

BOARD OF COUNTY COMMISSIONERS, WASHOE COUNTY, NEVADA
SPECIAL MEETING

MONDAY

4:00 P.M.

JUNE 26, 2000

PRESENT:

Ted F. Short, Chairman
Jim Shaw, Vice Chairman
Joanne Bond, Commissioner
Jim Galloway, Commissioner
Pete Sferrazza, Commissioner

Amy Harvey, County Clerk
Katy Singlaub, County Manager
Madelyn Shipman, Legal Counsel

The Board met in special session in the Commission Chambers of the Washoe County Administration Complex, 1001 E. Ninth Street, Reno, Nevada. Following the pledge of allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

AGENDA

In accordance with the Open Meeting Law, on motion by Commissioner Bond, seconded by Commissioner Shaw, which motion duly carried, Chairman Short ordered that the agenda for the June 26, 2000 special meeting be approved.

PUBLIC COMMENTS

Frank Partlow, Reno citizen, provided an update concerning the homeless facility issue that is on tomorrow's Reno City Council agenda. He then discussed issues relative to water remediation.

00-585 **POSITION STATEMENT AND ACTION PLAN - REGIONAL FISCAL STUDY**

John Sherman, Finance Director, reviewed background information concerning the Fiscal Equity Study. He then conducted a PowerPoint presentation assisted by Kathy Carter, Community Relations Director, that included the following issues: Proposed Solutions in the Categories of Governance, Land Use, and Fiscal; Criteria for Evaluation of Proposed Solutions, Key Points to Consider, Reallocation or Transfer of Revenues Impacts, Suggested Action Plan, Proposed Position Statement, etc.

Katy Singlaub, County Manager, advised that the report of the Consultant, Economic Planning Systems (EPS), states that an imbalance exists and the primary reason for that situation is because there is no tax structure or funding for unincorporated area services provided by the County. Mr. Sherman stated that, while there may be an imbalance among the jurisdictions, it is not an imbalance between Washoe County and the City of Reno or the City of Sparks as governmental entities; and that the analysis was to determine the imbalance of Washoe County taxpayers between those that receive only municipal services and those who pay for and receive regional services. Commissioner Sferrazza pointed out that there can also be an imbalance within a governmental entity itself and he thought the study was going to look at that issue. Mr. Sherman advised that the Request for Proposal constrained the study of fiscal equity to Washoe County's budget only. Upon inquiry of Commissioner Sferrazza, Mr. Sherman stated that he did not believe there was any language that said the County would be bound by any particular outcome of the study. Commissioner Galloway agreed stating that this process was never set up to be the equivalent of some kind of binding arbitration, nor did the County offer any resistance or reluctance in any way to having it done.

Mr. Sherman then discussed the following key points:

- Imbalance among jurisdictions may exist.
- No separate funding source exists for some unincorporated area services.
- EPS Alternative 1, showing a \$9.4 million imbalance, and Alternative 2, showing a \$4.7 million imbalance, use a methodology rejected by the State Legislature.
- Alternative 3, showing a \$1.1 million imbalance, uses the current state-approved system.
- Only a new tax structure for unincorporated service areas solves imbalance.

He commented that Alternatives 1 and 2 are theoretical in nature and have inherent flaws; and that resolution of the issue should be grounded in current State tax law, which is time tested and affects the rest of the State's local government jurisdictions.

Commissioner Sferrazza stated that he believes there are many ways to solve the imbalance and does not think that implementation of a new tax structure for unincorporated service areas would be the only method that could address the issue. Commissioner Bond commented that part of the problem is that the County is not sure from year to year what the inequity is as no value has ever been placed on services provided by the County in the unincorporated areas.

County Manager Singlaub stated that one of the things that has not been done as a region is to have agreement about the problem statement, which needs to be clearly defined in order to know what solutions to employ. Commissioner Sferrazza agreed stating that he perceives that the problem is not the allocation of revenues but the allocation of services. Ms. Singlaub then noted that Alternative 4 was omitted from the Consultant's report; and that staff considers that alternative a viable option that should be considered. She advised that Alternative 4 allocates revenues based on Nevada's local

government funding system and expenditures based on actual data for jurisdictional services, and shows no deficit.

Discussion was held on the various issues presented and Board members requested language amendments to the proposed Position Statement and Suggested Action Plan.

Chairman Short stated that the County needs to get the message out so that the public clearly understands that the issue is fairness to all taxpayers; and that this is a taxpayer equity issue and not a City or County issue.

