



Jay Aldean announced that he and Michael Wolz met with City of Sparks management and discussed a possible reimbursement to the City of Sparks as well as the Interlocal Cooperative Agreement (ICA) that formed the TRFMA Board. It is the position of TRFMA staff that the ICA would have to be amended if a payment were to be made to Sparks for the North Truckee Drain (NTD) which would require unanimous approval of the TRFMA Board then would have to go to the Reno and Sparks' City Councils and the Board of County Commissioners.

Neil Krutz, Assistant City Manager, City of Sparks, attending at Councilman Ron Smith's request, explained Sparks' understanding at the time the ICA was signed was that any outstanding debt would be taken over by TRFMA. The City of Sparks issued \$18 million in debt in 2016 to finish the NTD. Dick Mills stated at the last meeting there was talk about \$80 million; Krutz said he was not sure where that number came from. John Sherman, Fiscal Solutions, LLC said he had asked for the "all in" cost for the project. Krutz replied that the numbers he said do not include interest.

Andrew Diss asked if the project is not completed in 2025, businesses are not receiving benefits so why start the DBA fees. Wolz explained that is based on completion of the Vista Narrows project which should provide enough benefit to start that fee.

Aldean stated this committee has reduced the cost of the project to the community, but the TRFMA Board determines the construction length. This committee could provide a cushion for the Board to consider for repayment to Sparks. Tray Abney added the committee could provide this cushion but the Board could go a different way.

Julia Ratti asked if the committee votes to refund the \$39 million back to Sparks, where legally would it go. Krutz replied that the money would need to be restored to river protection fund, not go into general fund. Ratti commented so Sparks could invest in river projects outside of the TRFMA project. Krutz added the Sparks' River Flood fee would go away when the TRFMA fee gets put into place.

Aldean stated because our project is more expensive than project conceived by Corps, the project reimbursement proportions go out the window. We will end up negotiating every reimbursement. If we put the NTD in the partnership agreement to be reimbursed, then it is up to the Corps to reimburse TRFMA as they see fit. Aldean believes we will get something back. The full \$182 million federal reimbursement has already been included in the financial model, so anything that we get back comes along with the project funding. Aldean added the Corps' plan for the realignment for the NTD was a pipe; Sparks built a culvert, a much bigger project.

Robison noted how that will work is incredibly complicated; the Corps will take the lead on some of the projects and the TRFMA will match their money. The Corps will probably reimburse based on the pipe design which would be much cheaper.

Diss commented that if we can say Sparks' residents will see a decrease in their sewer bills, which may help pass the tax. He added it is fair to make Sparks whole.

*Mike Kazmierski arrived at 9:32 am*

Scott Smith asked if there is any way to quantify what the difference is in the flooded area in the meadows for the full project versus just building the 50-year plan. Aldean replied that the Corps' plan increased the water level. TRFMA Board did not accept that.

Ratti questioned what happens to the \$39 million once it gets to Sparks, can that money be reinvested into elements in the TRFMA project to make Sparks more than 100-year coverage or is this the City of Sparks doing their own projects. Krutz said it's been a hot topic of conversation among the city staff; discussed rebate to residents or other projects directly on the river or other projects off the river that contribute to river flooding. The money needs to remain tied to the river in some manner. Ratti stated the citizens of Sparks have been paying the fee and they deserve something to make up for the fact that they have been doing that. Property owners will now pay an additional property tax. They deserve an additional benefit or refund.

Abney observed that the committee doesn't need to make that call; the Flood Board has to deal with that. The committee is not in a position to vote on that. Krutz said during ICA negotiations it was thought that the agency was going to take over the project and pay for construction. The NTD has cost the City of Sparks \$7 million for design, \$2 million for property acquisition, and \$28 million, less the \$5 million TRFMA has already paid, for construction. So we're taking about \$23 million.

Ratti stated the tax will come into play at least 4 years before the fee goes away. Sherman agreed, stating the tax begins in FY2020, and then in 2025 the fee is in place, payment is made to Sparks, and the fee comes off the sewer bill.

Scott Smith asked if it is possible to rebate the money to the owners; Krutz replied it would be complicated but not impossible; it would be up to Sparks City Council to make that policy decision.

**Kazmierski moved to go forward with the \$23 million reimbursement for Sparks. Abney seconded.**

Rod Young asked if the \$23 million stays within the ICA. Aldean replied we would still have to open up and amend the ICA; there is no agreement to pay Sparks, it was just to assume their debt and that could get turned down by any entity. Wolz added it would take at least a couple months to negotiate the amendment then maybe three more months to get to approval from member councils/commission. The whole process may take six months.

Aldean noted that the City of Reno paid \$2.5 million out of their general fund for the Virginia Street Bridge and they may ask for that back. We have not discussed it, but the City of Reno could conceivably ask for repayment.

Chair LaRiviere called for a vote and it passed unanimously.

