

## Meeting Minutes

Thursday, November 16, 2017 at 9 am

TMWA Conference Rooms, 1355 Capital Blvd, Reno, NV



**1. Call to Order**

- A. Roll Call and Establishment of Quorum - Chair LaRiviere called the meeting to order at 9:02 am.

A quorum was established with voting members: Tray Abney, Dave Aiazzi, Andrew Diss, Matthew Duplantis (arrived at 9:03), Marge Frandsen, Mike Kazmierski (arrived at 9:25), Bob LaRiviere, Julia Ratti, George Robison, Scott Smith, Mike Sprinkle(arrived at 9:09) and Rod Young. Member Dick Mills joined by teleconference. Member Tyson Falk was absent. Non-voting members Jay Aldean and Dean Schultz were also present.

TRFMA staff present: Laura Bayer, Ed Evans, Danielle Henderson, Eric Scheetz, and Michael Wolz.

- B. Public Comment – Chair LaRiviere called for public comment and hearing none, he closed this item.
- C. Approval of Agenda for November 16, 2017 (*For Possible Action*)

Chair LaRiviere announced that Item 2 will be pulled from the agenda. Lee Gibson will be at the next meeting.

**Motion 2017.11.16.1C to approve the agenda as amended for November 16, 2017.**

**Moved: Member Ratti                      Seconded: Member Aiazzi**  
**Passed unanimously with those present.**

- D. Approval of Draft Minutes of November 2, 2017 Meeting (*For Possible Action*)  
**Motion 2017.11.16.1D to approve the draft minutes of November 2, 2017.**  
**Moved: Member Frandsen                      Seconded: Member Young**  
**Passed unanimously with those present with the exception of Member Aiazzi who abstained.**

*Member Duplantis arrived at 9:03 am.*

**2. Presentation regarding the potential for the Regional Transportation Commission (RTC) to contribute funds toward the bridge replacement costs. Possible action to provide direction to staff. (*For Possible Action*)**

*This item was pulled from the agenda.*

**General Counsel Wolz asked that items 3, 4, and 5 be opened at the same time. Chair LaRiviere concurred.**

**Members**

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

**3. Report and discussion on the overall project costs, annual cash flow including scenarios with and without Federal funding, and alternative construction durations and their impacts on annual cash flow and overall project costs. Possible action to identify a duration of construction for purposes of analysis or to provide direction to staff. Requested by Members Abney (10/19/17) and Kazmierski (11/2/17) (For Possible Action)**

**4. Report and discussion on the bonding capacity of the current 1/8 cent sales tax revenue. Requested by Members Aiazzi (10/5/17) and Kazmierski (11/2/17).**

**5. Report and discussion on optional new revenue sources and their past and projected future performance. The report will include discussion of, but not be limited to: Transient Lodging Tax (room tax); Supplemental Government Services Tax (vehicle registration tax); Property Tax; Real Property Transfer Tax; Direct Benefit Area Rates. Possible action to identify funding sources for further analysis and/or give direction to staff. (For Possible Action)**

John Sherman, Fiscal Solutions, LLC began his presentation by reviewing the staff report for Item #5.

*Member Sprinkle arrived at 9:09 am*

Jay Aldean announced that the Corps has agreed to TRFMA paying the \$20 million payment in increments. Sherman noted that TRFMA's DC lobbyist said you can never expect more than \$10 million in one year in federal funding; therefore TRFMA may get reimbursed past the time when the project is done. Dean Schultz asked what the installment payments will go towards. Sherman replied the Corps might spend the money for the project so they cover that cost. Also, if the agency continues to get money to pay back costs, the money would go into the agency's bank account. Aldean said there are no restrictions on the use of that cash and reminded the committee that 2043 is not the end of the debt payment, just the end of construction. Sherman continued saying that the agency doesn't have control over this. Whatever is put in the budget still has to go through Congress.

Sherman stated that after the November 2018 vote, there is an administrative process to start collecting the tax. The first full year of new tax revenue would be FY2020.

*Member Kazmierski arrived at 9:25 am*

LaRiviere asked if we stretch construction out to 2043, can we get features done with reasonable certainty that we're not going to get caught in potential flooding. Aldean replied that HDR developed a phasing plan which has most of the meadows area (between I-580 and Vista Narrows) as early projects; most of the downtown projects are the later ones except Lake Street bridge. Michael Wolz agreed with LaRiviere that the longer the build out is, the higher the risk; there is no way we can provide a guarantee.

Wolz explained the problem with the DBA fee is that someone needs to be receiving a benefit soon after beginning to pay the fee; a tax is different. Sherman stated the DBA fee is based on direction given by the TRFMA Board: 1. It is based on square footage that does not change over time (no growth). 2. The fee starts at, for example, \$8/k sq ft and stays the same until construction ends, and then it is increased by the rate of inflation. Sherman stated the objective is to find the combination of cash and debt financing which causes the lowest tax.

Aiazzi stated the committee needs to be simplistic about the actual dollars needed: \$422 million less \$180 million less DBA and we need to get to the number to go to the voters. He is working on an elevator pitch to go to the voters.

Robison asked for present day net worth of these income streams. Aldean stated he has no problem providing that number; accuracy of this estimate will depend on the discount rate selected and may be inaccurate if our assumptions are incorrect.

Mike Sprinkle said if we're going to present something in today's dollars but the reality is the cost will be higher aren't we being disingenuous to the voters? Sprinkle said the voters need to know the worst-case scenario.

