



MAYOR
Geno Martini

CITY COUNCIL
Julia Ratti, Ward I
Ed Lawson, Ward II
Ron Smith, Ward III
Mike Carrigan, Ward IV
Ron Schmitt, Ward V

CITY ATTORNEY
Chet Adams

CITY COUNCIL WORKSHOP MINUTES
11:30 A.M., Monday, January 28, 2013
Sparks City Hall, Lower Level, 431- Prater Way, Sparks, NV

1. Call to Order (Time: 11:30 a.m.)

The workshop of the Sparks City Council was called to order by Mayor Geno Martini at 11:30 a.m.

2. Roll Call (Time: 11:30 a.m.)

Mayor Geno Martini, Council Members Julia Ratti, Ed Lawson, Ron Smith, Mike Carrigan, Ron Schmitt, City Manager Shaun Carey, City Attorney Chet Adams and City Clerk Teresa Gardner, PRESENT.

Absent: None

Comments from the Public (Time 11:30 a.m.) – None

Lunch will be served at a time uncertain.

3. Consideration, discussion and possible direction concerning the issues of solid waste disposal including garbage, rubbish, recyclable materials and the garbage franchise. (FOR POSSIBLE ACTION) (Time 11:31 a.m.)

Contracts and Risk Manager Dan Marran advised that Sparks is five years into a 10-year agreement with Waste Management. The current agreement runs until 2018 with an option to extend agreement at 5-year intervals until 2028.

The City of Reno is the largest local franchisee. Three years ago Reno started working with Waste Management to develop a new franchise proposal, which was approved by the Reno City Council in November 2012. Reno's new agreement addresses expanded recycling and territorial issues between Waste Management and Castaway. Four specific franchise agreements now exist in the City of Reno: two commercial, one residential, and one disposal and will remain in effect until November 2029, with automatic 5-year extensions.

City of Reno's new franchise agreement includes:

- \$27M Waste Management investment (trucks, facilities, totes, etc.) to expand recycling options to residential and commercial clients
- Changes to service level for residential customers:
 - Discontinue use of 96-gallon residential totes, "milk crate" recycle containers, curbside removal of other materials for disposal, including yard waste.
 - Baseline residential service will replace the 96-gallon tote with a 64-gallon tote, to be used for non-recyclable waste. Additionally, a 96-gallon recycling tote will be provided.
 - Residential pick-up remains the same: weekly for non-recyclable waste; every two weeks for recyclable materials.
 - The previous extra materials solid waste curb-side pick-up will be reduced to 20 items per year under the new "sticker system."
 - Residential service will include 4 free dump visits.
 - Residential service price will increase from \$14.72 to \$15.33 / month.
 - Residential customers who do not wish to participate in the new program will see an increase of \$2.00 / month.
- Commercial franchises
 - The commercial market is reverting to an all-inclusive model; no longer will the providers service a garbage-only model. Two companies, Waste Management and Castaway Trash Haul, will provide service for all solid waste, depending upon the specific commercial zone location.
 - The City of Reno has been divided into zones and those commercial zones will be serviced by either provider. The provider choice that existed previously will no longer be available to Reno commercial accounts.
 - Commercial rates will vary depending upon the levels of service required by the business.
 - All commercial rates for the various services offered are identified in Reno's franchise agreement.

Mr. Marran advised he has been invited to observe the Reno process, scheduled for roll-out at the end of 2013 and has agreed to do so. He recommended no specific action at this time; rather to observe the Reno program start-up and potential pitfalls before proceeding with the decision to enter into a new franchise agreement. Mr. Marran said Sparks is in the middle of its existing agreement and short of a directive from Council to begin negotiations, he advised to wait it out and watch what happens over the next couple of months.

Reno chose to change their agreement early because they had a great deal of political support from their constituents to expand recycling options. Sparks' citizenry buy-in for programs similar to what the City of Reno is undertaking is not yet established.

