

**Committee Meeting Minutes**

**Thursday, March 1, 2018 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 9:00 am.

A quorum was established with voting members: Tray Abney, Dave Aiazzi, Tyson Falk, Marge Frandsen, Mike Kazmierski, Bob LaRiviere, Dick Mills, Julia Ratti (arrived at 9:05), George Robison, Scott Smith, Mike Sprinkle and Rod Young. Members Andrew Diss and Matthew Duplantis were absent. Non-voting members Jay Aldean and Dean Schultz were also present.

TRFMA staff present: Laura Bayer, Danielle Henderson, Eric Scheetz, Lori Williams, and Michael Wolz.

- B. Public Comment – Jeff Church, Reno Tax Revolt spoke about a survey on public perception that Washoe County took a year ago (see handout attached).

- C. Approval of Agenda for March 1, 2018 *(For Possible Action)*  
**Motion 2018.3.1.1C to approve the agenda for March 1, 2018.**  
**Moved: Member Robison      Seconded: Member Kazmierski**  
**Passed unanimously with those present.**

- D. Approval of Draft Minutes of February 1, 2018 Meeting *(For Possible Action)*  
**Motion 2018.3.1.1DC to approve draft minutes of February 1, 2018.**  
**Moved: Member Mills      Seconded: Member Kazmierski**  
**Passed unanimously with those present.**

**2. Report and discussion on the results of public polling contracted for by the TRFMA. Possible action to provide direction to staff. *(For Possible Action)***

Jay Aldean, TRFMA Executive Director stated that three reports were distributed to the committee and Greg Ferraro is available to answer any questions.

*Julia Ratti arrived at 9:05 am.*

In response to an inquiry from Dick Mills, Ferraro stated the most recent survey quantified how much the increase would be; each tax question had dollar figures representative of the increase.

Mike Sprinkle noted if this was placed on a ballot, after seeing 56% support in the polls, there would have to be a large campaign structure to educate the public. Ferraro agreed, stating there is 59% support in Reno, 50% support in Sparks, and 44% in the unincorporated County, so there is not a uniform 56% across the County. He added if the committee is going to place this on the ballot, they will need a lot of political support in the fall to drive a yes vote.

**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

George Robison asked if people were informed that taxes are likely to sunset; no per Ferraro.

Scott Smith inquired what were people told about the project; was it made clear that it was the Truckee River and not anywhere else. Ferraro said yes and read the language of question 10.

Ferraro added for the record that there were 600 interviews done between February 20-22, a fully representative sample based on the latest voter registration figures within the state. The confidence interval associated with the sample is such that 95% of the time, results will be within  $\pm 4\%$  of the true value. True values refer to the results obtained if it were possible to interview every voter in the County. Each interview lasted approximately nine minutes, 42% of all interviews were conducted with cell phones, which is really important in today's political polling environment. Editing, coding and computer processing of the data was done at the offices of Tarrance Group and the computer tabulations were produced by SPSS for Windows, a statistical software package copyrighted by SPSS. That's important to put that on the record.

- 3. Report and discussion on the revenue generated from the existing TRFMA 0.125% sales tax less operational expenses and debt repayment plus the revenue needed from new sources (Direct Benefit Areas, Federal Cost-Share and Countywide Tax) for the design and construction of the Truckee River Flood Protection Project and other related costs. Possible action to establish the total revenue needed from a new tax source for purposes of finalizing the recommendations to be made pursuant to Section 2 of Assembly Bill 375 (79<sup>th</sup> Session 2017), or provide direction to staff. Requested by Member Ratti (*For Possible Action*)**

John Sherman, Fiscal Solutions, LLC, reviewed his report, highlighting the table on page 2 and table 4 on page 5.

Dave Aiazzi stated the ending cash balance on table 1 seems high. Sherman replied there are two factors, one for the emergency replacement reserve fund is set at 10% of the replacement cost of the project. That percentage was reduced to about 5% as of the last year of construction, 2046; he did math based on last year debt payment and referred to page 10.