**Motion 2018.3.1.2 to go forward with the \$23 million reimbursement for Sparks.**

**Moved: Member Kazmierski**

**Seconded: Member Abney**

**All In Favor**

3. **Presentation and discussion regarding a proposed recommendation to the TRFMA Board of Directors to be made pursuant to Section 2 of Assembly Bill 375 (79<sup>th</sup> Session 2017) to impose a flood protection fee of up to \$8 per thousand square feet of developed property per month in areas designated as benefit areas by the TRFMA Board of Directors to provide funding to the Truckee River Flood Management Authority for the design and construction of the Truckee River flood protection project. Possible action to approve the recommendation as presented or with changes, including changes to the maximum or minimum amounts of the flood protection fees, direct staff to submit the recommendation to the TRFMA Board of Directors, or provide other direction to staff. (For Possible Action)**

Michael Wolz, TRFMA General Counsel, drafted a proposed recommendation for the fee which leaves as much discretion in the Board's hands as possible. He stated the fee hearings will be very complicated. Reminded the committee that the TRFMA Board of Directors already has existing authority to impose a fee. The statute, however, says if the committee submits a tax question, they must recommend a fee to the Board. If the committee chooses not to recommend a tax, the Board could still address a fee.

LaRiviere opened Items #3 and 4 simultaneously.

Wolz explained the basic procedure of the fee hearings is there will be two hearings; one month apart from each other and the public can make any comments. The Board would then have to file for a judicial review. The Board may want to do some public outreach at that time. The fee does not begin on completion of the Vista Narrows, but rather once it is substantially underway. Abney clarified that if the index is adjusted for inflation – the \$8 is an initial fee, it could go up; Wolz agreed.

Diss said in the minutes from last meeting this committee included a sunset upon completion of debt and that needs to be added to the language. Also what year will the DBA begin? Since we're putting a cap of \$8/sq ft, do we want to look at a cap on square footage above a certain elevation level? The GSR is willing to go along and work with the Board on this. Aldean stated the plan is to impose the fees in 2025.

Kazmierski suggested adding "not earlier than" in front of 2025 and letting the Board figure it out. But by not setting a minimum, one no vote on the Board kills everything.

Schultz stated it will be at the discretion of the Board to determine the direct benefit areas. If the Board decides that every building regardless of the wetness is included, that could change the entire dynamics. When will they be determining this? Wolz replied long after the November 2018 vote, but noted that the Board is stuck to who gets wet and who gets out. Aldean added that administrative process will take more than a year to complete over 3500 accounts that we have to deal with. It will require surveying, hydraulic calculations, traffic analysis and transportation analysis. Schultz stated when we go out to the public that message needs to be conveyed.

Diss stated on the record that the GSR believes in paying their fair share. What is the definition of fair in this case? Add language in this motion that ties it directly to the property tax vote. If the tax fails, there will be no fee. The committee should not set a minimum; the Board should have discretion.

Ratti stated she agrees with Kazmierski that zero is not helping us to achieve what is intended in the legislation. People who get benefit from flood project have skin in the game. She has concerns about the fact that this committee sunsets and cannot get back together to address this. The Board will be dealing with this long term; the Board needs flexibility to act. As currently written it says “shall” be adjusted for inflation; should be “MAY” be adjusted for inflation.

Tyson Falk asked doesn't the language “*shall impose a protection fee*” doesn't that imply that it cannot be zero? Wolz replied yes in his opinion.

Marge Frandsen asked if future boards are tied to the decisions of the current board. Wolz replied that hypothetically if a cap is set for \$8/thousand sq ft, the Board holds hearings and sets a rate for \$6, and then yes a new Board could change that amount but not change the \$8 ceiling. Wolz also said that TRFMA can't charge you more than the benefit you'll receive.

**Kazmierski moved to approve the recommendation as amended (\*see redline below), Diss added a friendly amendment to the motion that the TRFMA Board cannot impose this fee unless the property tax question on the November ballot passes. Tray Abney seconded for discussion.**

There was then much discussion, including:

- Ratti: \$4 is too high for DBA 2.
- Abney: would be ok with \$1 or \$2. \$4 is too much.
- Diss: concerned if we put a floor, you increase the risk of the TRFMA Board not passing this. He won't be able to support the motion if a floor in.
- Abney: regarding no fee imposed if the ballot question doesn't pass, why would we take away the Board's ability to charge a fee?
- Diss: not trying to limit the Board, he just doesn't see the need; if you're not going to have the property tax you won't have the Corps' matching funds.
- Kazmierski: not comfortable with \$3 minimum but would accept that in the motion.
- Diss: with the floor, I cannot support it.

**Marge Frandsen asked that Laura Bayer read the revised recommendation out loud (\*see redline below). Chair LaRiviere called for a second to the revised motion; Scott Smith seconded.**

- Falk: will be a nay with the floor included.
- Abney: agrees with Falk and will not support with a floor.
- Kazmierski: if the fee is zero to \$8, voters will all going to assume zero.

