

BOARD OF COUNTY COMMISSIONERS, WASHOE COUNTY, NEVADA

TUESDAY

10:00 A.M.

MAY 19, 2009

PRESENT:

David Humke, Chairman*
Bonnie Weber, Vice Chairperson
John Breternitz, Commissioner
Bob Larkin, Commissioner
Kitty Jung, Commissioner

Amy Harvey, County Clerk
Katy Simon, County Manager
Melanie Foster, Legal Counsel

The Board convened at 10:10 a.m. in regular session in the Commission Chambers of the Washoe County Administration Complex, 1001 East 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:

Katy Simon, County Manager, stated the Chairman and Board of County Commissioners intend that their proceedings should demonstrate the highest levels of decorum, civic responsibility, efficiency and mutual respect between citizens and their government. The Board respects the right of citizens to present differing opinions and views, even criticism, but our democracy cannot function effectively in an environment of personal attacks, slander, threats of violence, and willful disruption. To that end, the Nevada Open Meeting Law provides the authority for the Chair of a public body to maintain the decorum and to declare a recess if needed to remove any person who is disrupting the meeting, and notice is hereby provided of the intent of this body to preserve the decorum and remove anyone who disrupts the proceedings.

09-501 AGENDA ITEM 3

Agenda Subject: “Presentation of Excellence in Public Service Certificates honoring Washoe County employees who have completed essential employee development courses.”

Katy Simon, County Manager, recognized the following employees for successful completion of the Excellence in Public Service Certificate Programs administered by the Human Resources Department:

Essentials of Management Development

Lance Larsen, Librarian II

Essentials of High Performing Teams

Mary Ames, Office Assistant II
Lori Rowe, Office Assistant III
Clare Bloom, Sheriff Support Specialist
Michelle Glodt-Mikoliczyk, Account Clerk
Tracey Hilton Thomas, Technology Services
Rosan Rich, Inmate Property Service Supervisor
Darlene Frazer, Accountant II
Catherine Korson, HR Analyst
Esmeralda Gonzalez, Human Resource Specialist

Essentials of Personal Effectiveness

Barbara Hall, Office Assistant II
Mary Ames, Office Assistant II
Lori Rowe, Office Assistant III
Hilary Haraughty, Recorder I
Laura Hill, Sheriff's Department
Darlene Frazer, Accountant II
Trudy Enfield-Allred, Plans Permits Application Aide
Catherine Korson, HR Analyst
Esmeralda Gonzalez, Human Resource Specialist

Essentials of Support Staff

Trudy Enfield-Allred, Plans Permits Application Aide
Barbara Hall, Office Assistant II
Mary Ames, Office Assistant II
Lori Rowe, Office Assistant III
Esmeralda Gonzalez, Human Resource Specialist

***10:13 a.m.** Chairman Humke arrived during the presentation of certificates.

09-502 AGENDA ITEM 4

Agenda Subject: “Public Comment. Comment heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Commission agenda. The Commission will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Commission as a whole.”

Bobby Syr spoke about an issue concerning Animal Services. He explained he had been complaining about a barking dog in his neighborhood and had been documenting the disturbances for the past two years with no avail. He requested the Board intervene to find a solution for the problem.

Sam Dehne discussed the current budget situation and the impending County reductions.

09-503 AGENDA ITEM 5

Agenda Subject: “Commissioners’/Manager’s Announcements, Requests for Information, Topics for Future Agendas and Statements Relating to Items Not on the Agenda. (No discussion among Commissioners will take place on this item.)”

Katy Simon, County Manager, stated due to the budgets being adopted on May 18, 2009, the public hearings scheduled today for the Sierra Fire Protection District (SFPD), the Truckee Meadows Fire Protection District (TMFPD), the South Truckee Meadows General Improvement District (STMGID) and Washoe County would be cancelled.

Commissioner Larkin indicated his intern had been working with the Manager’s Office on the Animal Control issue discussed by Bobby Syr and asked if that needed to be agendized. Ms. Simon replied Animal Control’s policy stated there had to be substantiation of a complaint and noted this complaint could not be substantiated with the other neighbors. However, the policy could be brought forward for discussion with Animal Services. Commissioner Larkin felt it would be appropriate to review the substantiation policy.

Commissioner Larkin stated he received a letter from a constituent concerning a private walking path in the Wingfield Springs area and requested the Manager’s Office review the request for a service crew to clean-up the path and conduct a follow up with the citizen.

