

Committee Meeting Minutes

Thursday, October 5, 2017 at 9 am
 TMWA Conference Rooms, 1355 Capital Blvd, Reno, NV



- Members**
 Bob LaRiviere, Chair
 Tray Abney, Vice Chair
 Dave Aiazzi
 Jay Aldean
 Andrew Diss
 Matthew Duplantis
 Marge Frandsen
 Mike Kazmierski
 Dick Mills
 Julia Ratti
 George Robison
 Dean Schultz
 Scott Smith
 Mike Sprinkle
 Lea Tauchen
 Rod Young

1. Call to Order

- A. Roll Call and Establishment of Quorum – Vice Chair Abney called the meeting to order at 9:05 am. A quorum was established with voting members: Tray Abney, Dave Aiazzi, Andrew Diss, Matthew Duplantis, Marge Frandsen, Mike Kazmierski, Bob LaRiviere (arrived at 9:10), Dick Mills, Julia Ratti (arrived at 9:18), George Robison, Scott Smith, and Lea Tauchen. Non-voting members Jay Aldean and Dean Schultz were also present. Members Mike Sprinkle and Rod Young were absent. TRFMA staff present: Laura Bayer, Danielle Henderson, Eric Scheetz, Lori Williams, and Michael Wolz.
- B. Public Comment – Vice Chair Abney called for Public Comment and hearing none, he closed this item.
- C. Approval of Agenda for October 5, 2017 *(For Possible Action)*
Motion 2017.10.5.1C to approve the agenda for October 5, 2017.
Moved: Andrew Diss Seconded: Matthew Duplantis
Passed Unanimously with those present.
- D. Approval of Draft Minutes of September 22, 2017 Meeting *(For Possible Action)*
 Laura Bayer, TRFMA/FCPNC Liaison stated, on behalf of Chair LaRiviere, that there was a typo on page 3, item 4, 4th paragraph which states “Andrew Diss inquired...which sunsets in 2023” that should be 2033.
Motion 2017.10.5.1D to approve the draft minutes for September 22, 2017 as corrected.
Moved: Marge Frandsen Seconded: Lea Tauchen
Passed Unanimously with those present.

2. Presentation and discussion of the Washoe County economy, economic data and economic outlook, and review of Washoe County’s tax base performance of possible new revenue sources as authorized for consideration by Assembly Bill 375.

John Sherman, Fiscal Solutions, LLC, presented a PowerPoint by Hobbs, Ong & Associates (copy on file). Dean Schultz noted that in 2017 Reno-Tahoe International Airport’s passenger count is 10% up, but still below the numbers before the Great Recession.

Chair Bob LaRiviere arrived at 9:10 am.

Sherman explained that Washoe County originally issued a 30-year bond in 1998 backed by 1/8 cent sales tax to pay for the Emergency Operations Center, Training Center and the Flood Project. In 2016 the County refinanced the bond for a lower interest rate.

Member Julia Ratti arrived at 9:18 am

Mike Kazmierski added that the rear view mirror financial view of our economy is very bland. The presentation states a 15-year average annual population growth of 1.6% but we have had 2% or more for many of the years. We will see a higher than 2% growth for at least 10 years. He also noted that the statement that there is still high dependence on gaming is not true; it is a small percentage now, having been replaced by manufacturing growth. We are seeing that growth in the metro area with only 20% of new industry going to the Tahoe-Reno Industrial area (TRI). Julia Ratti cautioned that we are experiencing tremendous economic health and yet fiscal dysfunction. If we don't find the political will to address the fiscally dysfunctional issues, we may not be able to build the infrastructure to support the industry that is coming.

Andrew Diss added the room tax rate of 13.5% is the highest in the state. In addition to the tax there is also a surcharge of \$3 in downtown, \$2 in surrounding areas.

Sherman noted that the Supplemental Governmental Service Tax is a tax on value of motor vehicles and the \$5 per \$100 of value is the constitutional cap. Mike Kazmierski asked what does 1% do to the average person on an annual basis? Sherman responded we will be providing that to committee when we get into rates discussions.

Sherman stated that the Real Property Transfer Tax goes to all local governments except the school district. Bob LaRiviere stated that using the 10¢ per \$500 value the hypothetical rate increase would equate to \$60 for a \$300K house additional tax.

Sherman explained the method the State of Nevada uses to determine Property Tax. Julia Ratti added that on a commercial property you have a 10-year rolling average. The reality of the impact of that formula is the lesser of the 10-year rolling average or 2 times the CPI. That's the fiscal dysfunction which is masked by the economic growth.

Dave Aiazzi stated a lot of commercial property owners use the income method to determine their taxes. He also asked if there is an option to raise property tax in Hidden Valley as a direct benefit zone; Sherman answered this bill doesn't authorize that. Scott Smith added one of the things we asked for was the list of "other taxes"; would a GID fit in there? General Counsel Michael Wolz will look into the possibility of a GID.

Tray Abney asked that Sherman add a column to the *Summary of Revenue Yields* chart indicating what the increase on each rate would be.

Julia Ratti stated there's a legal opinion, SJR14, wherein the property tax depreciation formula could be reset; this would have to pass in the 2019 legislative session and be on the ballot in 2020.

Mike Kazmierski noted that we have limited time, limited staff and multiple options and from a focusing perspective, the sooner we can eliminate taxes the better the

focus. Based on school district polls done 18 months ago 80% of voters will vote down anything to do with raising property taxes.

Chair LaRiviere opened Item 3C.

