

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

TUESDAY

9:00 A.M.

JUNE 18, 2002

JOINT MEETING

PRESENT:

Pete Sferrazza, Washoe County Commission, Chairman
Joanne Bond, Washoe County Commission, Vice Chairman

Jim Galloway, Washoe County Commission

Jim Shaw, Washoe County Commission

Ted Short, Washoe County Commission

Dave Rigdon, City of Reno, Vice Mayor

Dave Aiazzi, Reno City Councilmember

Toni Harsh, Reno City Councilmember *

Phillip Salerno, City of Sparks, Vice Mayor

John Mayer, Sparks City Councilmember

Geno Martini, Sparks City Councilmember

ABSENT:

Jeff Griffin, City of Reno, Mayor

Sherrie Doyle, Reno City Councilmember

Pierre Hascheff, Reno City Councilmember

Jessica Sferrazza-Hogan, Reno City Councilmember *

Tony Armstrong, City of Sparks, Mayor

Mike Carrigan, Sparks City Councilmember

Ron Schmitt, Sparks City Councilmember

The Board and Councils met in joint session in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Also present were Washoe County Manager Katy Singlaub, Deputy District Attorney Paul Lipparelli, Deputy County Clerk Sharon Gotchy, Reno City Manager Charles McNeely, Reno City Attorney Patricia Lynch, Reno City Clerk Don Cook, Sparks Assistant City Manager Steve Driscoll, and Sparks Deputy City Clerk Lenda Azcarate. It was noted that the City of Reno did not have a quorum present at the beginning of the meeting. Following the Pledge of Allegiance to the flag of our Country, the Clerks called

the rolls for their respective entities, and the Board and Councils conducted the following business:

AGENDA

On motion by Commissioner Short, seconded by Commissioner Shaw, for Washoe County, and by Vice Mayor Salerno, seconded by Councilmember Martini, for the City of Sparks, which motions duly carried, the agenda for the June 18, 2002 joint meeting was approved. It was noted the City of Reno did not yet have a quorum.

PUBLIC COMMENTS

Shirley Allen, local resident, addressed the Boards concerning the impact of Communism on the world.

02-605 REGIONAL ANIMAL SHELTER/ANIMAL CONTROL SERVICES - INTERLOCAL AGREEMENT - TAX ROLLBACKS

Commissioner Galloway noted there are two proposed agreements, one from Reno City Manager Charles McNeely and one from Washoe County staff, and asked if they were the same. John Sherman, Finance Director, stated it was his understanding that they are the same. Mr. Sherman suggested the following additional language be added at the end of Section 3.4.2 for clarification: "and to ensure that the overlapping property tax rates within the Cities of Reno and Sparks do not exceed the statutory \$3.64 property tax cap as a result of the taxes imposed pursuant to paragraph 3.4.1." He stated that Section 3.4.3 also needed clarification and suggested that "(expenses net of revenue)" be added after "approved budgets" on Line 2. Commissioner Galloway stated the suggested addition to 3.4.2 makes the issue more complicated. He further stated it was his understanding that the property tax rate rollbacks would occur regardless of whether the \$3.64 cap is exceeded. Mr. Sherman then responded to several other questions concerning revenue, expenses, allocation of funds, and financial information.

Vice Mayor Rigdon asked if the shelter and animal control services would be operated as an enterprise fund. Mr. Sherman stated they would be and that is in accordance with State law and the language on the ballot question.

Vice Mayor Rigdon addressed Section 9.5 regarding the use of arbitration as the initial means of resolving disputes concerning the agreement. He stated he would hope that, in the final agreement, the entities could come up with an amicable way to settle disputes rather than immediately going to arbitration.

Councilmember Aiazzi referred to Sections 3.3 and 8 concerning the parties withdrawing from the agreement and asked if there was any way to exclude the lowering of the tax rates from the withdrawal/termination clauses. Mr. Sherman explained the future steps that will need to be taken and stated that in this agreement the entities are pledging to have a comprehensive, final agreement by August 30th.

*** 9:30 a.m. Reno Councilmember Sferrazza-Hogan joined the meeting via teleconference.**

Councilmember Aiazzi discussed Section 5.1.9 concerning Washoe County hiring the animal control employees of the Cities of Reno and Sparks; and it was noted that negotiations with the employee bargaining units would have to take place, but those things would not occur until the new shelter is built.

Commissioner Galloway and Mr. Sherman discussed the sections concerning a common licensing operation and having the same animal control ordinances countywide; and Commissioner Galloway stated it should be clear those things would not occur until the new shelter commences operation. Mr. Sherman advised there would be more specific details in the Comprehensive Interlocal Agreement.