**Chair LaRiviere called for a vote. Members Diss, Falk, and Abney opposed. Motion passed with eight votes.**

- 4. Presentation and discussion of a proposed recommendation to the Board of County Commissioners of Washoe County to be made pursuant to Section 2 of Assembly Bill 375 (79<sup>th</sup> Session 2017) to submit a question to the voters of Washoe County as to whether a property tax should be imposed to provide funding to the Truckee River**

**Flood Management Authority for the design and construction of the Truckee River flood protection project. Possible action to establish the rate of the recommended property tax increase, approve the recommendation as written or with changes for submission to the Board of County Commissioners, or provide direction to staff. (For Possible Action)**

Michael Wolz, TRFMA General Counsel explained this is a draft proposed tax recommendation. Washoe County will have considerable input into the language of the tax question.

Diss stated the question needs to tell voters the date the tax will begin. LaRiviere wants to include the language that this "\$400 million project may" have federal funds up to \$180 million. Wolz said he put it in the explanation. Sherman added that AB375 says that if this committee says put this on the ballot, the BCC has to put it on the ballot and the earliest this tax can be imposed is July of 2019.

Smith stated it needs to have language regarding the \$180 million federal funds and the DBAs.

Frandsen said she has participated in writing the pros and cons for ballot questions and very few people read the explanations; we have to be as explicit as possible.

Sherman said he put \$80 million is the amount of the bonds supported by property tax, there is actually more contemplated in the modeling he has done. Since we don't know what the conditions for bonds will be, he would recommend putting the higher amount in there. It is required by law that you have to put the dollar amount in the question.

Wolz will rewrite this to include start date, language about federal contribution and a statement about the DBA fee. He's going to try to put it right below the sentence that says the property tax will terminate after all bonds issued have been retired. He would like to consult the Washoe County DAs office on the language. Sherman will re-compute the rate and populate that based on lower payment to Sparks.

Smith asked if it would be allowed to include a statement about the \$180 million going away. Wolz said that is a challenge; the language gets tricky. Ratti added we can say that we will lose the opportunity to get the \$180 million match if this does not pass.

**5. Discussion of future meetings to develop a report regarding the issue of flooding in areas of Washoe County not covered by the Truckee River Flood Management Authority flood protection plan pursuant to Section 5 of Assembly Bill 375 (79th Session 2017) . Possible action to request preliminary information and reports and identify potential topics, dates, times, and venues for future meetings. (For Possible Action)**

Jay Aldean suggested the committee may want to take a month off after finalizing the property tax question at the next meeting. Specific meeting dates will be discussed on March 29. Then the committee could begin meeting once a month to discuss the report they will prepare.

Aldean has already met with public works directors from Reno, Sparks, and Washoe County so they can prepare presentations for the FCPNC. Staff distributed USB drives with the Sparks' Masterplan and parts of Reno and WC's Masterplans regarding drainage

and storm water plans. Frandsen requested PowerPoint presentations rather than just handouts for the coming presentations; Aldean did ask for PowerPoints.

#### 6. Committee Member Comments, Requests, and Future Agenda Items

Aldean thanked this body for their attendance and what they have done on behalf of this project.

#### 7. Public Comment – Chair LaRiviere called for Public Comment and hearing none, he closed this item.

#### 8. Adjournment (For Possible Action) – Meeting adjourned at 11:08 am.

#### \*Redline of Fee Recommendation Language (Item #3):

##### Proposed Motion to Recommend a Fee

Pursuant to Sections 2(1)(a)(1), 2(1)(b), and 2(3)(a) of Assembly Bill 375 (79<sup>th</sup> Session of the Nev. Leg. 2017), the Truckee River Flood Control Project Needs Committee hereby recommends that the Board of Directors of the Truckee River Flood Management Authority (TRFMA) shall impose a flood protection fee or rate that shall not be less than \$3.00 per thousand square feet of developed square footage or exceed \$8.00 per thousand square feet of developed square footage per month on all property determined to be located within any direct benefit areas or secondary benefit areas that may be defined by the Truckee River Flood Management Authority Board of Directors. Any flood protection fee imposed by the TRFMA Board of Directors ~~shall~~ may be adjusted or indexed for inflation in a manner to be determined by the TRFMA Board of Directors in their discretion. These fees shall not be imposed earlier than 2025 and shall sunset upon payment of debt. This recommendation becomes void if the property tax question of November 2018 does not pass.

The TRFMA Board of Directors shall have discretion regarding all other terms or provisions of any of the above referenced flood protection fees, including but not limited to: the procedures for conducting rate hearings, the time when any hearings will be held, when the rate or fee shall be imposed, the definitions of the benefit areas, procedures for adjusting the benefit area boundaries, procedures for determining the location or elevation of property, procedures for allowing variances or exemptions, and how the fee should be indexed or adjusted to account for inflation.

Respectfully Submitted,  
Laura J. Bayer, FCPNC Liaison

Approved in Session on March 29, 2018.