3. C. Discussion of the bonding capacity of TRFMA's ½¢ infrastructure sales tax in light of projections of the bonding capacity of Washoe County School District's WC-1 capital projects sales tax (requested by Aiazzi).

John Sherman, Fiscal Solutions, LLC, explained that the school district had a sales tax approved to only be used for capital projects. The 1/8% sales tax already has Washoe County debt that has to come off the top plus all of the other operations and maintenance costs.

Aiazzi asked in what would be the potential bonding amount for the 1/8th sales tax in 2025? Sherman replied between \$60 and \$80 million. But that would restrict what you could use that 1/8 cent sales tax for because you have that new debt. Bonding the 1/8 cent sales tax will not reduce the new revenue requirements. Aiazzi asked staff to find out what the school district's restraints were for bonding against sales tax.

Aiazzi said maybe put on the agenda next time how much do we really need to raise? If you can bond X from the 1/8 cent, how much additional do you need? That's the question. Jay Aldean replied we can take that example, do a bit more analysis, chart it out and present in another agenda item.

Item 3B was opened for discussion

3. B. Report and discussion on initial assumptions for financial modeling in regarding to federal funding of the Truckee River Flood Protection Plan (requested by Mills).

George Robison inquired about the Corps' involvement to which Aldean replied part of the responsibility when we have an authorized project is the negotiation of the project partnership agreement with the Corps. It will take a year and in that agreement it will stipulate who builds what. We have to prove up our revenue stream. Once you do all those things, you will receive the money. The problem is you don't know when. Aldean elected to fund this entirely ourselves and then the committee and TRFMA Board can decide how to handle the money when it comes in. Aldean stated the Yuba (California) Project built the whole flood control project before they got federal appropriations and they will get reimbursements after the fact.

Dave Aiazzi asked what costs are incurred by having the federal government involved; Aldean replied it does decrease the efficiency of the project. If we fund this project ourselves we would be in control and could deal with any federal inefficiencies as funds are supplied.

Marge Frandsen asked if there is an agreement with the feds for the \$180 million. Aldean replied no agreement; the project has been authorized, but there are certain steps we have to meet. Michael Wolz further explained that the Corps designed a project and estimated a cost which Congress authorized. The \$180 million is the federal portion of the Corps' estimate of the project. There are parts of the project that are not part of the Corps' plan which is the difference between the 50 and 100 year project. Aldean then explained the Corps' process for reimbursement and LERRDS. Danielle Henderson, TRFMA Natural Resource Manager offered that "cost-share" is a better term than "match" and the cost-share is roughly a 65/35% split for a typical project.

Julia Ratti asked if the only risk on the table is the timing or is there a risk that we may not get the money at all? Michael Wolz explained that our project is in a pool with many other projects and Congress assigns appropriations as they see fit. Ratti stated if we do not get the federal funds, would we stretch out the length of the project or reduce the project elements? Aldean stated he doesn't think the TRFMA Board will reduce the project elements; they would look at elongating the construction term. Aldean clarified that in order to get the \$180 million we have to demonstrate that we have the ability to fund our cost share portion of the project.

Tray Abney stated that Congress could extend the 2021 deadline. Aldean agreed, noting there is a possibility that they will have another WRRDA in 2 to 3 years and we could ask for our project not to be de-authorized in 2021.

Chair LaRiviere suggested continuing this conversation at the next meeting.

3. Reports on Committee Member requests for information. Possible action to provide direction to staff. (For Possible Action)

A. Report and discussion on a proposed schedule for polling (requested by Robison).

Jay Aldean, TRFMA Executive Director, stated that the response to Item 3A is included in the Committee's agenda packet and added that a sub-committee would need to be formed to write the questions.

4. Committee Member Comments, Requests, and Future Agenda Items

Aldean announced that even if we don't have a quorum, we need to continue with the scheduled speakers. Committee members can send someone to sit in the audience and take notes if they have to miss a meeting.

Dean Schultz asked John Sherman to run some costs analysis/debt service requirements for the project costs minus the \$180 million to see what difference that makes.

Aiazzi asked for staff to go to other agencies to request specific cost share commitment; Aldean and Aiazzi will meet with Lee Gibson of RTC.

Ratti stated we need to narrow down the cost of the project before we talk about rates. She also inquired about the lack of action items on the agenda.

Kazmierski asked staff to present different options so the Committee can determine which number we live with, then put together different solutions to get to that number.

5. **Public Comment** - Chair LaRiviere called for Public Comment and hearing none, he closed this item.

6. **Adjournment (For Possible Action) 11:08 am**

Summary of Committee Member Requests from October 5th Meeting

- A. Look into the possibility of a GID. (Smith)
- B. On the Summary of Revenue Yields slide (*Hobbs, Ong presentation*), add a column indicating the percentage of increase in the rate of each tax under consideration. (Abney)
- C. Ask the school district what their restraints were for bonding against sales tax. (Aiazzi)
- D. If we can bond "X" from the 1/8 cent sales tax, how much additional do we need? (Aiazzi)
- E. Run some cost analysis for the project costs minus the \$180 million to see what debt service requirements are. (Schultz)
- F. Discuss staff going to other agencies (i.e., RTC for bridges) and asking for specific cost share commitment; also meeting with John Flansberg, City of Reno Public Works Director. (Aiazzi)
- G. Need to move quickly to narrow down the cost of the project before we talk about rates; needs to be an action item. (Ratti)
- H. Present different options so the Committee can determine which number we live with and put together different solutions to get to that number. (Kazmierski)

Respectfully submitted,
Laura J. Bayer, FCPNC Liaison

Approved in Session on October 19, 2017.