Councilmember Mayer and Mr. Sherman discussed repeal of the City animal control ordinances and adoption of new countywide ordinances. Councilmember Mayer advised the City of Sparks is concerned that the County ordinances are too liberal. Katy Singlaub, County Manager, suggested the wording in the Articles dealing with repeal of the City animal control ordinances be changed to state "repeal or amend." Mr. Sherman pointed out that many details still have to be worked out, which will be done and included in the subsequent agreement. Vice Mayor Rigdon asked if the Cities would still have the ability to impose a surcharge on license fees in order to have funds for dog parks, and he suggested additional wording in Section 5.1.10 to allow for that. Board members expressed agreement that there should not be competing or conflicting animal control laws.

Councilmember Sferrazza-Hogan advised she received a call from Local 39, the union who represents the City of Reno animal control staff, and requested the agreement include language that there will be future negotiations with the bargaining units. Reno City Manager Charles McNeely agreed to include language to ensure the employee comfort level.

A discussion ensued between Board members, Mr. Sherman, and Tom Gadd, Washoe County General Services Director, concerning consolidation and operation of a joint animal control shelter, combining animal control services, and the role of the private, non-profit agency in partnership with the entities. Commissioner Galloway brought up the issue of euthanasia; and Susan Asher, Executive Director of the Nevada Humane Society, responded to questions. Mr. Gadd advised that those kinds of details would be outlined in the next agreement.

*** 9:55 a.m. Reno Councilmember Harsh arrived.**

Vice Mayor Rigdon advised that the City of Reno still does not have a quorum since they have a rule that when a member is participating by telephone they do not count towards a quorum. City Attorney Patricia Lynch expressed her opinion that the

four Councilmembers participating could vote to suspend the rules, if they so desire; and they would then constitute a quorum and could take action.

Susan Harris, Assistant to the Reno City Manager, requested that Article 4.1.4 be amended to include access by the City of Reno to the Reno Police Department horse barn. Chairman Sferrazza noted that Article 4.1.4 provides for reserving all of the site not used for the animal shelter for the horses, and suggested that provision should be changed to allow for future expansion of the shelter.

On motion by Councilmember Aiazzi, seconded by Councilmember Harsh, which motion duly carried, Vice Mayor Rigdon ordered that the Reno City Council rules be suspended.

On motion by Councilmember Aiazzi, seconded by Councilmember Harsh, on behalf of the City of Reno, and on motion by Commissioner Bond, seconded by Commissioner Shaw, on behalf of Washoe County, and on motion by Vice Mayor Salerno, seconded by Councilmember Martini, on behalf of the City of Sparks, which motions carried unanimously, Vice Mayor Rigdon, Chairman Sferrazza, and Vice Mayor Salerno ordered that the Interlocal Agreement between Washoe County, the City of Reno, and the City of Sparks regarding consolidation of the regional animal shelter and animal control services, including the property tax reductions by the three entities, be approved and duly executed with the following amendments: (changed wording is ***bold and italicized***)

Article 3.3: Change last sentence to exclude the tax issues from the withdrawal clause. New last sentence should read, "If the Comprehensive Interlocal Agreement is not agreed to by April 30, 2003, any Party or all the Parties may withdraw from this Agreement by giving 30 days prior written notice to the other Parties, ***except that the duties of the Parties under Section 3.4 of this Agreement shall survive such a termination.***"

Article 3.4.3: Line 2, "paragraph 3.4.2" should read "paragraph 3.4.1," and at the end of Line 2, add "(expenses net of revenue)" after "Parties approved budgets".

New Article 3.4.3 states "Washoe County shall allocate the proceeds of the tax imposed in paragraph ***3.4.1*** to the Parties in the same proportion as the individual Parties approved budgets (***expenses net of revenue***) for the 2002/2003 Fiscal Year for operating the Reno Animal Control Services Center and their respective animal control field operations are to total of those budgets.

Article 4.4: Amended to reflect the access issue and the portion reserved for the Reno Police Department horse barn as follows: "If the Longley Lane Site is selected ~~any~~***a*** portion of the land that is not necessary for the Shelter ***including necessary easements for access*** shall be reserved for Reno for use as a facility for the housing of Police Department horses provided such

use does not interfere with the operations of the Shelter *which includes projected expansion of the Shelter.*"

Article 5.1.9: Line 2, prior to "the County shall hire..." add "subject to state laws and existing collective bargaining agreements."

