints of the other vendors in other jurisdictions. Ms. McAfee advised that “C&S has a really phenomenal track record and Recology does as well. I just would say that ..., as a point of information, the incumbent wasn’t precluded from participating in the process. They knew a new level of service was designed and required and that is what we had to look at. We could look at prior service as one part of an entire piece but we didn’t just look at price, we looked at everything and, in looking at everything, we ended up with our recommendation. So ... we’d be having a different conversation were there not material changes to the requirements of this new contract. If it was just one company’s word but no material changes. So that’s something to keep in mind but, again, this is why it is not a bid process because there are so many factors outside of price and this is why you have the ability to make any choice that you prefer because it’s not a bid.”

Mr. Yu apologized and stated he “may have misheard the original motion. ... I’m really appreciative of the fact that the discussion went on for as long as it did for me to catch that. I need to advise the Board that we cannot ... vote on that motion and the reason why is because we’re constrained by the language that appears on the agenda. So the way I see it is, the Board has one of two options today. You can make that recommendation ... as it appears on the agenda ... because that’s what’s actually listed and we’re confined to that. And if the motion fails 2-2, then we’re back to the drawing board. The other alternative would be to take no action today and that would, in effect, operate as a continuance of this matter. You can bring it back to the Board then.”

Mayor Crowell suggested “that just punts. ... Might as well just jump in the briar patch and get stuck.” Mr. Yu acknowledged that the motion was out of order. **Supervisor Abowd withdrew her motion. Supervisor Barrette withdrew his second** under protest. Mayor Crowell suggested that continuing the item would just create another problem. “Either we have a motion that goes for Waste Management and follow the staff report or we’ll just table it and see where it goes.” **Supervisor Bagwell moved the motion as stated on the staff report. Supervisor Barrette seconded the motion** “for discussion and voting purposes but I probably won’t support my own second when we take the vote.” Supervisor Bagwell advised of having “thought about this really hard because one of the things we also discussed was how was Waste Management able to sharpen their pencils so well. So have they been taking advantage of the Carson City residents for so long? Have you been taking a big profit that maybe you shouldn’t have? But then I recalled something that Waste Management was never the actual proposer. And, again, I think you guys missed your own opportunities here so I’m going to help a little bit on this one. You took over from Capital Sanitation. So they took a bid and an agreement that was in place. So to hold them responsible, now they’ve sharpened their pencil probably because there was competition. I’m not going to pretend it’s because there wasn’t competition, but I do want to say that’s what was negotiated all those years ago under Capital Sanitation and ... that’s important for the public to recognize. Waste Management took a contract over and so they just adhered to the contract. And we have as much duty, from the City’s side to write good contracts and so I also would say I’m comfortable with the other groups because they even said they might not take the CPI. I’m positive that Waste Management will and ... because, again, you’re a corporate company so you’re just going to follow the contract and I get that.”

Supervisor Abowd acknowledged Supervisor Bagwell’s point relative to the CPI “whereas the others are not as inclined. So what are we saving here?” In response to a comment, Ms. McAfee advised that “it’s incumbent upon the company to submit their annual CPI.” Mayor Crowell expressed a preference for a full-blown rate of return case “that says let’s take a look at all their operations. I want to know what they’re making and I want to know if that’s a reasonable amount of money. I’m not going to go there but ... that’s

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where we go ... and you have to have some mechanism for cost, time, value of money which is CPI. You have to have something that goes down that road.” Ms. McAfee explained that “the CPI and the length of the agreement is what allows companies to sharpen their pencils. That’s how it’s constructed and you can’t extract individual components and think that there would necessarily be the same result.”

Supervisor Barrette stated, “I don’t blame Waste Management for taking what they got from Capital Sanitation. I don’t blame them for taking the money. I do question why they didn’t provide the service because that’s what put them in this situation today with the 2-2 vote situation.” Supervisor Abowd expressed a desire for saving the money for the businesses. “I get that. I just have to be confident that the level of customer service is going to be there because that has been the phone calls, the dealing with it, all the rest of it. I appreciate that you’ve responded to Mr. Rick Cooley with regards to calls and so forth but it goes above and beyond that. ... that’s my biggest quandary is that because we have to do what’s best. This is a 15-year contract. It’s a big deal.”

Mayor Crowell entertained additional discussion on the motion and, when none was forthcoming, called for a vote.

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| RESULT: | Approved [3 - 1 - 1] |
| MOVER: | Supervisor Lori Bagwell |
| SECOND: | Supervisor John Barrette |
| AYES: | Supervisors Bagwell, Abowd, and Mayor Crowell |
| NAYS: | Supervisor John Barrette |
| ABSENT: | None |
| ABSTAIN: | Supervisor Brad Bonkowski |

Supervisor Bagwell expressed the hope that her suggestion of placing a sticker on every collection bin will be seriously considered. “That’s going to show every customer that you care.” Mayor Crowell stated that “we’re all concerned about the same thing: customer service and doing the right thing by our community and so we’ll go from there.”

26. PUBLIC COMMENT (4:54:19) - Mayor Crowell entertained public comment. (4:54:31) Waste Management District Manager Brett Hansen expressed understanding for the Board’s concerns and “I promise you that me and my staff are going to do absolutely everything that we can to improve the service that we have and do it well. We have a veteran team that’s been here for years and years and years and we’ll do right by you.” Supervisor Bagwell expressed the hope that “it was communications from your Phoenix office not getting to Carson City and that when we have your local phone numbers, you’ll be responsive.” Mr. Hansen assured the Board members “that’s what’s going to happen.”

Mayor Crowell entertained additional public comment. (4:55:32) Recology General Manager Dan Shea expressed appreciation for “the incredible amount of effort they put in to asking questions and the thoughtfulness. You’ve represented your community well and I appreciate you taking the time to listen to all of us, and just wanted to leave you with this. We truly are a community partner and, like the consultant said, our record is phenomenal. There isn’t a community that we serve that wouldn’t say that. ... when you look at value proposition like you talked about it ... when it comes to total cost, we were second. So when you combine that with the value proposition that you’re asked about, I fully believe that we can provide a value, at that number, to this community that cannot be met by our competitors. And I thank you for all

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of your time and thoughtfulness today.” Mayor Crowell entertained additional public comment; however, none was forthcoming.

27. ACTION TO ADJOURN (4:57:00) - Mayor Crowell adjourned the meeting at 4:57 p.m.

The Minutes of the November 1, 2018 Carson City Board of Supervisors meeting are so approved this _____ day of December, 2018.

ROBERT L. CROWELL, Mayor

ATTEST:

SUSAN MERRIWETHER, Clerk - Recorder