Aiazi noted the payment to the City of Sparks is shown as \$4.2 million; some people on the TRFMA Board think it's going to be \$75 million. Julia Ratti agrees that there are some disagreements. Michael Wolz, General Counsel stated the \$4.2 million is based on his interpretation of the ICA and John Sherman's numbers. Sherman added that he has met with Sparks staff. Aldean said everyone assumed TRFMA would be building this project in 2013 or 2014. Tray Abney asked if the Sparks City Attorney's office has taken a different position. Wolz replied they have not discussed it with him yet.

Mike Kazmierski said at the end of the day it's getting the voters to approve this. Would we lose a lot of voters if it increases to \$28 from \$20? Would we lose the leadership of Sparks saying we're not going to pay you back? Julia Ratti added the committee needs to understand the mechanics of it. The benefit to the rate payer (in Sparks) is that the rate goes away.

Ron Smith, City of Sparks Councilman and TRFMA Board of Directors Chairman, stated that the entire project cost \$80 million; Sparks paid \$60 million in cash and bonded for the last \$20 million. The citizens of Sparks have paid \$5.41 per month for years which sunsets whenever the fee is in place. He added that the committee doesn't have the authority to say that TRFMA will only pay \$4.2 million.

Ratti thanked Sherman for getting to this place with easily understandable tables and asked to have one more version that includes payments to Sparks. George Robison suggested a reasonable assumption would be to amortize the \$80 million over the entire project and assume a 3% interest rate or the bond rate the City is paying now. Aldean suggests getting all necessary TRFMA and City of Sparks' people together next week to see what they are expecting to receive; the City of Sparks never expected to get completely reimbursed but the details were not clear at signing of ICA.

Sherman was involved in negotiation of the ICA and stated if it is desired of the TRFMA to pay Sparks back then the ICA would have to be amended. Wolz added it starts with a consensus vote of the TRFMA Board and then each entity has to pass the amendment.

4. **Discussion regarding possible new tax revenue sources for the design and construction of the Truckee River Flood Protection Project, including but not limited to Property Tax, Government Services Tax, and Real Property Transfer Tax. Discussion regarding estimated revenue generated at different hypothetical tax rates, and the financial impacts to taxpayers under hypothetical scenarios. Possible action to eliminate all or certain tax revenue sources from future consideration for the funding of the Truckee River Flood Protection Project, or identify the tax revenue source(s) that will be presented to Washoe County voters for consideration together with the rates of those taxes, or provide direction to staff. (For Possible Action)**

Jay Aldean, TRFMA Executive Director stated this item is looking for a possible tax so that staff could start working on a question but it's not necessary at this time; until we have hit on the right number for funding. He added that he will include Reno and Washoe County members in meeting next week with Sparks.

Kazmierski said the polling data gives us adequate information and he was prepared to make a motion.

**Motion 2018.3.1.4 to move forward with a property tax increase in an amount to be determined within the next two weeks with a sunset upon final payment of the bonds for the project.**

**Moved: Member Kazmierski**  
**Passed unanimously.**

**Seconded: Member Abney**

Scott Smith added that part of discussion whatever the timing, whatever the amount; keep the property tax number in the \$20s.

5. **Report, discussion and possible action to approve a flood protection fee rate pursuant to Section 2 of Assembly Bill 375 (79<sup>th</sup> Session 2017), a range of rates, or a total DBA revenue requirement to be recommended to the Truckee River Flood Management Authority Board of Directors or provide direction to staff. Requested by Member Kazmierski. (For Possible Action)**

Jay Aldean, TRFMA Executive Director said one of the problems with the DBA is that the way we have defined the benefits are based upon total developed square footage of that property. He added if we take out 800 apartments at the GSR and other square footage, the DBA funding will go down and that lengthens the project.

Robison stated to get people to support this they need to know a rate certain. If the funds fall short, the burden should be on TRFMA to extend the project duration.

Kazmierski agrees but is very concerned about the complexity of the process. It will be played out over hundreds of flood board meetings. It could take years to figure this out; we need to give voters some level of comfort.

