

**WASHOE COUNTY COMMISSION
RENO CITY COUNCIL
SPARKS CITY COUNCIL**

THURSDAY

3:00 P.M.

SEPTEMBER 27, 2001

PRESENT:

Jim Shaw, Washoe County, Chairman
Pete Sferrazza, Washoe County Commission, Vice Chairman
Joanne Bond, Washoe County Commission
Jim Galloway, Washoe County Commission
Ted Short, Washoe County Commission

Jeff Griffin, City of Reno, Mayor
Dave Aiazzi, Reno City Councilmember
Sherrie Doyle, Reno City Councilmember
Toni Harsh, Reno City Councilmember
Pierre Hascheff, Reno City Councilmember
Jessica Sferrazza-Hogan, Reno City Councilmember
Dave Rigdon, Reno City Councilmember

Geno Martini, Sparks City Councilmember
Ron Schmitt, Sparks City Councilmember

The Board and Councils met in joint session at Reno City Council Chambers, 490 South Center Street, Reno, Nevada. Also present were Washoe County Manager Katy Singlaub, Deputy District Attorney Melanie Foster, County Clerk Amy Harvey, Chief Deputy County Clerk Nancy Parent, Reno City Manager Charles McNeely, Reno City Attorney Michael Halley, Reno City Clerk Don Cook, Sparks City Manager Shaun Carey, and Sparks Deputy City Clerk Lenda Azcarate.

AGENDA

In accordance with the Open Meeting Law, on motion by Commissioner Bond, seconded by Councilmember Doyle, which motion duly carried, it was ordered that the agenda for the September 27, 2001, special joint meeting be approved.

PUBLIC COMMENTS

Richard Hobbs, area resident, discussed issues concerning the Regional Open Space Plan, which update is currently underway.

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3:10 p.m. Commissioner Sferrazza arrived at the meeting.

Mr. Hobbs commented that a policy should be established whereby development constraint areas would be designated as open space in the Regional Open Space Plan; and that public infrastructure would not be extended in those areas. He said too much open space has been lost to development and designated areas need to be protected pending implementation of the Plan.

Sam Dehne, Editor, Reno Citizen Internet Magazine, discussed problems he sees occurring at the airport and with the Airport Authority. He praised Judge Hagen and Judge Cook on the recent ruling that it was illegal for the Ethics Commission to fine citizens who bring challenges and charges against public officials.

01-1031 DISCUSSION – REDEVELOPMENT DISTRICT

Commissioner Galloway presented and discussed a chart showing the impact of the Reno Redevelopment District (RRD) on local tax revenues received from four major downtown casino properties. He said that State of Nevada redevelopment agencies divert tax monies into the Redevelopment Agency boundaries that would have otherwise gone to the City and County general funds or the School District. He advised the numbers in the chart are based on the Kosmont Report, and represent monies that have been lost to those entities. Commissioner Galloway stated he does not believe the Redevelopment District can demonstrate that value has grown within its boundaries anymore than if there had been no RRD. He noted that the numbers show the cost has been \$27.1-million to the City and \$33.9-million to the schools; that the RRD disagrees with these numbers based on their assumption that some of this taxable growth would not have occurred without the Redevelopment Agency; and that the RRD has the burden of proof of its success. Commissioner Galloway then discussed the Open Letter dated June 16, 2001, in which the authors state there was an annual growth rate of only 4.3% over 17 years, which is based on numbers from Howarth and Associates, Bond Counsel, and the Department of Taxation Red Book; and that the RRD has not been successful and should not be expanded, especially to include new projects that would happen anyway. He then commented that a redevelopment district creates a fiscal inequity because those tax monies stay within the district, and other people pick up the slack for the police, fire, etc. as those expenses increase.

Councilmember Sferrazza-Hogan referred to the County's numbers concerning the average annual assessed value and gross rates comparison and expressed her concern that during the past five years, the Redevelopment Agency five-year growth in sales tax has decreased to -2.1%. She noted that Sparks Redevelopment is down but is still growing; and that the argument no longer exists that the Redevelopment Agency is doing well and can accomplish its purpose.

Rob Ryan, Redevelopment Director, commented that what has been taken off the tax rolls also has to be considered, such as the Pioneer Hotel and the National Bowling Stadium. He noted that a number of blocks in the downtown area have come off the rolls and this has impacted assessed valuations. Councilmember Sferrazza-Hogan said it appears the Redevelopment Agency was doing well when it was created and had a

6% assessed valuation growth rate; and that she assumes properties were taken off the tax rolls at that time. She noted that the Kosmont Report was accepted by the City Council by a 4-3 vote and she believes there were serious questions the Kosmont Report did not address. Councilmember Sferrazza-Hogan stated that when money is borrowed from the general fund she thinks there are some serious problems that need to be looked at. Mr. Ryan noted that, during the period of time being discussed, a number of properties went to the tax board to request reductions in their assessed valuations; and that they have not verified the numbers contained in the report submitted by Commissioner Galloway. Upon inquiry of Councilmember Sferrazza-Hogan, Darin Conforti, Washoe County Finance Department, advised that the data used to obtain the numbers in the table came from the Department of Taxation Red Book.