Frank Partlow, Reno citizen, commented that this an extremely complex issue and he believes the study helps somewhat; that he has been very impressed with the Technical Advisory Committee whose members have worked cooperatively with these issues; that today's discussion indicates that the County is going to try to work through this matter in a fair minded way; and that it is extremely unfortunate and wrong that certain individuals have focused on certain numbers and blatant statements about how these numbers should be corrected.

Sam Dehne, Reno citizen, asked who selected the Consultant and whether they considered the fact that Reno gets the headlines in everything, which has great value. He then commented that this study should make the Board realize that the County does not have as much money as it thinks, which is a good thing.

On motion by Commissioner Galloway, seconded by Commissioner Bond, which motion duly carried, Chairman Short ordered that the following position statement, reflecting amendments requested by Board members during today's discussion, be adopted:

**WASHOE COUNTY
POSITION STATEMENT ON REGIONAL FISCAL STUDY**

The fact that the County does not currently provide certain non-regional services in the incorporated areas and has not yet established a taxing source for certain non-regional services in the unincorporated areas may result in a subsidy to unincorporated area residents. Data shows that subsidies may go in the opposite direction as well.

We support solutions that promote equity among taxpayers of the region.

Solutions should be revenue neutral and should not cause or result in a windfall of new resources to any jurisdiction.

Solutions should not cause citizens to have their services eliminated against their will. The County believes that we cannot build long-term prosperity in the region by eliminating services.

Alternative 3, showing a deficit of \$1.1 million, respects the system of local government revenue allocation established by the Nevada Legislature. Washoe County does not agree that Alternatives 1 and 2 reflect legitimate proposals for local government revenue allocation, and will defer to the statewide committee on the distribution of local government revenue, the SB 253 Committee, to review the analysis. Applying Alternative 1 or 2, the Economic basis, would mean that Sparks would need to transfer revenue to Reno as well, which is detrimental to them and which we also oppose.

Alternative 4, in which revenues were allocated based on Nevada's local government funding system, and expenditures were allocated based on actual data for the jurisdiction services are provided to, **showed no deficit**, but was not included by the consultants. We believe this alternative most accurately reflects the current fiscal equity in the region, based on actual data.

Taxpayers and residents should have the opportunity to participate in choices about their service levels, their representation, and their local tax rates.

Citizens of the region deserve balanced, accurate, and complete information regarding this complex problem, so that they can fully participate in determining the best solutions. We welcome open discussion and problem-solving with citizens and elected officials.

Additional issues to be worked on regionally:

The region should work together in changing the depreciation formula at the time of sale. The region should also work toward legislative changes that would remove voter overrides from the property tax cap.

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On motion by Commissioner Sferrazza, seconded by Commissioner Shaw, which motion duly carried, Chairman Short ordered that staff be directed to pursue the Action Plan regarding the Fiscal Study, which reflects amendments requested by Board members during the discussion, and includes the following:

- Market research
- Tax rate change analysis
- Prepare possible advisory question
- Unincorporated area service level studies
- Public information program
- Impact models for annexation and unincorporated tax structures
- Franchise fees and enterprise funds
- Prepare Regional Plan Update
- SB 253 Committee
- Target date: July 1, 2001
- Pursue consolidations & in-fill development

Commissioner Galloway commented that the issue is not just about how much money someone pays; that he is a citizen of Reno and represents incorporated and unincorporated constituents and wants equity for all citizens; and that, hopefully, someday there will be equity within the local jurisdictions.

Chairman Short stated that reasonable people take reasonable time to come up with a reasonable solution, and everyone is looking for equity; that he does not want this issue to be determined through the media; that the matter needs to be addressed by a technical committee and agreement reached by the three government entities; that there have been some unreasonable statements made and he would not want the County to be involved in unreasonable statements; and that he wants to do the right thing according to current tax law.

COMMISSIONERS'/MANAGER'S COMMENTS

Commissioner Sferrazza commented that statements recently made in the newspaper were incorrect concerning his position with respect to redevelopment funding; and that that issue has nothing whatsoever to do with the Fiscal Study.

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5:30 p.m. On motion by Commissioner Galloway, seconded by Commissioner Shaw, which motion duly carried, the Board adjourned to the caucus room for a closed session for the purpose of discussing negotiations with Employees Associations.

TED F. SHORT, Chairman
Washoe County Commission

ATTEST: AMY HARVEY, County Clerk