Sprinkle asked about staff's confidence level regarding the DBA of \$8/k sq ft. Aldean replied staff got lots of input from commercial customers in Sparks and Reno. Then staff gave the TRFMA Board \$10, \$20, \$30/k sq ft scenarios but when staff went out to talk to commercial property owners during meetings with these individuals, they indicated \$10/k sq ft per month would be difficult for almost all of them; \$8/k sq ft is what they felt they could operate under. The TRFMA Board moved to approve \$8/k sq ft because they felt anything higher than that would not work. He also noted the committee has the authority to supersede that. Sprinkle noted we have got to start landing on some realistic numbers; we need an accurate number that's not going to drive industry away.

Scott Smith said the people in the DBA will not have to buy flood insurance after the project is completed. What are people saving per sq ft paying fee instead of flood insurance? Aldean answered there are federal subsidies to residential properties which render flood insurance very inexpensively and gave an example of a homeowner in Hidden Valley whose flood insurance costs \$2500 per year. If that property gets taken out of the flood plain, the cost drops to \$200 per year. Commercial industry flood insurance costs vary widely due to type of construction and contents of each building. Federal government does not subsidize commercial property like they do residential.

Kazmierski went up to the white board and drew a chart outlining the project costs and funding breakdown. There was much discussion about these numbers.

LaRiviere suggested expanding the DBA to go west of 395/I-580. Aiazzi agreed that Reno should be included in DBA, noting that everyone who benefits should help pay for this thing and suggested a 3-tier system would be best.

Andrew Diss commented that if the airport floods, then the hotels are not full and yet they're paying DBA fees and if this committee is looking at a room tax that would be three separate hits to hotels. There is more of a burden on the gaming industry than everyone else. Aiazzi stated the committee should increase the DBA to be larger so the hit isn't to everyone. Aiazzi disclosed that he owns property along the river, west of the Virginia Street Bridge and he thinks he should be paying DBA fees.

Sprinkle stated this body has no authority to change who is included in the DBA and no authority to change the project. Wolz agreed that is correct; the committee can set the rate and how long it will last; on the tax, the committee can set the types, the amounts and the duration. If the committee decides that it's going to be a much smaller revenue stream; the TRFMA Board will have to react to that smaller income stream. Aiazzi disagreed noting Section 2A of AB375; saying it is in the committee's purview to recommend expanding the DBA so it contributes \$X to the scenario. He suggests recommending a dollar amount needed per year and then spread it out over the DBA.

Aldean clarified that the metric used for charging the DBA was economy generated on site; not water generated on site. Kazmierski asked if the economy based on site is in concrete or can it be modified? He noted that undeveloped land has no economy, but there is a value contribution to that land even though there's no economy. Aldean stated that is a difficult process; because the floodplains in Washoe County vary too much. Kazmierski stated that land out of the flood zone is worth x% more than land in the flood zone; that is a defensible number.

**Motion 2017.11.16.3 to include the federal match and make this a 2043 project duration.**

**Moved: Member Ratti                      Seconded: Member Kazmierski**  
**Passed with all in favor except Member Duplantis who voted no.**

Julia Ratti continued stating that the next steps are: can we remove any project costs; what is the project actually going to cost; then how big can we make the dollar amount of the DBA and noted only Scenarios 2 and 5 will be considered. The first conversation will be about if we can bring down the project costs then we'll talk about the DBA fees. The DBA fee may go a little bit broader than the \$8 and \$12/k sq ft based on the conversation today.

Schultz asked if staff can ask what people pay for flood insurance to know what an acceptable DBA rate is. Wolz stated staff could probably go back and get a little bit of data about insurance rates. Diss said he will go to his people to find out what the GSR pays in flood insurance and possibly Dean Schultz can do the same for the airport.

Kazmierski stated that Jay put out an excellent piece with his email that laid out the 11 phases of construction that the committee could use as a reference as we look at what to shift or downsize. Aiazzi suggested looking at another DBA, like a redevelopment area because this project will increase property value.

Ratti summed up that for reducing project costs, we have the RTC coming next time to talk about bridges, we will be looking at the 11 phases of construction and consideration of the 35% contingency. The next meeting is reducing project costs and then following meeting will be discussing DBA.

Diss stated that at some point this committee needs to look at what public appetite is for taxes. Need to put out a poll sooner rather than later.

Sherman mentioned in regard to agenda Item #4 bond capacity of existing sales tax, he has the number but has not had a chance to finish that analysis. He will bring this back. LaRiviere stated to roll Item #4 into the next agenda.

Aiazzi asked Sherman to check into the school district and did they assume a 3% growth; did they have a 35% contingency?

Kazmierski asked for legal research into SB207 school property tax which sunsets in 2025; can it be extended another 10 years and could that be included as part of our set to the voters. Sherman replied that they can't issue additional bonds after that 2025 date but they have to keep the tax in place to pay for the bonds. It is not an option.

6. **Committee Member Comments, Requests, and Future Agenda Items** – Chair LaRiviere called for member comments and hearing none, he closed this item.
7. **Public Comment** - Chair LaRiviere called for public comment and hearing none, he closed this item.
8. **Adjournment (For Possible Action)** The meeting adjourned at 10:56 am.

## **Summary of Committee Member Requests from November 16<sup>th</sup> Meeting**

- A. Provide present day net worth of these income streams (Robison).
- B. How big can we make the dollar amount of the DBA (Ratti).
- C. Can staff ask what people pay for flood insurance to know what an acceptable DBA rate is (Schultz).
- D. Discuss removing project costs, 11 construction phases, and 35% contingency (Ratti).
- E. At some point this committee needs to look at what public appetite is for taxes. Need to put out a poll sooner rather than later (Diss).
- F. Bring back Item #4 on next agenda (LaRiviere).
- G. Check into the school district and did they assume a 3% growth; did they have a 35% contingency (Aiazzi).

Respectfully Submitted,  
Laura Bayer, FCPNC Liaison  
Approved in Session on December 7, 2017.