

Meeting Minutes

Thursday, December 21, 2017 at 9 am

TMWA Conference Rooms, 1355 Capital Blvd, Reno, NV

Note: Due to technical difficulties, the first half of this meeting was not audio recorded.

1. Call to Order

- A. Roll Call and Establishment of Quorum - Chair LaRiviere called the meeting to order at 9:01 am.

A quorum was established with voting members: Tray Abney, Dave Aiazzi, Andrew Diss, Tyson Falk, Marge Frandsen, Mike Kazmierski (arrived at 9:07 am), Bob LaRiviere, Dick Mills, George Robison, Scott Smith, and Rod Young. Members Matthew Duplantis, Julia Ratti, and Mike Sprinkle were absent. Non-voting members Jay Aldean and Dean Schultz were also present.

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

- B. Public Comment – Chair LaRiviere called for public comment and hearing none, he closed this item.
- C. Approval of Agenda for December 21, 2017 *(For Possible Action)*
Motion 2017.12.21.1C to approve the agenda for December 21, 2017.
Moved: Member Frandsen Seconded: Member Diss
Passed unanimously with those present.
- D. Approval of Draft Minutes of December 7, 2017 Meeting *(For Possible Action)*

Laura Bayer noted that the minutes will be amended to reflect that there was public comment under Item 1B therefore the phrase “Chair LaRiviere called for public comment and hearing none, he closed this item” will be removed.

Jay Aldean asked to table this item because he will make a correction to the minutes at the next meeting.

- 2. **Report and discussion on the estimated cost for the design and construction of the Truckee River Flood Protection Project in light of the lower construction contingency, the lower contribution toward the USACE study costs, and exclusion of the cost of 2 ½ downtown Reno bridges as was directed by the FCPNC at the meeting of December 7, 2017. Report and discussion on the cash flow needed to design and construct the Truckee River Flood Protection Project in light of those new assumptions, including hypotheticals involving various assumed flood protection rate amounts and/or taxes. Possible action to establish the estimated cost for the design and construction of the Truckee River Flood Protection Project for purposes of further financial analysis and discussion. *(For Possible Action)***



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

John Sherman, Fiscal Solutions, LLC distributed updated pages 5, 6, 10, and 11 for the staff report previously submitted. Jay Aldean said that on page 15, the contingency of 68% for recreation under the LPP was an error and HDR will be checking that number, even though we are moving to the NED contingency. Sherman continued reviewing his staff report.

Member Kazmierski arrived at 9:07 am

Aldean noted he received confirmation from the RTC that Center Street will not be in their master plan so it will not be rebuilt by RTC. The Sierra Street bridge will be rebuilt in the future by RTC.

Sherman continued, stating that we calibrated the emergency replacement funding; noting that the ICA calls for 10% reserve. He described the two scenarios he prepared; assuming the agency could issue debt at 5% interest rate.

Aldean added that Lori Williams, TRFMA Sr. Financial Analyst spoke with the County Assessor and the median home taxable value is \$188,000 and the average home taxable value is \$246,000. He will use this information in the polling. Sherman added that the taxable value is not the market value of the property. It is a calculation of the market value of the land and the improvements minus depreciation.

Sherman continued that neither the property tax nor the government services hit the constitutional limits. He pointed out the details included in his staff report highlighting the charts on pages 9 and 14. The bonds are designed to have an early pay off at ten years.

Sherman noted that the project cost dropped about \$60 million: it was at \$422.2 million and now at \$376.3 million for Scenario 1 and \$342.9 million for Scenario 2. Sherman then reviewed the Project by Element chart on page 17. Abney questioned why Sierra Street Bridge is still listed as a project element. Aldean will correct that and reissue this.

Sherman said the TRFMA Board stated that the DBA rate would stay flat until construction is over then it will inflate each year.

Aiazzi stated this committee should not decide on \$8 or \$12/k sq ft; the committee should decide how much we need overall and let the TRFMA Board of Directors determine how to break it down. It could take a couple years to figure that out.

Chair LaRiviere opened Item #3 - Report and discussion on the proposed flood protection fee for the area directly benefited by the Truckee River Flood Protection Project (Direct Benefit Area). Discussion may include but will not be limited to: the possibility of multiple direct benefit fee areas, the amount of fee income needed to design and construct the Truckee River Flood Protection Project

without the approval of additional taxes by the voters of Washoe County, the need for additional tax income and the amount of such income, the possibility of recommending the fee as a total amount of revenue to be generated annually from the direct benefit area or areas in lieu of a per square foot fee recommendation, possible fee or rate amounts, possible maximum or minimum fee amounts, the impact that fees may have on property owners in the direct benefit area or areas, and timing or legal issues that may affect the practicality of a flood protection fee. Possible action to establish assumptions for the flood protection fee for further study and analysis by staff, identify issues for further analysis and presentation by staff, outline how the fee and tax issue will be presented and addressed in future meetings, and/or give direction to staff. (For Possible Action)

Aldean said as staff we need to know whether to have a lump sum fee or a calculation per thousand square feet. Aiazzi replied that the TRFMA Board of Directors has been dealing with what to do with the DBA for years now. The Committee should come up with so much per year and the Board will have 4 or 5 years before it is imposed to figure out the breakdown. Kazmierski added the Committee needs to settle in on a number and turn that over to the people that have been working on it; we're running out of time.