Waste Management Executive Director Greg Martinelli responded to Council questions and comments:

- Recycling is a personal choice, currently encouraged by City of Reno. Test programs have proven successful in north Reno and other out-of-state locations and there is more recycling participation in areas with expanded recycling programs. North Reno's new program doubled recycling participation and tripled the amount of recyclables.
- He cited other areas with models similar to what Reno has adopted. Those municipalities include Fresno County, City of Los Angeles for their commercial component, Butte County, Oregon and Seattle area.
- Mr. Martinelli acknowledged the City of Sparks may not want to use Reno's agreement as a "cookie cutter" for Sparks; discussion at this juncture is encouraged.
- Mr. Martinelli understands Mr. Marran's suggestion to delay negotiations at this time but stated there are cost savings in the bulk order of carts from 65,000 carts to 125,000 carts, and the roll-out will be less without the remobilization of the necessary delivery assets.
- Although not part of the proposal, Mr. Martinelli provided an update about regional recycle waste energy programs: the Story County plans have recently changed focus from ethanol production to jet fuel production. A government grant and loan guarantees make the jet fuel production a more feasible endeavor but no dates are set for production to begin.
- To Council Member Ron Schmitt's request for clarification, the Sparks contract is effective until 2018 with possible extension to ten years, adding five years at a time for combined recycling and trash hauling for both residential and commercial.
- Mr. Martinelli confirmed Sparks' residential experience with the 96-gallon bin now includes recyclables of paper, aluminum, steel, etc., either in the regular bin or in recycle containers and plastic bags placed by the bin for green/yard waste.
- Sparks would have until about June or later to decide if the City wanted to place bulk bin orders with the City of Reno.
- Additional commercial recycling containers may be made available by Waste Management in future.
- Communities are moving away from single-stream waste containers because of the potential of recyclable materials becoming contaminated with non-recyclable materials.
- The new program will not get underway with City of Reno until the end of 2013.

Council Member Ratti asked Mr. Martinelli to expound on several questions:

Expanded recyclable products: Waste Management can now take a larger variety of plastics including yogurt cups, beer cups, TV dinner trays and many more paper items than previously.

Residential "dumping" days: The new sticker program would replace the previous random curbside pick-up of trash overflow. Also, the opportunity to dump four times a year at no cost at the transfer facilities will replace the free quarterly dumping weekends.

Improved apartment recycling: A commercial recycling rate has been established for commercial users and is 25% less than the standard commercial rate. The commercial

establishment will need to provide the space for the recycle bins for tenant recycling. There is no requirement for Reno commercial accounts to provide space for the recycle containers. This can be an issue for home owner associations who may wish to recycle, but don't want or can't provide the space for the containers.

Composting and changes in technology: There is a service level for food waste and other compost disposables. Waste Management will meet with the City of Reno every five years to brainstorm about technology changes and how those changes may be implemented into current waste disposal and recycling.

Single stream recyclables: Communities are moving away from pure single-stream solid waste containers because of contamination of recyclable materials.

Support for special event recycling: The Health Department requires special events to recycle, but not to a significant degree. So the service is available. The City of Reno's agreement does not mandate the supply of containers for special event recycling.

Council Member Smith inquired if Waste Management is currently composting. Mr. Martinelli confirmed they are composting through a third party. The compost is collected in separate bins through the commercial program.

Council Member Smith inquired about the curbside pick-up of solid waste materials. Mr. Martinelli explained those items bagged or set out would each require a sticker and would be picked up as solid waste. Items such as broken down cardboard boxes would be picked up as recyclable and would not require a sticker.

Mayor Martini asked Contracts and Risk Manager Dan Marran how long he would suggest for Sparks to wait before revisiting the waste franchise agreement. Mr. Marran indicated there is no hard and fast recommendation but he suggested waiting long enough to review the implementation of the Reno agreement and how the changes are received. He said Reno is aware there are several pitfalls they may experience with respect to residential customers who think their services are being drastically reduced, or commercial customers who may be dissatisfied with having to go with one carrier over one they've chosen already. There will be implementation headaches and how they work through those will be where the value comes in with observing Reno's actions. Mr. Marran anticipates the pitfalls will be known in about three to six months.

Mayor Martini recommended this item be brought back to Council in May to review the implementation of the Reno agreement and to discuss if Sparks wants to be involved in the increased tote can purchase for Sparks residents.

Council Member Schmitt inquired if Reno has set up a complaint system for monitoring how the new program will go. Mr. Marran responded that there is language about how the customer service lines would record all complaints and how those complaints will be available to Reno as the owner of the franchise. There is also an ombudsman program established to deal with the more super critical problems. Those are identified in the franchise documents.

Council Member Schmitt expressed concern that consumers will be unhappy with going from a 96-gallon can to a 68-gallon container; they will notice they can no longer fit the usual items in their new can. Currently it's 20% cheaper to opt for that smaller can, but when consumers are forced into the smaller can and the price is more than the 96-gallon can, he anticipates the complaints will be huge. He indicated it would be to Sparks benefit to stand back and wait to see the Reno results because he anticipates a tremendous backlash and a front-page headline story if Sparks moves ahead with these changes in the waste removal program.