Commissioner Larkin commented he received a letter from the Nevada Department of Transportation (NDOT) for the Board’s participation in an Environmental Impact Study (EIS). He explained four projects were proposed in a particular area with very similar names and was confusing to citizens. He remarked this request concerned the Pyramid Way/McCarran Boulevard intersection improvement which NDOT was requesting participation status from the County. Commissioner Larkin suggested the County enter into participating status on this project as well as Commissioner appointments to the Technical Advisory Committee (TAC).

Commissioner Weber requested the Sun Valley General Improvement District recreation proposal be placed on an agenda. She announced a Memorial Day celebration was scheduled at the Sierra Memorial Gardens in Lemmon Valley on May 25, 2009.

Chairman Humke commented that an evacuation exercise was held for residents in the Galena area on May 16, 2009 that was very successful. He commented a “Celebration of Life” was held for Neil Upchurch, Hidden Valley Homeowners

Association Board member, on May 16, 2009 at Hidden Valley Regional Park. He said Mr. Upchurch was an outstanding citizen and very active in community organizations and community involvement. Chairman Humke stated many Washoe Valley citizens volunteered their time to assist a neighboring family with medical issues. He said the neighbors provided maintenance and repair to the property and he commended and applauded their efforts and community outreach.

Commissioner Breternitz reported that a meeting was scheduled with the City of Reno, the County and the Regional Planning Governing Board (RPGGB) to further discuss the potential development of an option agreement for the Northgate Golf Course.

09-504 PUBLIC HEARINGS

Agenda Subject: “Tentative Budgets, as well as possible changes to adoption of the Final Budgets, for Fiscal Year 2009/10.”

Melanie Foster, Legal Counsel, explained since the public hearings were cancelled; however, because they were posted on the agenda the Board could take public comment.

In response to the call for public comment, Sam Dehne commented on the budget and the current economic conditions.

09-505 AGENDA ITEM 7 - APPEARANCE

Agenda Subject: “Beth MacMillan, Artown Executive Director. Presentation regarding Artown’s 2009 Preview. (All Commission Districts.)”

Beth MacMillan, Artown Executive Director, conducted a video presentation, which was placed on file with the Clerk, previewing the upcoming Artown Celebration scheduled for the month of July.

Chairman Humke inquired how much local talent was involved in Artown. Ms. MacMillan replied 93 percent of the event was organized and produced by local artists.

There was no action taken or public comment on this item.

09-506 AGENDA ITEM 8 – WATER RESOURCES

Agenda Subject: “Recommendation to acknowledge receipt of the unaudited Financial Report for Washoe County Department of Water Resources for the six months ended December 31, 2008 (All Commission Districts.) *To be heard before agenda item #9.*”

Ben Hutchins, Finance and Customer Service Manager, commented the financial statements before the Board were consolidated and included the utilities that the Department of Water Resources (DWR) operated. He explained the financial position within the first six months of any fiscal year was better than the second six months. He believed that was a result of the irrigation season, which was the biggest revenue generator for the County as far as water utility, because two-thirds of the revenue came in within the first six months. He reviewed the financial statement that was included in the staff report and indicated there had been a decline in the System Development Fees and, as a result, a debt restructuring would occur.

Commissioner Breternitz asked how much of the \$7 million debt service was targeted for reduction. Mr. Hutchins replied there was approximately \$111 million for debt at the present time with a plan to defease about \$30 million. He said the primary reason for so many bond proceeds being paid was that amount had been set aside for the water treatment plant. Mr. Hutchins said about 100 percent of the debt service for that defeasance would reduce the connection fee component requirement to pay the debt service payment.

Commissioner Larkin remarked the February 25, 2009 memo included in the staff report stated, "no violation of statute or county policies or ordinances were noted during the presentation of these reports." He stated a previous legal matter concerning DWR was still under investigation and asked if any preliminary findings had been made concerning those actions. Mr. Hutchins replied DWR had not received a legal report back from the Sheriff's Office in regard to that investigation. However, as a result, county-wide security measures and practices had been implemented to tighten internal controls.

Commissioner Weber asked for clarification on the statement "subsequent to the evaluation of water user rates, DWR would evaluate System Development Fees, in support of growth, for all utilities." Mr. Hutchins explained the System Development Fees had not been evaluated for some time. He said those fees needed to be based on a Capital Improvement Plan (CIP) and review of future plans and current assets. He said, for example as it related to the Heppner Subdivision, no cost had to be picked up for new development. The only cost to hookup to that subdivision concerned paying for the county-wide connection fee for the current infrastructure and the line extension fee to pay for the infrastructure associated with placing that waterline in the streets. Mr. Hutchins said current County policy was one sewer connection fee for the entire County, one water connection fee for the entire County and, if the County went to impact fees, it would be on an individual basis. Commissioner Weber remarked many citizens were concerned about growth. She explained it was difficult for the ratepayer when the statement said "the System Development Fees in support of growth." Mr. Hutchins said department policies needed to be reviewed so that DWR was not extended with debt.