Commissioner Short said he is concerned about the expansion of the RRD into areas that include the Peppermill and the Atlantis, as outlined on the map. Mr. Ryan advised that the map simply represents a study area and no specific proposal is on the table for actual expansion; and that the area outlined on the map is larger than what RRD could actually adopt and stay within its mandated limitations.

Councilmember Aiazzi advised that the expansion area reflected on the map came about because of the downtown event center. He said, because there was going to be a one-block expansion and public meetings would need to be held for that process, the Council requested that staff put everything on the table the City might consider.

Councilmember Doyle commented that everyone has been doing a lot of homework on redevelopment issues. She said she has been looking at redevelopment areas and plans and has information to bring to the Council for the future of the Redevelopment Agency and its boundaries. She advised she has requested the City Manager to bring a representative from the Oklahoma City Redevelopment Agency, which has been very successful in their efforts.

Chairman Shaw advised there was some confusion about the extended boundaries map, as the Commissioners understood the map was the City's proposal rather than a study. He noted he only saw excerpts from the Kosmont Report and has not seen the full report; and that the information presented today has been helpful in furthering the understanding of the expansion issue.

Councilmember Doyle noted that City staff responded to questions presented by Washoe County for this meeting, and asked if staff could have 30 days to redo the answers with the benefit of Council input. Donna Kristaponis, Assistant City Manager, advised that staff received the questions from Washoe County yesterday afternoon and worked quickly to turn around answers, which the County requested be presented by this meeting. She then stated that, if the Redevelopment Agency had not been established in 1983 and those taxes had been distributed as they currently are to the City, County, School District and State, the fiscal inequity between the City and the County would have been exacerbated. She said monies that have gone into the tax

increment financing the RRD cannot be looked at without also looking at the historical information.

Commissioner Sferrazza stated that, as someone who was involved in the creation of the Redevelopment Agency when he served as Mayor for the City of Reno, he believes it has value; and that, as the Commissioner that represents downtown Reno, he supports the efforts made by the RRD. He advised his understanding when the Agency was created was that it had a finite life, but the Legislature provided the possibility of an extension by the City Council. He noted that several of his constituents in the downtown area have supported an extension, and he has no problem with the proposal to include the additional piece necessary for the downtown event center but does not support any other areas noted on the map. Commissioner Sferrazza commented that he believes the RRD makes fiscal inequity more of a problem, because the County is losing approximately \$2.6-million per year in revenues. He said extending the life of the RRD does not take additional revenues out of the County's budget, but extending the area has a direct impact on the County's fiscal base.

Daryl Drake, Commercial Real Estate Broker, provided a document outlining a four-year analysis of real property taxes billed to the owners of parcels located within the Redevelopment District, which he said could provide some insight into the progress of the District in the last few years. He commented that the purpose of the RRD is to bolster the real property tax base and reverse precipitous declines in real property valuation, and make the District more appealing for businesses and for people to reside in and visit. Mr. Drake stated that in the ten years he has been actively observing the progress of the RRD he is convinced that market forces alone could not have produced the positive results that have occurred; and that, instead of dwelling on the difficulties encountered along the way, the successes of these efforts as stepping-stones to the ultimate goal of redevelopment should be celebrated.

Sam Dehne, Reno citizen, stated that the redevelopment concept is good but implementation is the problem. He said when government gets into private situations it becomes a self-fulfilling job creator because employees want to keep their jobs. He then discussed his opposition to the courts complex within the RRD, noting that the concept was voted down by the public. He suggested that the new Senior Center should be placed at the Pioneer lot.

Councilmember Aiazzi expressed appreciation for this opportunity to address issues and concerns. He advised that the City Council told staff to get opinions from people about whether or not to expand the life of the RRD; and that he does not think a determination as to whether projects generate extra revenue is quantifiable. He stated that mistakes have probably been made, but people learn from mistakes and move on; that the Regional Plan says the downtown has to be protected, which he does not believe can be done without a Redevelopment Agency; and that discussion has been held about how to work with the School District if the RRD is expanded.

Sparks City Councilman Geno Martini advised that their Redevelopment Agency set aside \$250,000 a year for the next four years to go to the Washoe County School District for schools in the redevelopment area.

