

WASHOE COUNTY COMMISSION  
RENO CITY COUNCIL  
SPARKS CITY COUNCIL  
WASHOE COUNTY SCHOOL DISTRICT BOARD OF TRUSTEES

JOINT MEETING

MONDAY

8:30 A.M.

SEPTEMBER 10, 2012

PRESENT:

Bob Larkin, Washoe County Commissioner, Chairman  
Bonnie Weber, Washoe County Commissioner, Vice Chairperson\*  
John Breternitz, Washoe County Commissioner  
Kitty Jung, Washoe County Commissioner

Robert A. Cashell, City of Reno, Mayor  
David Aiazzi, Reno City Councilmember  
Dwight Dortch, Reno City Councilmember  
Pierre Hascheff, Reno City Councilmember  
Jessica Sferrazza, Reno City Councilmember  
Sharon Zadra, Reno City Councilmember

Ed Lawson, Sparks City Councilmember  
Julia Ratti, Sparks City Councilmember\*  
Ron Schmitt, Sparks City Councilmember

Ken Grein, Washoe County School District Board of Trustees, President  
Dan Carne, Washoe County School District Board of Trustees, Member  
Barbara McLaury, Washoe County School District Board of Trustees, Member

ABSENT:

David Humke, Washoe County Commissioner  
Dan Gustin, Reno City Councilmember  
Geno Martini, City of Sparks, Mayor  
Mike Carrigan, Sparks City Councilmember  
Ron Smith, Sparks City Councilmember  
John Mayer, Washoe County School District Board of Trustees, Vice President  
Barbara Clark, Washoe County School District Board of Trustees, Member  
Estela LeVario Gutierrez, Washoe County School District Board of Trustees,  
Member  
Scott Kelley, Washoe County School District Board of Trustees, Member

*The Sparks City Council and the Washoe County School District did not have a quorum.*

The Commission, Board, and Councils convened at 8:39 a.m. in joint session in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada, with Mayor Cashell presiding. Also present were Washoe County Chief Deputy Clerk Nancy Parent, Washoe County Manager Katy Simon, Washoe County Legal Counsel Paul Lipparelli, Reno City Clerk Lynnette Jones, Reno City Manager Andrew Clinger, Reno City Attorney John Kadlic, Sparks City Clerk Linda Patterson, Sparks City Manager Shaun Carey, Sparks City Attorney Shirle Eiting, Washoe County School District (WCSD) Superintendent Pedro Martinez, and WCSD Legal Counsel Randy Drake.

**9:41 a.m.** Commissioner Weber arrived.

**12-852      AGENDA ITEM 3 – PUBLIC COMMENT**

**Agenda Subject:** “Public Comment (three-minute time limit per person) - (Additional Public Comment on specific agenda items will be limited to a three-minute time limit per person after each agenda item and must be related to the specific agenda item.) Comments are to be addressed to the Chair of the meeting and to the Board of County Commissioners, the Washoe County School District Board, the Reno City Council and the Sparks City Council as a whole.”

Kathleen Taylor, I-80 Design Build Project, stated the eastbound lanes on I-80 were opened last weekend, there would be a couple of ramp closures this week, and the plan was to have traffic flowing in its final configuration by September 20, 2012. She said the Commissioners would be invited to the groundbreaking, which would be held in early October.

Sam Dehne spoke about the role of the media in the community and his support of Economic Development Authority of Western Nevada’s (EDAWN) work.

**\*8:44 a.m.** Councilmember Ratti arrived.

**12-853      AGENDA ITEM 4 – AGENDA**

**Agenda Subject:** “Approval of Agenda – September 10, 2012 (For Possible Action).”

There was no public comment on this item.

On motion by Councilmember Dortch, seconded by Commissioner Weber, which motion duly carried with Commissioner Humke and Councilmember Gustin absent, it was ordered that Agenda Item 4 be approved.

**12-854      AGENDA ITEM 5 – INTRODUCTION**

**Agenda Subject:** “Introduction of Washoe County School District Superintendent Pedro Martinez.”

Pedro Martinez, Washoe County School District (WCSD) Superintendent, spoke about his background, including his position as WCSD Deputy Superintendent from 2009-2011 under then Superintendent Heath Morrison; and his time as Deputy Superintendent in Clark County. He stated holding those two positions gave him a good appreciation for education in the State of Nevada as a whole. He said it was an honor to be able to come back to the WCSD as the Superintendent.

Mr. Martinez said he was pushing for better graduation rates, because education was important to the companies wanting to expand into Nevada. He said the WCSD's proficiency results would be released later today, and they were good. He stated the District's staff wanted the students to be college and career ready and they wanted what that meant to be tangible. He said for example, Las Vegas, Nevada, had some of the best career-tech programs in the country, and some schools had gone completely digital. He stated there were high schools where the students were following different career paths in areas such as technology and medical-health science and where they wanted to be in school. He said one high school had an aviation program where the students could get their pilots license and where a group of children won an award for redesigning an airplane engine that used 30 percent less fuel. He believed there was no reason those types of programs could not be offered here. He said every one of those programs would be aligned with the studies at the University of Nevada, Reno, because instead of just graduating he wanted the students to become engineers or to get into the college of their choice. He stated he explained to Nevada's Legislators the only thing that could slow implementing the programs down was the lack of resources. He said he would be advocating for education in Carson City this year, and he needed everyone's help. He stated he saw amazing opportunities in partnering with the Cities and the County because, if everyone worked together, there would be no limit to what the children could accomplish.