Dean Schultz said as a rate payer, he agrees with Robison. He sat with Aldean and staff and was able to calculate that between DBA 1 and 2, the airport's fee will be about \$150,000 per year, which translates into approximately \$8 million over the course of the project. The airport currently pays \$24,000 per year for their insurance premium. ~~The RTAA Board probably won't want to pay more to get the benefit.~~ *Note: At the March 15, 2018 meeting, Dean Schulz asked that this sentence be deleted and replaced with: The RTAA Board is probably willing to pay a premium to get the benefit of not flooding, but there are limits to how much premium could be justified.*

Mike Sprinkle represents GSR and they are concerned about this. The square footage is not the purview of this body but it is something we need to consider. What does that do to the messaging and campaign going forward? Aiazzi said if all the DBA fees go to pay back Sparks for the North Truckee Drain, couldn't the GSR say they are getting no benefit. Sprinkle stated they are already saying that; they have mitigation plans.

Ratti stated many of us recall in the original concepts of the flood project there was no tax; originally waiting for flood board to come to a fee-based process. Now looking at a combination of tax and fee. This committee cannot do a rate process and the Board needs to have the flexibility to do that process and the rate payers need certainty. She is more concerned that rates that will be too low to meet the budget. All this committee can do is set a cap.

Sprinkle understands the Board has the ability to do this no matter what the Committee does. The intent of this legislation was to come up with a specific amount to help get the federal match. Wolz spoke with the Legislative Council Bureau (LCB) regarding the statute but hasn't gotten any feedback. Wolz' position is that if you recommend a tax, you must also recommend a fee. If no recommendation for a tax, the committee can walk because the Board has the authority to do what they want. The justification for requiring a fee was so that tax payers knew that those receiving the benefit are paying more.

Mills said the DBA fees came from existing square footage, there will be more square footage put in and the TRFMA Board will have the opportunity to move that around. As a person in the DBA, I would not support it if it was just a total amount, not a specific rate.

Ratti recalled a conversation with the LCB legal staff for the record; there was the original legislation and then there was an amendment that she proposed. The concept was that this committee would have to consider whether or not the people who directly benefit from improvements should have some skin in the game. In conversations with legal counsel, they thought there was flexibility within the statute that the recommendation did not have to be a specific dollar amount. It could be a range, cap, or zero. They did not have a conversation about generating a pool of money. Wolz said he discussed a lump sum with LCB and it would fit. Aiazzi said in the legislation it says the Board shall impose the fee, rate or charge recommended by the committee.

Kazmierski stated he's prepared to make a motion that we set a rate between \$5 and \$10 and then let the Board figure it out. You probably do need a low number when they go for a rate and then 500 people show up and say we want it to be zero. They're kind of obligated to a minimum number. The upper number gives them some flexibility if this turns out to be \$8.50 or \$8.21 or whatever they want to work with as they go through their process or eliminate a lot of floors and realize they've got to do something else.

Robison asked to take away Kazmierski's motion; yes per Kazmierski. Robison said if we're going to craft a motion, DBA 1 is the direct damage area, so these are buildings that are damaged by flooding, so the cap that we've been talking about the whole time is \$8, so in this motion that I'm going to put together, but for editing, \$2 to \$8; so DBA 2 are properties that experience some flooding but it's more based on business losses and it's that same Sparks area. DBA 3 are properties adjacent to DBA 1 and 2 and they benefit in reduction from roadway flooding within downtown Reno. I would say \$2 to \$7 again, so two minimum and seven maximum on that one so the motion I would want to craft would be that there are three DBAs. DBA 1 is two to eight, DBA 2 is two to five and DBA 3 is two to seven. Mills seconded.

Sprinkle said he has some questions and comments. First question, legal: if there is statutory language that gives the Board the authority to do rates already, now we have our own statutory language, which one supersedes the other? Wolz replied the most recent one will supersede, so it would be yours. Sprinkle said that adds to his comment. With all the uncertainty that we have heard about, square footage and everything else that was talked about, without putting that bottom number at zero, we're taking away their authority to have those conversations.

Wolz asked to add to the motion that this be given over to him to draft the recommendation which would express that certain discretionary matters remain with them; the timing of this, about the procedures for conducting the hearings and defining the direct benefit area. Sprinkle stated we're still putting a minimum on what they have to charge. I'm not comfortable with that.