Commissioner Galloway said that, in theory, taxes are diverted into a redevelopment district for some period of time in order to build economic growth in the redevelopment area beyond what would happen without the district. He stated that the trend is up in a normal economy, and the trend is up in areas of Washoe County that are outside the RRD; that, while the County and City general funds and the School District do not receive benefit right away, a "payday," is supposed to happen about 8-10 years from now when the RRD goes out of business. He noted there is no series of national successes that follow this pattern and advised he found thousands of opposition sites on the Internet concerning redevelopment districts. He noted that a conference was recently held in California on redevelopment abuse occurring in Sacramento. Commissioner Galloway stated that this shows that failure to meet expectations is not just local, and, if payday never comes, part of what the RRD was intended to do was misrepresented. He then discussed matters concerning the negligible five-year growth performance of the RRD compared to gaming revenues, etc. and said that the boundaries should not be expanded too far; and that he would not object to including a small area to develop a project that would not have occurred anyway, but does object to running the RRD backwards.

Councilmember Doyle reviewed pictures placed on the overhead screen of the Oklahoma City redevelopment project, which she said is one of the biggest redevelopment success stories in the country. She advised that there are success stories in many cities including Phoenix, Denver, Seattle, and Pittsburgh; and that she focuses on results, how the RRD is doing, and how it could be changed in the future. She suggested that the County and Sparks might be invited to join with the RRD to provide their input on issues that will be coming up within the next year.

Commissioner Sferrazza stated he does not believe the RRD was to be an economic engine or necessarily increase total taxes coming out of the Redevelopment Agency. He said the primary purpose in the beginning was to promote the general health, safety and welfare of the community by eliminating blight and not necessarily to generate new taxable values. He commented that the Silver Legacy would not have been built except for the National Bowling Stadium; that the National Auto Museum was built in a blighted area and saved an auto collection for future generations; and that Wingfield Park was a public improvement. He said many of the projects represent public improvements that do not generate taxes but have made downtown a more hospitable community where people enjoy going, which is demonstrated by the success of ArtTown and other things the City has promoted.

Commissioner Galloway responded to questions of Mayor Griffin concerning the numbers in the chart showing the impact of the RRD on local tax revenues from major casino properties.

Mayor Griffin stated that he thinks the only abuses by a redevelopment agency in Nevada occurred in Las Vegas, and the Courts remedied that abuse. He said the RRD should be careful but believes redevelopment works. He advised that the principals of the Silver Legacy and Harrah's have indicated their construction and expansion projects would not have occurred if certain activities in the Redevelopment Agency had not gone forward; and that, while the County and City general funds and the School District are not receiving the revenues, he believes that revenues would have continued to decline without redevelopment.

Sparks Councilmember Martini said he believes the Sparks Redevelopment Agency has been very successful. He noted that they took money out of the general fund, but believes that is the price to pay to make something better in the future.

Mayor Griffin commented that new information has come forth this afternoon and suggested this item be discussed again at the next joint meeting. Commissioner Galloway stated he understood that Reno would be taking action in early October on boundary expansion. He suggested that agencies who have been successful, as well as agencies that have not been successful, should be invited to share information about their experiences. Councilmember Toni Harsh said she would encourage everyone to read the legislation that forms the redevelopment district in order to have a clear understanding of its purpose. Ms. Kristaponis advised that the City Council has not had any discussion about the expanded map, which will be brought forward in October; and that it is not expected that a decision would be made at that meeting. Commissioner Bond stated she would like a more in-depth fiscal analysis in order to determine real dollars.

Reno City Manager McNeely pointed out that the California Redevelopment Association previously came to Reno to talk about some of their redevelopment successes. He advised that, as a former member of that association, there were a number of success stories, and they can be brought to Reno again to discuss successes as well as failures. He noted that State law requires an extensive process before any new redevelopment area or expansion is created, and part of that process is to meet with the affected taxing entities.

4:20 p.m. Councilman Rigdon arrived at the meeting.

Mayor Griffin stated that several questions have been raised today and encouraged people to contact Reno staff with their questions. He said this issue will be placed on the next joint meeting agenda for further discussion.

01-1032 RULES OF DECORUM FOR CITY/COUNTY RELATIONS

Councilmember Doyle said she would like to see a process where the elected officials of the different entities could talk to each other without intermediaries. She noted that statements get lost in translation and misunderstandings are created. She

asked if staff could be directed to figure out how there could be a more direct communication link.

Councilmember Aiazzi said he believes there are better ways to get a point across than using inflammatory language. He stated that making threats does not help anyone; that elected officials are played like a harmonica in the newspaper where quotes are either in error or interpreted incorrectly and reported information is selective; and that elected officials should not be talking to each other through the press.

Discussion was held concerning press conference notices. Councilmember Doyle stated that elected officials of all affected entities should be made aware of press conferences where representatives of the entities are present. She said elected officials are contacted by the press on things that are being held and may not be aware of what is happening.