Council Member Carrigan asked if Sparks has received any complaints about the current system. Council Member Ratti said complaints in her circle were constant as to why Sparks doesn't have a better recycling program. Mr. Carrigan said he has never heard anyone talk about recycling.

Council Member Schmitt asked Council Member Ratti to describe the complaints she has heard about Sparks recycling. She replied that the current recycling system is labor intensive for the consumer if they care to recycle correctly and being mindful not to contaminate the load.

Council Member Ratti said it would make good sense to consider promoting our region as a "green community" which includes a robust recycling program. People and businesses are looking for green communities to move their businesses and families to, and even if some are not interested in a recycling as a "saving the earth" policy, recycling makes good sense for economic development.

Council Member Schmitt suggested sitting back and moving forward only after Reno has tested the water and the time is appropriate. Council Member Smith suggested sitting back and waiting; and not putting a time frame on it.

Council Member Lawson asked if there was any reason why Sparks couldn't have discussions with Waste Management now. It seems prudent to educate ourselves on the whole process. There may some changes that benefit us.

Contracts and Risk Manager Dan Marran noted his office will participate as discussions occur in Reno and working through the City Manager's office, will bring back needed information. Also, as the discussions indicated, maybe this isn't something we want to look at right now. There's nothing that stops us from changing the agreement at any time, as long as both parties agree.

Council Member Schmitt said he has had experience in one rubbish / garbage contract and the moment discussion is opened, every single portion of the document is scrutinized. The process

will consume a tremendous amount of time for staff and everyone concerned. It is not a normal contract and it's not a normal franchise and it can become very bitter. Council Member Schmitt said he doesn't think we should be involved.

Council Member Ratti said she thinks it is hard to do but sometimes the hardest things to do are the most important things to do and the right things to do. She thinks local government should be in the position of leading to make sure we are focusing on sustainability. Council Member Ratti said we are trailing on this one and while there are opportunities to learn from the experiences of our neighbors, there are also potential cost efficient options before us and if we miss out on those we may get complaints. We're going to get complaints regardless, but the smaller cans will encourage people to recycle. If the goal is to recycle, then the goal is to recycle. If citizens raise concerns, we should explain why we're doing it. Council Member Ratti thinks we should lead.

Council Member Carrigan said he agreed with Council Member Ratti up to a point. If you do reduce the 96-gallon can to 64 gallons and if it does encourage recycling, that's fine, but he doesn't want to charge the citizens extra for it because that's like sticking a gun to their heads. In Ireland they have a bin for everything. If you put the wrong thing in the wrong bin you get fined. If you really want to encourage people to recycle, that's how you do it. You give them five different bins and direct where everything goes and if they do it wrong they get fined. That's the extreme. The question is what do we want to accomplish for the city of Sparks? Do we want to force people to recycle or do we want to encourage it? Council Member Carrigan thinks we want to encourage – if it can be done without raising the price. He said he would much rather have the motion reflect that we have engagement right now instead of sitting back.

Council Member Smith asked about and was able to confirm from Waste Management Executive Director Greg Martinelli that Waste Management won't RFP with the [can] vendors until June or July and Reno's program will not roll out until late 2013. Any new program for Sparks would begin after that.

Council Member Ratti said her understanding is that the greatest cost savings opportunity is in the bulk purchase of the cans. It's either wait and see what Reno does, but lose out on the opportunity to save some money for our residents, or jump in and have the opportunity to save some money for our residents.

Council Member Schmitt said he gets confused when talking about cost savings that will add \$50K - \$60K on top of the current contract to get a better price, but the consumer doesn't get the better price.

Council Member Ratti said the City of Reno does not get the better price because they have already contracted. But Sparks would be in the process of negotiating a contract and so cost savings could be reflected in the Sparks contract.

Council Member Schmitt said cost savings through bulk waste container purchase will be about \$5 - \$6 per container; however, it is unclear if those savings would be passed to consumers. With this type of service, we must keep in mind that only two contracts exist where every citizen in Sparks is required to participate: sewer and trash. Recent sewer negotiations took years to complete and serious consideration and careful thought should be given to uprooting the current trash system. Council Member Schmitt said every resident will be required to pay for this service and he anticipates consumer ramification.

Council Member Carrigan asked if the Sparks Citizens' Advisory Committee has been involved, or if anyone has inquired of the Committee to ascertain if Sparks' citizens have an appetite to change our current method of trash collection and recycling, especially if the cost per household / business is greater with the expanded program.