Ron Smith said he would be more comfortable as the Board Chair to say we have a range of between \$5 and \$8. The reason is because they're going to have a reasonable expectation that we're going to charge them \$2 per square foot and that's never been in the conversations. Kazmierski noted this is a consensus vote and in a consensus vote, you're always going to get the lowest common denominator and we'll end up with two. Therefore, I recommend the first be 5 to 8. LaRiviere said we have a motion on the floor with a second and we're in discussion so we would have to have an amended motion.

Robison stated we need to have a little more discussion because the third DBA is also a property damage DBA. So you've got one that's 5 to 8 and another one that goes all the way down to two. And that's a big difference when they both have property damage.

Kazmierski suggested an amendment to be 5 to 8, 2 to 5, and 4 to 7.

Ron Smith noted the TRFMA is a unanimous board so one person can stop everything. If you give the Board, as with any Board, too much leeway it could go any way on the mood of the day. I like the five to eight, two to five doesn't bother me at all, but four to seven or something like that.

LaRiviere said what we haven't penciled in here is future growth. So whatever lower number we pick, we're always going to have more growth in this community, so that number will help us set that rate.

Schultz said he thinks \$5 is a little high and appreciates the pressure the Board will get but we have not taken public, real public comment on any of this and so it may be a convenient way to provide cover but it's not a very transparent way of doing business.

Ratti stated we have not factored in new development; we also have not factored in inflation; they may be offsetting factors to a certain degree so she actually have a little bit of concern. If the fee we set is the most it could possibly be, not having ten because twenty years down the line, that rate may need to be ten and the interesting structure of this body where we meet once and set something in stone that can never be changed is a little bit interesting. We could go back to the Legislature and change it, if the fee setting was really completely off but will it take Legislature to change it?

Wolz replied or legal action. These fees will be challenged. From my standpoint, and you raise a really good question, something that has been on my mind this entire process, is if the committee sets a number and for whatever reason, it's just not legally tight, the Board has no discretion, they're going to have to impose that whether it is eight or five. And if that doesn't meet legal muster for some way then the court says 'sorry, you're done' and the fee goes away completely. Now, the Board still maintains authority to pass a fee and they could go back and fix that on their own. It's certainly an unknown and setting a minimum, I think, increases the possibility that this fails on legal review.

Ratti replied so then when you put that \$2 in and now you're talking about the political dynamics of a board and now you have set the bottom for them. Whereas if you just say "up to eight," and they think 'oh well four sounds pretty good' because it's halfway there. Now they could also do nothing. I understand that's the risk.

Aldean said from a prioritization standpoint and the benefits calculated, DBA 1 is the greatest damages, DBA 3 would be the next; and DBA 2 would be the next. So if you're going to limit everything to eight, I would add another dollar to that and make it so that you can make it nine, eight, and six. LaRiviere stated he thinks stick with the up to eight, five, and seven for one, two and three.

Ratti replied for simplicity and flexibility for the Board, I would like to make an amendment to the motion and it's up to eight for all three categories. LaRiviere added so up to \$8 per thousand square feet per month for DBA 1, 2, and 3? Ratti continued, I

would like to add the suggestion that this is a draft motion, that we ask our legal counsel to bring back some discretionary caveats.

Schultz commented the motion is silent on the issue of inflation. Robison suggested if you word it to say the initial rate is up to \$8/k sq ft, the word "initial" infers that inflation will be factored in; my new motion is the Ratti-Robison motion, up to \$8 and use the word "initial" and it's just an up-to number for all DBA areas. Mills seconded.

Aiazzi asked so what we're doing here is just limiting them; they can't impose a fee more than \$8? Well, I know this is a draft motion so we can discuss later. Again, this is another number that changes our figures tremendously if that gets indexed then it changes what we might want on property tax. I think it has to go back to you put inflation in and bring that number back to us also to see what that means.

Sherman said the approach was to index the fee based on the rate of inflation beginning the year after the end of construction. The Flood Board, many months ago, said that's how they want the math to work.

Aiazzi noted inflated from day one, that's a lot more money that we'll be coming into and we've got to massage it. So we're making decisions in this one meeting for like \$150 million.