Commissioner Sferrazza expressed his concern about accusations made by a Councilmember or Commissioner about another elected official. He said he would like to see elected officials exercise the courtesy of letting the other party know of a problem or concern rather than making a public attack. Mayor Griffin said that everyone needs to be sensitive to this ongoing issue. Chairman Shaw said common sense needs to be used and words should be carefully chosen.

Commissioner Short stated that the good things that happen should be acknowledged, and comments should not always be critical. He said compliments are appropriate for many good events that happen such as Reno's ArtTown, the Sparks Rib Cook-Off, the Balloon Races and Hot August Nights, etc. He commented that the entities need to keep working on ways to have the media concentrate on the good things the governmental entities do instead of the bad things.

Councilmember Rigdon noted that in the past an individual Councilmember and a County Commissioner have utilized their Public Information Office to make statements broadcast on the 5:00 o'clock news; and that these statements appear to be official positions of the Council and Commission but other board members do not know anything about the statements being made. Councilmember Doyle said everyone needs to be included in the loop including the County and City Managers. Commissioner Sferrazza said this issue was discussed at NACO. He advised that other counties have adopted a procedure that, when a County Commissioner and a City Councilmember have wards and districts that overlap, they meet on a regular basis along with their legislative representatives. He proposed that establishing this kind of formal recognition process could work toward improving relationships. Mayor Griffin said he would put that issue on the agenda.

Councilmember Sferrazza-Hogan said personal attacks have been made, and what bothers her the most is when elected officials accuse others of not representing their ward or district. She said she believes all of the elected officials do a good job and

work very hard to represent their constituents, and, while there may be disagreements at the table, she thinks such statements are offensive.

**01-1033 ESTABLISHMENT OF PRIORITIES FOR DISCUSSION/ACTION
AT FUTURE JOINT MEETINGS**

Discussion was held concerning the list of topic issues dated September 10, 2001, presented by Reno, Sparks and Washoe County. Commissioner Galloway stated that the Updated Regional Plan is a time sensitive issue and he would like to see it moved forward. Councilmember Aiazzi recommended that the first three items on the list be placed on the next agenda and, if an item is not discussed, it would move to the top of the list for the following agenda. Councilmember Sferrazza-Hogan said the Animal Services matter is time sensitive and suggested it be taken out of order. Councilmember Doyle stated that issue will not be ready until November, and it is not necessary to place it on the next agenda. Councilmember Sferrazza-Hogan said she thinks it should be discussed sooner than November.

Councilmember Schmitt said he and Councilmember Martini would abstain on voting today because a quorum is not present from the City of Sparks. He stated that input was requested from the City of Sparks concerning the priorities list and finds it offensive for Reno and the County to arbitrarily change the rankings. He said the list ranking priorities should not have been done if no one wanted to abide by it.

Commissioner Sferrazza stated that the parties have been advised that determining a ranking of priority topics through taking a poll would be a violation of the open meeting law. He said, for him, this was not a ranking or determination of how issues would be discussed, but was simply to get input on how people felt about the different issues; and that determination of how the issues would be discussed would be done by a vote at the table.

On motion by Commissioner Sferrazza, seconded by Councilmember Rigdon, which motion duly carried, with Councilmembers Martini and Schmitt abstaining, it was ordered that the first three items on the topics list dated September 10, 2001 be placed on the next agenda with item No. 3, Regional Planning Process/Regional Plan Update being moved to No. 1. It was further ordered that, if an item on the agenda is not addressed, it be moved to the top of the list on the subsequent meeting agenda; and that the remainder of the list be left as is, with the understanding that some time sensitive issues might need to be moved forward on the schedule.

01-1034 DISCUSSION – FORMATION OF A REGIONAL FIRE DISTRICT

Mayor Griffin said that, due to the lateness of the hour, this item would need to be continued to the next meeting.

Katy Singlaub, Washoe County Manager, advised that a summary of the Regional Fire Service Working Group meeting of September 7, 2001 has been forwarded

to the City Councils and County Commission. She stated that some issues have time sensitive deadlines and the Working Group recommended they continue meeting with concurrence of the elected officials. She said she believes Sparks has given direction for their staff to continue meeting with the Working Group, and the Board of Fire Commissioners has directed their staff to continue.

On motion by Commissioner Galloway, seconded by Councilmember Rigdon, with Councilmembers Martini and Schmitt abstaining, it was ordered that this item be continued to the next joint meeting and be the first issue to be addressed, with the understanding that the Working Group will continue to meet.

City Manager McNeely noted that Reno staff will continue to meet with the Working Group but has received no direction from the City Council to work on this task force. Mayor Griffin said that issue would be placed on the next Reno City Council agenda.

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There being no further business to come before the Board, the meeting adjourned at 5:00 p.m.

JAMES M. SHAW, Chairman
Washoe County Commission

ATTEST: AMY HARVEY, County Clerk

*Minutes Prepared by
Barbara Trow
Deputy County Clerk*