New Article 5.1.9 states "In accordance with the terms of the Comprehensive Interlocal Agreement, which have yet to be negotiated, *and subject to state laws and existing collective bargaining agreements*, the County shall hire the employees of the City of Reno and City of Sparks employees directly involved in Animal Control functions upon completion of the Shelter."

Article 5.1.10: Add, at the end of the sentence, "*unless otherwise expressly agreed by the Parties.*"

Article 6.1.4: Changed to read, "*To repeal or amend* the Reno animal control ordinances in the manner provided in the Comprehensive Interlocal Agreement *to create a unified ordinance.*"

Article 7.1.3: Changed to read, "*To repeal or amend* the Sparks animal control ordinances in the manner provided in the Comprehensive Interlocal Agreement *to create a unified ordinance.*"

It was noted that when Councilmember Aiazzi made the motion to approve the amended Agreement, he requested that the same motion be on the agenda of the next Reno City Council meeting for ratification in case there is an issue with whether or not there was a quorum at this meeting.

Prior to the vote on the motions, Deputy District Attorney Paul Lipparelli, explained the affects of the termination clause and stated that if one of the parties failed to implement the tax portions of the agreement, which includes the duty to reduce taxes in the fiscal year beginning July 1, 2003, the agreement would be void. Councilmember Aiazzi explained that the intent is to lock in that language so the people know the tax issues have been resolved even if there are arguments over other matters, such as the amount of land for the horse barn. He further stated this agreement would be something the Debt Management Commission could use to resolve the conflict in the event one of the parties did not fulfill their obligations.

10:15 a.m. Sparks Vice Mayor Salerno left the meeting and there was no longer a quorum present for the City of Sparks.

02-606 DISCUSSION - FISCAL EQUITY

John Sherman, Washoe County Finance Director, distributed information concerning fiscal equity solutions that have been implemented by Washoe County, such

as the County assuming all costs for the jail and eliminating the annual payments from the Cities of Reno (\$1,676,200) and Sparks (\$290,000), enterprise funding of the County Building and Safety Department so that it stands on its own and does not receive any County General Fund monies, imposition of franchise fees on the unincorporated residents for electric and telecommunications services, and the joint District Attorney/Municipal Court project with the City of Reno. Chairman Sferrazza requested that, when it is appropriate, the consolidation of animal services be added to the list. He also stated that fire consolidation should be added.

Councilmember Aiazzi asked if the City of Reno taxpayers would receive a refund or how enterprising the Building and Safety Department and imposing franchise fees on County residents helped the Reno residents. Mr. Sherman explained that the issue has been that the County deals with its unincorporated only services primarily out of the County General Fund, and there has been no segregation of revenue and expenses relative to a particular array of services. Taking the Building Department services out of the General Fund and enterprising it ensures that those costs are paid for only by those people that receive that service. Councilmember Aiazzi asked where the \$4.2 million came from before it was enterprised. Chairman Sferrazza explained that the funds came primarily from the building permit fees; and, if there was a subsidy in the past, that will no longer be the case; and that money could be used for regional services. Chairman Sferrazza further stated that the franchise fees, collected only from unincorporated residents, have been specifically designated for regional services, not for unincorporated services.

Councilmember Aiazzi advised that the City of Reno is requesting that Economic Planning Systems (EPS) be asked to do an update of the fiscal equity study, especially in light of these recent changes, which could be done for approximately \$40,000 to \$50,000. He said there have been some great strides made toward fiscal equity, and there are balancing items going both ways. He noted that the City of Reno just turned over \$2 million worth of land to the County for the Regional Animal Shelter, which was land paid for by the Reno taxpayers.

Commissioner Short stated one of the items not included in the previous study was the redevelopment districts; and, if another study were done, he would want to see that included. Councilmember Aiazzi stated that could be done.

Commissioner Galloway explained that enterprising the Building and Safety Fund did not directly put money in the City treasury, and fiscal equity is not based on doing that. It is based on taxpayer equity. He noted that foregoing the jail payment did actually increase the City treasury. As to retaining EPS to update the original study, Commissioner Galloway said the County did not agree with the methodology used by EPS. He further stated the County has done meaningful things to address the issue.

A discussion ensued concerning whether to retain EPS to update their original study, contract with another consultant for a new study, and how to agree on the methodology. Councilmember Rigdon stated he does not want to spend any more money

on studies unless the entities agree to abide by the outcome of the study. He further stated if the methodology was agreed upon ahead of time, the three staffs would be capable of doing the analysis.

Commissioner Galloway described a situation in Los Angeles where the northern part wants to become a separate city and noted that the premise that everything has to work out exactly equitable is not accepted elsewhere in the country. Chairman Sferrazza advised that Incline Village residents claim they are subsidizing the whole County also and stated that the numbers concerning exactly where the property taxes are coming from needs to be thoroughly analyzed.