A motion was made by Council Member Smith, seconded by Council Member Schmitt, to watch what happens with the City of Reno and Waste Management franchise agreement; not rush into negotiations. Council Members Smith, Schmitt, YES. Council Members Ratti, Lawson, Carrigan, NO Motion failed.

A motion was made by Council Member Schmitt to put the question on the ballot to pay more for trash collection and receive less service. Motion died due to lack of a second.

A motion was made by Council Member Lawson, seconded by Council Member Carrigan, to observe and be engaged in the City of Reno and Waste Management agreement, request input from the Sparks Citizens Advisory Committee and revisit the issue in May 2013. Council Members Ratti, Lawson, Smith, Carrigan, YES. Schmitt, NO. Passed by majority.

4. Consideration, discussion and possible direction concerning potential legislature relating to public procurement practices. (FOR POSSIBLE ACTION). (Time 12:16 p.m.)

Contracts and Risk Manager Dan Marran advised there are currently 24 bill draft requests (BDRs) out of approximately 900, which affect the manner which local governments spend money, especially with regards to goods and services:

- BDR 16 corrects errors from the last session with implementing preferences for design professionals competing for public works contracts.
- BDR 110 revises bidder preferences provision.
- BDR 190 enacts the State Buy America Act, which can result in compliance and audit questions.

- BDR 292 will bring back a 5% preference to the purchase of goods and services when purchased “local.” Auditing will be required. Variations include other identified classification groups, such as women-owned or veteran-run businesses. It is likely this bill will result in paying up to 5% higher for goods and services when performed by “local” entities.
- BDR 720 and 730 address prevailing wage reform, with special emphases on capital projects expenditures.
- BDR 777 addresses local agency latitude in discretionary spending to enable engagement with emerging small businesses.
- Nevada Jobs First is a preference program to hire 50% Nevada workers for public works projects. General contractors will have a lot more work to do in order to get a job in Nevada.

Council Member Ron Schmitt asked what procedures are in place in surrounding states. Mr. Marran stated California allows charter cities and other entities to set their own procurement regulations. Nevada differs because all Nevada departments (city, county, education, etc.) must use the same procurement procedures. Many contractors are baffled by current requirements because it appears the Legislature wants more business for these contractors, yet is making contractors jump through more hoops to get the same business they’ve always had. Council Member Schmitt requested additional feedback on this topic as it becomes available.

Prevailing wage issues, payroll checks and sample audits on certain capital projects may propose compliance challenges to the procurement proposals. Capital Projects Manager Chris Cobb described the city’s current process to comply with prevailing wages. Council Member Lawson commented the definition of “local” will require specific and potentially costly data crunching.

Contracts and Risk Manager Dan Marran was directed to remain engaged in activities relating to public procurement practices and report and receive direction through the City legislative team during session.

5. Consideration, discussion and possible direction concerning procurement outreach efforts. (FOR POSSIBLE ACTION) (Time: 12:31 p.m.)

Contracts and Risk Manager Dan Marran reported on small business concerns where businesses regularly question how they can do business with local government. Mr. Marran explained the opportunities and outreach programs provided to local business where any vendor may learn how to engage with local government to win bids and contracts.

Council Member Mike Carrigan commented on the current bidding process and bid submission errors or discrepancies which ultimately exclude the bidder from participating in a project.

The City’s Legislative Team was directed to discuss concerns with laws affecting the bidding process with Sparks’ state lobbyist Rocky Finseth and Assemblyman Skip Daley, the bill’s

author. Inquiry will be made into the possibility of changing the wording regarding bidding procedures to allow for “minor waiveable items.”

6. Consideration, discussion and possible direction concerning an update to the City of Sparks Procurement Code (SMC 2.25.) (FOR POSSIBLE ACTION) (Time: 12:39 p.m.)

Contracts and Risk Manager Dan Marran recommended updating existing code to eliminate conflict between the Sparks Municipal Code and NRS. Currently there are procurement differences which cause potential vendors to seek information to comply with both SMC and NRS and can potentially cause legal issues. Discussion determined the NRS will set the bar for spending limits; SMC can lower those ceilings.

Mr. Marran recommended formal adoption to streamline the process for emergency expenditures and to raise Sparks’ emergency expenditures limits. The recommendation includes formal adoption of how emergency procurements are defined and utilized. He presented a written proposal to formalize the emergency expenditures processes.