Rosemary Menard, Water Resources Director, stated the strategy that was being perused was to segregate between the costs associated with developing new facilities and the cost of operations.

There was no public comment on this item.

On motion by Commissioner Weber, seconded by Commissioner Breternitz, which motion duly carried, Chairman Humke ordered that the receipt of the unaudited financial report for Washoe County's Department of Water Resources for the six months ended December 31, 2008 be acknowledged.

09-507 AGENDA ITEM 9 – WATER RESOURCES

Agenda Subject: “Recommendation to acknowledge receipt of the final report of findings and recommendations of the Water Rate Study Working Group and provide direction to staff regarding implementation of the proposed water rates and user charges. (All Commission Districts.) *To be heard after agenda item #8.*”

Rosemary Menard, Water Resources Director, and Ben Hutchins, Finance and Customer Service Manager, conducted a PowerPoint presentation, which was placed on file with the Clerk, highlighting the revenue requirement, cost changes from fiscal year 2006/07 versus fiscal year 2009/10, cost saving measures, policy drivers, functional cost categories, customer classes and system burdens per class, makeup of customer bills, policy goals, five-year policy targets, no rate increase scenario, Repair and Replacement (R&R) Capital Improvement Plan, debt funded R&R, cash funded R&R, R&R debt financing scenario, recommended scenario, accounts by customer class, consumption by customer class, rate design changes, impact to typical customers, the Association of Metropolitan Water Agencies (AMWA) Utility Financial Information Survey and the ratio comparison.

Commissioner Larkin asked if the functional cost categories were standard terminologies throughout the utility industry. Ms. Menard replied those were standard terms. Commissioner Larkin asked if the customer service costs were fixed. Ms. Menard explained typically the utility cost was fixed and the based capacity cost was a variable.

Chairman Humke said this appeared to be a policy-based ordinance; however, in the past the Board had done rate-setting ordinances. Ms. Menard said the Board would receive a rate ordinance to review and set for public hearing. She said today was to discuss the policy framework with respect to customer billing and rate increases and then translate into a specific proposal for a rate ordinance change. Chairman Humke asked if this had been done in the past or was this a periodic analysis. Ms. Menard remarked rates were last increased in December 2005, but this was a typical utility-based analysis. She explained by treating all the utilities as one under the Water Resources Enterprise Fund some of the issues associated with individual utilities had been masked and DWR wanted to dissect them to make those utilities independent, stand alone and self-sufficient. Chairman Humke said the presentation reviewed a system reinvestment and asked if the equity for developers was being sought versus how rate-payers were being asked to pay. Ms. Menard replied that was correct. She stated the water projects in that category were in the presentation.

Mr. Hutchins continued the presentation and reviewed the proposed scenarios. Commissioner Jung asked what the best practice, in terms of how many days, would be for operating a reserve fund for a utility this size with this amount of debt. Ms. Menard indicated the *Standard and Poor's* upgrades and review of a number of waste water facilities in the west showed that the numbers could vary on how much cash should be on hand versus debt service coverage, but in general it was 45 to 90 days. She said DWR had set a target of 60 days by the end of the five-year period.

Commissioner Breternitz felt it was prudent to have each line of business pay for itself and provide operating and capital reserves for the ups and downs of the revenue. He said there had been certain sewers that had been strong financially and carried the water element. Commissioner Breternitz asked if there would be a reduction in the sewer fees over time if the water element paid for itself. Mr. Hutchins replied there was about \$50 million in rehabilitation projects in the CIP for the South Truckee Meadows Sewer Plant and, for the rate-payer, that eliminated the requirement for DWR to debt service that and put that debt service over a 20-year period. Mr. Hutchins said this made the sewer fund able to finance all of those projects and not incur additional debt.

Chairman Humke inquired why DWR served the Double Diamond area. Ms. Menard explained the original service area map was drawn with the commercial area of Double Diamond in the Washoe County DWR service area and the residential area in the Truckee Meadows Water Authority (TMWA) service area. She said later it was decided that DWR would serve the entire Double Diamond area which was served primarily with wholesale water. She said pricing the revenue requirement was to maintain equity with other TMWA customers. Ms. Menard anticipated those customers in the Double Diamond area remaining as DWR customers.