Councilmember Aiazzi stated the issue for him is who is paying for services they are not receiving, and he felt the EPS study did answer that question. He further stated he does not have a problem subsidizing Gerlach, but he does have a problem subsidizing Caughlin Ranch; and if more of the services that are provided by all three entities are consolidated or regionalized, such as the animal shelter that was done earlier today, many of these subsidies would be eliminated. Chairman Sferrazza suggested starting with the list of services the Board already agreed on for consolidation. Councilmember Aiazzi stated one of the big areas that could be worked on is the County's road construction tax that all entities pay into, and there should be a simple process that allows a portion of that tax to be used in the Cities.

Commissioner Galloway asked why the City of Reno has gone on record as opposed to the County's proposed ballot question concerning a municipal services tax. Councilmember Aiazzi stated they are not opposed; they are simply not taking a position on the issue. He further stated there might be reservations about the political way the questions are being presented. Mr. Sherman clarified that the binding ballot question concerning formation of the unincorporated town is a straight "yes" or "no" question with no conditions added to it. It cannot be tied to any "what-ifs" concerning the Regional Plan or anything else. Chairman Sferrazza stated the fear is that, in light of what has happened with the Regional Plan update, the question will not be warmly received.

Councilmember Harsh stated that, as to doing another study, she feels the Finance Directors of the two Cities and the County are capable of reviewing the information and providing recommendations to the joint bodies.

10:40 a.m. Sparks Councilmember Martini left the meeting.

**02-607 CONSOLIDATED TAX DISTRIBUTION FORMULA - SB253
COMMITTEE**

John Sherman, Finance Director, distributed and reviewed a staff report concerning distribution of the consolidated tax prepared jointly by himself, Sparks Finance Director Terri Thomas, and Reno Planning Director John Hester. The report detailed the differences in how these taxes were distributed prior to the 1997 Legislature and since that time. A chart was also included showing the total consolidated tax revenue

distributed to each entity and comparisons between the entities over the last three years, which was discussed at length.

Councilmember Rigdon asked what the basis would be for having an alternate distribution formula that was not driven by growth. A lengthy discussion then ensued concerning revenues and provision of services.

Commissioner Galloway warned about making any changes to the formula that might leave any of the entities without resources, because there is a "squeeze" coming. He also stated that anything corresponding to distribution of sales tax by jurisdiction should not be done because that creates terrible territorial wars.

Chairman Sferrazza reiterated that the solution to many of these problems is consolidation and regionalization of services.

Councilmember Rigdon stated he has been very concerned about the Governor's alternative tax proposal and he suggested the Cities and County retain the same lobbyist for the next legislative session. It was noted that both Reno and Washoe County have already signed consultant contracts for the upcoming session, but perhaps the consultants can work together.

Commissioner Bond stated she would be happy to work on any kind of realistic mutual effort on tax distribution.

Councilmember Harsh stated that service equity, levels of service, and how services are provided needs to be examined.

11:05 a.m. Washoe County Commissioner Galloway left the meeting.

Following further discussion, on motion by Commissioner Shaw, seconded by Commissioner Bond, which motion duly carried, Chairman Sferrazza ordered that this item be continued to the next joint meeting as the first item on that agenda.

02-608 PAYMENTS ASSOCIATED WITH INTERLOCAL AGREEMENTS

On motion by Councilmember Aiazzi, seconded by Vice Mayor Rigdon, which motion duly carried, it was ordered that Item No. 8, Payments Associated with Interlocal Agreements, be continued to the next joint meeting as the second item on that agenda.

SELECTION OF ITEMS FOR THE JULY 16, 2002 JOINT MEETING

Following discussion, it was determined that the items to be included on the next joint meeting agenda would be the two items continued from this meeting,

legislative issues, and a status report on the previously established "List of Topics to be Considered at Joint Meetings."

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There being no further business to come before the Boards, the meeting adjourned at 11:15 a.m.

ATTEST:

PETER J. SFERRAZZA, Chairman
Washoe County Commission

AMY HARVEY, County Clerk
and Clerk of the Board of
County Commissioners

ATTEST:

DAVID H. RIGDON, Vice Mayor
City of Reno

LYNNETTE R. JONES, Acting
City Clerk, City of Reno

ATTEST:

PHILLIP SALERNO, Vice Mayor
City of Sparks

DEBORINE J. DOLAN, City Clerk
City of Sparks

*Minutes Prepared by
Sharon Gotchy
Deputy County Clerk*