Council Member Schmitt requested consideration of heightened communication in emergency events so Council is apprised and may be prepared to deal with emergency expenses and whether funds are available for a sustained emergency. Council Member Carrigan said he understands it would be nice to know in advance, however, in emergency situations it is difficult to obtain the information.

City Manager Shaun Carey said he supported the language proposed by Mr. Marran for the management of funds in emergency situations. Council Member Ratti said she is very satisfied with the current communications during emergencies.

In addition, Mr. Marran reported the current bid limit as set by NRS is \$50,000 for goods and services and \$100,000 for capital construction projects. SMC sets the bid limit to \$25,000. Council Member Carrigan questioned the drawbacks of leaving the limits as they are. Mr. Marran answered, noting the additional time required for staff to write reports and potential project delays. City Manager Shaun Carey added that currently expenses over \$24,999 are agendized; raising the expense limit to \$49,999 means fewer items would require action by the Council.

A motion was made by Council Member Lawson, seconded by Council Member Ratti, to proceed in preparing updates to SMC 2.25, including changing procurements limits to \$49,999 for goods and services, \$49,999 for construction and \$49,999 for professional services, to bring back to Council for approval. Council Members Ratti, Lawson, Smith, Carrigan, Schmitt, YES. Passed unanimously.

7. Discussion and possible direction to establish City policy in regards to the application and acceptance of grants and revising City policy in regards to the acceptance of

donated property other than real property; and providing other matters properly related thereto. (FOR POSSIBLE ACTION) Time: 1:03 p.m.

Accounting Manager Debi Kinder spoke about a resolution which may come before council in the future. Ms. Kinder requested Council establish policies for accepting grant applications and receiving grants and awards. Under the current procedure, if the contribution is over \$1,000, it is presented to Council at the time of recognition of the gift, along with other information that may be of interest to Council. No specific guidelines have been established to address specific grant and donation processes. The resolution would provide clear policy of how to receive donations, gifts, and acceptance of grants. The initial resolution recommendations presented are:

- Receipt of grants and donations of \$4,999 or less will be presented to Council as agenda consent items for claims and bills.
- Receipt of grants and donations of \$5,000 or more will be presented to Council by the department accepting the award.
- Grant applications including grant match for up to \$49,999 may be approved by the City Manager to apply for the grant
- Grant applications of \$50,000 or greater would be presented to Council.

Council Member Carrigan encouraged donation acknowledgment and an agenda item for gifts of \$1,000 and more, taking whatever time is required to properly acknowledge the gift.

Council Member Ratti differentiated between governance issues and gift recognition. There is fundamental difference between the approval process and allowing staff to accept grants and the recognition process to acknowledge gifts. Ms. Ratti suggested holding regular Council presentations to properly acknowledge gifts and those people who help make the city a success. Regular, scheduled Council presentations will require less staff time for agenda items and will allow staff to accomplish their fiscal responsibilities without agenda approval.

Accounting Manager Debi Kinder said if all grant applications went to Council, Accounting would be able to create more accurate financial reports because sometimes Accounting is not aware of a grant receipt until the grant is brought before Council.

Discussion ensued regarding regular acknowledgement of all accepted donations, possibly quarterly, but also the need for including grants and donations in Claims and Bills, consent items, or general business items. Staff proposed that grants less than \$5,000 may be presented as consent items on the agenda. Grants of \$5,000 or more would be presented by the department accepting the award.

City Manager Carey reminded Council that they could set the monetary limits that would determine if it is included in Claims and Bills, and when items would be included in Consent or General Business.

Council Member Schmitt suggested the money is accepted when it is deposited into a checking account. An agenda item to recognize support can be held at a regularly scheduled time, possibly quarterly. Council Member Ratti said she wants to be sure to address both the governance and the recognition as two separate concerns.

Council Member Carrigan favors the agenda process, even with staff report time requirements, because the information and communication between Council and Sparks citizens is a top priority.

Council provided direction to Ms. Kinder to proceed with the Resolution to establish policy and to provide alternative to suggestions related to grants and donations, a specific line item identifying grants or donations less than \$5,000 in Claims and Bills, and gifts of \$5,000 or greater to be included as consent or general business items on the agenda. The proposed resolution will include mention of scheduled, regular Council presentations to acknowledge gifts and grants.

8. Comments

8.1 Comments from City Council and City Manager. (Time: 1:35 p.m.) – None

8.1 Comments from the Public. (Time: 1:35 p.m.) – None

9. Adjournment (Time: 1:35 p.m.)

ATTEST:

GENO R. MARTINI, Mayor
City of Sparks

Teresa Gardner, City Clerk