Commissioner Larkin stated it was being requested from the Board to accept the three policy goals, make a decision between the debt funded R&R and the cash funded R&R, agree to a recommended scenario, buy-off on the functional cost categories as identified customer service charges, base charges, the extra capacity and the fire protection and in so doing agree to the allocation of cost along those routes. He inquired would the Board, by implication, also agree that these were the CIP projects in the R&R. Mr. Hutchins remarked those were the projects in the adopted budget. He stated depending on the outcome today a public hearing was scheduled for June 9, 2009 and the first reading of the ordinance scheduled for May 26, 2009. Commissioner Larkin noted the final request concerned the equity issue for Double Diamond in moving from the three to four tiers.

Chairman Humke asked if TMWA chose to replicate the process, was this the best practice. Mr. Hutchins indicated TMWA had some of these practices in place; however, due to the debt ratio, TMWA recently had a rate increase. He said when it came to the bonds being held, TMWA was in dangerous territory of being in violation of their debt ratio. However, they did have some of the similar mechanisms in place that DWR was recommending.

12:20 p.m. Commissioner Jung temporarily left the meeting.

Chairman Humke asked if the analysis for Washoe County utilities did not include the South Truckee Meadows General Improvement District (STMGID). Mr. Hutchins said that was correct and noted STMGID was a separate operating utility.

Commissioner Larkin asked if the outlined policy goals were in conflict with the County policies related to these types of reserve funds. John Sherman, Finance Director, replied the goals were consistent with County policy and stated he concurred with the recommendations.

Chairman Humke thanked all of the citizens and staff who worked on the Water Rate Study Working Group for their commitment and contributions.

Commissioner Larkin stated he was not willing to direct staff to bring an ordinance forward and felt it still needed to be crafted. Ms. Menard said the timing was designed to have a rate increase in place soon. Commissioner Larkin encouraged a public hearing be scheduled prior to the introduction of the ordinance and stated that would be in a motion.

There was no public comment on this item.

On motion by Commissioner Larkin, seconded by Commissioner Breternitz, which motion duly carried with Commissioner Jung temporarily absent, it was ordered that:

- a required public hearing(s) be held prior to the introduction of an ordinance to include the following:
- acceptance of the policy goals;
- rate stabilization reserves 15 percent of the water revenue;
- system reinvestment funding one year of the annual depreciation;
- operating reserves, 60 days of operating expenses;
- to include examples of, but not necessarily inclusions of, the representation of the Repair and Replacement (R&R) improvement plan;
- option of a cash funded R&R;
- rate redesign changes to include equity between Double Diamond versus the County;
- the customer service charge one year convergence;
- the commodity charge to commence immediately upon the passage of the ordinance;
- the rate tier structures moving in the generalized unincorporated portion of Washoe County from six to four tiers, and the Double Diamond area from three to four tiers;
- to include the functional cost categories of customer service charge based capacity, extra peak capacity and fire protection;

- the recommended scenario as outlined in PowerPoint slide No. eighteen; and
- at the completion of the public hearing to bring the ordinance before the County Commission for introduction.

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09-508 AGENDA ITEM 10 – HUMAN RESOURCES

Agenda Subject: “Recommendation to recognize and accept a Compromise and Settlement Agreement with the Building and Safety Department and Washoe County Employees Association (WCEA), requesting WCEA and Building and Safety Employees to agree to a 20% wage reduction with employees working 32 hours per week and receiving 8 hours paid administrative leave per week effective May 11, 2009 through June 30, 2010 [estimated savings \$264,734] and will accrue to the Building and Safety Enterprise Fund. (All Commission Districts.)”

12:34 p.m. Commissioner Jung returned to the meeting.

Commissioner Breternitz stated he did not agree with the offsetting reduction in work hours or the reduction of wages and felt it could lead to a deterioration of the services provided.

There was no public comment on this item.

On motion by Commissioner Jung, seconded by Commissioner Weber, which motion duly carried with Commissioner Breternitz voting “no,” Chairman Humke ordered that Agenda Item 10 be recognized and accepted.

09-509 AGENDA ITEM 11 – GOVERNMENT AFFAIRS

Agenda Subject: “Discussion and direction to staff regarding legislation or legislative issues proposed by legislators, by Washoe County or by other entities permitted by the Nevada State Legislature to submit bill draft requests, or such legislative issues as may be deemed by the Chair or the Board to be of critical significance to Washoe County. (All Commission Districts.)”

Katy Simon, County Manager, provided a Legislative update and stated there was much happening and change was occurring rapidly. She said the Board would be kept apprised of those changes that affected the County.