Robison said he didn't believe it's that much, on the fee. Secondly, they want to do it after it's constructed because it's a benefit and you don't want to charge a fee before there's a benefit. Aiazzi said he agreed with that because that's what's in our model, but that's not what's in the motion. The motion, they just put the inflation factor in from day one.

Mills added he had a comment, using the word "initially" to him says in 2025 they're going to charge \$8, but in 2026, they could go to \$14. Aldean commented that Dick Mills is basically saying that the individuals that benefit directly now are the ones that most likely will be funding the "Yes" campaign and therefore if the numbers aren't amenable to them as they come out of this body, then they are not likely to provide the funding necessary to support a "Yes" campaign.

Sherman stated that might be an easy add to that motion that the fee that you all recommend is sunsetted as soon as the debt is paid off. If you want some more comfort. Kazmierski said that makes it a little more palatable.

Robison stated his motion as it stands and the word "initial" now is gone, so now it is up to \$8 for all three and with the caveat that it can be increased later for inflation and it also sunsets at the end of debt. Mills seconded.

**Motion 2018.3.1.5 to make the rate up to \$8 per thousand square feet for DBA areas with the caveat that it can be increased later based on inflation and it sunsets upon completion of debt.**

**Moved: Member Robison**

**Seconded: Member Mills**

**Passed unanimously.**

6. **Presentation and discussion regarding draft recommendations to submit to the TRFMA Board of Directors (recommendation for a flood protection fee) and the Washoe County Board of Commissioners (recommendation for imposition of a tax or taxes) in accordance with Section 2 of Assembly Bill 375 (79<sup>th</sup> Session 2017). Possible action to approve draft recommendations as written, or with changes, for submission to the TRFMA Board of Directors and the Washoe County Board of Commissioners, or provide direction to staff. (*For Possible Action*)** - Chair LaRiviere tabled this item.
7. **Discussion of schedule of future meetings and possible action to set dates, times, and venue for future meetings. (*For Possible Action*)** - Chair LaRiviere tabled this item.
8. **Committee Member Comments, Requests, and Future Agenda Items –**

Sprinkle said this committee has got to go back to their members and work out how to message this perfectly so people understand what they are voting for.

Aiazzi stated he wants a joint meeting with the TRFMA Board; it appears the committee is not in agreement with the TRFMA Board on how to move this thing forward. He would like assurances from the Board that the project will be done the way the Committee says it will be done.

Ratti appreciated Ron Smith's comments and suggested staff invite the TRFMA Board to attend the next meeting and give feedback to get their concerns on the record. Aldean will invite one member from each entity on the TRFMA Board to come to the next meeting.

9. **Public Comment** – Jeff Church said that taxpayers will be saying 'let the people in the floodplain pay their own way or relocate. You have abandoned people of the North Valleys and South Reno. I already pay a sales tax for flood control. We are taxed enough already. Sparks, Reno, and Washoe County can step up to the plate.' The \$400 million project is actually going to be higher due to inflation. WC1 had no formal opposition; this issue will see organized opposition.
10. **Adjournment (*For Possible Action*) The meeting adjourned at 11:15**

#### **Summary of Committee Member Requests from March 1st Meeting**

- A. Sherman to prepare calculations including a reimbursement to Sparks greater than \$4.2 million.
- B. Staff to get TRFMA and Sparks together next week to discuss the amount of the reimbursement to Sparks.
- C. Aldean will invite one member from each entity on the TRFMA Board to attend the March 15<sup>th</sup> FCPNC meeting.

Respectfully submitted,  
Laura J. Bayer, FCPNC Liaison  
Approved in Session as Amended on March 15, 2018.

Jeff Church's Public Comment, Submitted for the Record:

Only 37% positively rate "Confidence in County government". That's a 63% non-confidence rate.

Only 39% felt that the administration was acting in the best interest Washoe County. 61% felt otherwise.

46% yes but 54% said that didn't like the "Value of services for taxes paid."

Only 45% felt Washoe County was "Welcoming citizen involvement".

Regarding integrity, only 41% felt Washoe County was "Being Honest".

Source: Washoe County Citizen Survey as presented to BCC on 3-28-17.  
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