Dean Schultz doesn't disagree that establishing the DBA fee is going to be difficult to set, but would need to know what the DBA fee would be otherwise it may create 1400 folks joining the opposition. Andrew Diss seconded Schultz's concerns. Schultz added if this becomes too high or is not locked in, is the Committee deceiving the voters? Michael Wolz, General Counsel clarified that the fee does not go to voters. If this committee says a number, the Board has to impose that number i.e. \$8/k sq ft. He is concerned about setting a lump sum per year – is that really setting a rate? That is starting to get into statutory issues with little legislative history. One way around that is to set a minimum or maximum rate and leave the discretion to the TRFMA Board.

Back-up audio recording began at approximately 10:08 am.

There was discussion about the benefits received by downtown Reno and a potential second Direct Benefit Area. Aldean said if the 1997 event had occurred, and our project was built, it would have passed that flood. But it may not allow us to pass another 100-year event that happens in a different manner. Legally trying to charge someone outside the 100-year level but inside the 125-year level may not fly.

Mills stated at \$10 or \$12/k sq ft there are a lot of people in this community that won't support this project. We want to put a cap on the top of this.

Aldean stated FCS will present information on the second DBA at the second meeting in January. Frandsen asked how can we come to any cap without all the information? Aldean replied we will never have all the information, there are 3500

accounts in that area and we don't have the finished floor numbers; don't know how many of those properties will drop out of the DBA. Aiazzi commented that if the owners of downtown property are not willing to contribute to the DBA, they shouldn't be included.

Schultz stated that the airport terminal building is about 400,000 sq ft and current insurance premium for flood is \$20,000 but potentially have a lot more buildings at risk. So even at an \$8 level, the DBA fee is nearly twice. And there is still the question of if this project would even take the airport out so we don't have to pay insurance because the airport floods from other ways. Will businesses support what we're doing if we cannot give them some certainty? The lower and more concrete you can keep that number the more likely the businesses will agree.

Tyson Falk asked if the Committee can set two caps. Wolz replied yes, but the Board has never addressed a second fee area. At this time, he has no idea what the legal ramifications would be.

In response to an inquiry from Marge Frandsen, Aldean said that the polling will be done in mid-January.

Frandsen cautioned that the Real Property Transfer Tax would be a more volatile tax than the others if we have another crash like in 2008. Diss added you run the risk of having an organized opposition when this goes to the voters. Kazmierski agreed that Diss made a great point. The more you focus on one tax, the less people you put on the side of opposition.

Mills made a motion to accept Scenario 2 (presented at the November 16 meeting) at \$8 with a range between \$4 and \$8/k sq ft. Aiazzi seconded for discussion. Chair LaRiviere amended the motion to include "capping the rate at \$8/k sq ft". Wolz clarified the motion as: for purposes of future analysis it will be assumed that the DBA fee will be capped at \$8/k sq ft. Aiazzi seconded. All present in favor.

Motion 2017.12.21.2 for purposes of future analysis it will be assumed that the DBA fee will be capped at \$8/k sq ft.

Moved: Member Mills

Seconded: Member Aiazzi

Passed unanimously with those present.

Aiazzi asked that the TRFMA Board of Directors relook at including downtown Reno in the DBA and provide an answer by March. Wolz agreed to agendaize that. There was an informal survey taken of the Committee and all present agreed that downtown Reno should be included in some sort of DBA.

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

Kazmierski commented that if Reno's not in the DBA then the bridges and everything around them should not be included in the project. LaRiviere asked staff to work on that for the next meeting. Aldean stated the Board of Directors wants Reno to be included as a regional solution.

Aiazzi would like to see what is the worst case scenario if no tax happens? What would this project look like? What would we need to do for Scenario 1 of \$4.2 million using \$8/k sq ft DBA and the current 1/8 cent but no new taxes? LaRiviere agreed. Aldean cautioned that the less money we raise the more at risk we are of securing the federal funding.

Frandsen commented that she didn't think that any of the people from 1997 going forward would believe completion of this project will be in 2045. That's the other thing we have to reckon with.

Mills expressed concern about only having six meetings left and asked if there would be more meeting dates added. Aldean stated he thinks we can get it done in six meetings.

Abney requested an agenda item to start eliminating new revenue sources at the next meeting.

The January 4th meeting is canceled per Chair LaRiviere.

5. **Public Comment** – Chair LaRiviere called for public comment and hearing none, he closed this item.
6. **Adjournment (For Possible Action) – the meeting adjourned at 11:05 am**

Summary of Committee Member Requests from December 21st Meeting

- A. Ask the TRFMA Board to look at including downtown Reno in the DBA. (Aiazzi)
- B. If Reno's not in the DBA then the bridges and everything around the bridges should not be included in the project. That changes the number. (Kazmierski/LaRiviere)
- C. Would like to see what is the worst case scenario if no tax happens? What would the project look like? Scenario1 of \$4.2 million with \$8/k sq ft DBA and the current 1/8 cent sales tax but no other taxes. (Aiazzi)
- D. Start eliminating new revenue sources at next meeting. (Abney)

Respectfully Submitted,
Laura J. Bayer, Recording Secretary

Approved in Session on January 18, 2018.