There was no action taken or public comment on this item.

09-510 AGENDA ITEM 12

Agenda Subject: “Reports/updates from County Commission members concerning various boards/commissions they may be a member of or liaison to (these may include, but not be limited to, Regional Transportation Commission, Reno-Sparks Convention & Visitors Authority, Debt Management Commission, District Board of

Health, Truckee Meadows Water Authority, Organizational Effectiveness Committee, Investment Management Committee, Citizen Advisory Boards).”

Commissioner Larkin indicated the Assistant Secretary to the Army Corp of Engineers would be in town so he would be unavailable to attend several meetings and requested, if possible that alternates attend. Commissioner Breternitz stated he would check his schedule.

Commissioner Weber requested an item to discuss the schedule and times for future County Commission meetings.

Chairman Humke announced he would attend a Reno-Sparks Convention and Visitors Authority (RSCVA) meeting on May 21, 2009 as well as a Nevada Juvenile Justice Commission (NJJC) meeting.

Commissioner Breternitz announced two new members were selected to the Debt Management Commission.

AGENDA ITEM 13

Agenda Subject: “Possible Closed Session for the purpose of discussing negotiations with Employee Organizations per NRS 288.220.”

There was no closed session scheduled for this meeting.

COMMUNICATIONS

The following communications and reports were received, duly noted, and ordered placed on file with the Clerk:

- 09-511** Notice to Proposers, Request for Proposal #2694-09, for a Protection Order Project to select a qualified organization, to provide a variety of goods and/or services to victims of domestic violence within Washoe County who have a demonstrable need for the goods and/or services on behalf of the Washoe County Social Services Department, until close of business Thursday, April 30, 2009.
- 09-512** Transcript of proceedings from Swendseid & Stern was placed on file with the Clerk for General Obligation (Limited Tax) Various Purpose Refunding Bonds, Series 2009B, in the amount of \$10,540,000, Washoe County, Nevada.
- 09-513** Initial Application of Sierra Pacific Power Company, doing business as Nevada Energy, for a permit to construct the Ft. Sage Transmission Line Project under the Utility Environmental Protection Act (UEPA), dated April 9, 2009 to the Public Utilities Commission of Nevada.

09-514 Docket No. 09-04007: Amended Initial Application of Sierra Pacific Power Company, doing business as Nevada Energy, for a permit to construct the Ft. Sage Transmission Line Project under the Utility Environmental Protection Act (UEPA), dated April 21, 2009 to the Public Utilities Commission of Nevada.

09-515 Minutes for the Reno-Sparks Convention and Visitors Authority (RSCVA) public meetings of January 2006 through December 2006.

REPORTS – MONTHLY

09-516 Clerk of the Court, Report of Fee Collections for the month ending March 31, 2009.

REPORTS – QUARTERLY

09-517 Clerk of the Court, Quarterly Financial Statement for the quarter ending March 31, 2009.

09-518 County Clerk's Quarterly Financial Statement for the quarter ending March 31, 2009.

09-519 Incline Village/Crystal Bay Township, Office of the Constable, Quarterly Report of Revenues Received for the quarter ending March 31, 2009.

09-520 Incline Village/Crystal Bay Township, Justice Court, Quarterly Report of Revenues Received for the quarter ending March 31, 2009.

09-521 Gerlach General Improvement District, Quarterly Economic Report for the quarter ending March 31, 2009.

09-522 Washoe County Sheriff's Office, Quarterly Economic Report of Civil Fees and Commissions for the quarter ending March 31, 2009.

REPORTS – COMPILATION

09-523 Grand View Terrace General Improvement District, Financial Statements and Compilation Report for the period ending March 31, 2009.

REPORTS – ANNUAL

09-524 Palomino Valley General Improvement District, Tentative Fiscal Year 2008-2010 Budget.

09-525 Reno-Sparks Convention and Visitors Authority, Tentative Budget for the Fiscal Year ending June 30, 2010.

09-526 Sun Valley General Improvement District, Tentative Budget for the Fiscal Year ending June 30, 2010.

09-527 Verdi Television District, Final Budget for the Fiscal Year ending June 30, 2010.

09-528 Washoe County School District, Tentative Budget for the Fiscal Year ending June 30, 2010.

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AGENDA ITEM 15 – ADJOURNMENT

12:46 p.m. There being no further business to come before the Board, the meeting was adjourned.

DAVID HUMKE, Chairman
Washoe County Commission

ATTEST:

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

*Minutes Prepared by:
Stacy Gonzales, Deputy County Clerk*