There was no public comment on this item.

**12-855      AGENDA ITEM 6 – WESTERN NEVADA DEVELOPMENT DISTRICT**

**Agenda Subject: “Presentation, discussion and potential direction to staff regarding the Western Nevada Development District and opportunities to improve Regional Economic Development over a 9-County Area, including possible access to Federal Funds for Economic Development (For Possible Action).”**

Mike Kazmierski, Economic Development Authority of Western Nevada (EDAWN) CEO and President, said today's Western Nevada Development District (WNDD) presentation would cover creating jobs, enhancing resources for the region, supporting the ReCharge initiative, cooperating more closely as a region, and supporting the State's economic development strategy. He stated an objective of the regional economic development strategy was to set out the certification for the Comprehensive Economic Development Strategies (CEDs) documents, which would allow the region to

access federal funds to help the region's growth. A copy of the PowerPoint presentation was placed on file with the Clerk.

Ron Radil, WNDD Executive Director, said the Western Nevada Development District was a voluntary association of local governments and was the only such District in Nevada. He explained to maintain the District's Economic Development Administration's (EDA) certification, the District had to have a Comprehensive Economic Development Strategies (CEDS) document. He stated the CEDS document had to be revised every five years and updated annually. He said the focus of the CEDS document had been geared towards the EDA in the past, but the document identified the needs, issues, goals, strategies, projects, and initiatives of both a regional and local nature. He advised local needs and issues were taken into account in how the CEDS were implemented. He said the CEDS, as a multi-purpose document, could be used by local governments or other entities to access and to justify an application to the EDA along with being submitted to other state, federal, local, and private-sector funders.

Mr. Radil said the focus of the WNDD, since it's founding in 1983, was to work with local governments and the EDA to secure EDA funding for the infrastructure for publicly-owned industrial parks. He noted the member counties were expanded to eight last December. He said WNDD's Board was comprised of 51 percent locally elected officials. He advised that was important because community or economic development projects, particularly those involving infrastructure, ultimately meant the local governments would become responsible for the infrastructure's enhancement and maintenance. He stated the WNDD Board always looked at the economic and community development activities as being intertwined.

Mr. Radil stated the WNDD's staff also wrote grant applications for local governments. He said a project was implemented in each of the eight WNDD's member counties in Fiscal Year 2012, which never happened before and might not happen again, and he reviewed some of the projects. He said as a result of reviewing a potential project for a business-science park in Douglas County, a business obtaining parts that were manufactured out-of-state was able to locate a suitable parts manufacturer only a half mile away from their business. He stated Western Nevada College was also brought into the process because they were looking at doing things related to the workforce in manufacturing electronics, which could involve certifications. He said some of the companies were also connected with the University of Nevada, Reno (UNR) to see how they could benefit from the University's programs. He stated an application was put together for Mineral County to secure funding from the United States Department of Agriculture (USDA) to get a refrigerated trailer for small farmers to get their produce to farmer's markets or to a central point before distribution to restaurants throughout the area. He said many projects involved taking small baby steps, and he discussed a project involving a revolving loan fund through the USDA's Rural Enterprise Grant Program, which potentially could be expanded into other areas.

Mr. Radil said WNDD's members could each appoint two elected officials or staff to represent them at the Board meetings. He stated Washoe County and the Cities

of Reno and Sparks were approved for membership on August 14, 2012, which would take place during the October 9, 2012 WNDD Board meeting in Fernley, Nevada. He believed it made sense to include Washoe County in the District. He noted the District had been working with the USDA on the Stronger Economies Together program, and he asked Tom Harris at UNR to include Washoe County's data when gathering data for a set process because economic development planning or regional development planning could not be looked at without having that data considered.

Dean Haymore, Storey County Community Development Director and WNDD representative and President, believed any money received from Washington D.C. should be used for bricks and mortar projects to create jobs. He advised he did not like government or taxes, and governments needed to be run like a business. He said government needed to get back to providing services to the companies paying for his paycheck. He stated Storey County created an industrial park, which was known worldwide. He said it was a team and a region that worked together, and the industrial park would not be successful without the help of the elected officials in Washoe County and the Cities of Reno and Sparks because 99 percent of the people working there lived in Washoe County and bought their houses and spent their money in Washoe County. He noted he always planned for the next five generations, so they would have the quality of life and the opportunities to succeed that he had. He said he was here today to welcome Washoe County and the Cities in joining the WNDD, which would enable the WNDD to move forward as the Northern Nevada region; and as the Northern Nevada Economic Development Authority to provide jobs and to provide a quality of life for the people who would come here to live and for those already living here.

Commissioner Breternitz stated he was a firm believer in a regionalized approach to economic development. He felt when people came to Northern Nevada, they were looking for the best place to locate their business and sometimes jurisdictions got in the way. He said it would be a lot better in the long term for Northern Nevada to be joined.

Mr. Radil said one CEDS team member attended economic development training in Illinois, and she noted the people from Illinois and Iowa were narrowly focused but, because of the CEDS process, this area had a very wide focus.

Councilmember Lawson thanked the WNDD's Board for extending the invitation for the County and the Cities to join the WNDD, which he was sure was not an easy decision. He said what was good for the WNDD was good for us and what was good for us was good for everyone else, and he wholeheartedly supported participating.

Mr. Kazmierski said the WNDD had been busy bringing federal funding to the region in support of job creation. He stated not long after coming here, he realized there was not a CEDS certification process in Washoe County. He advised that meant huge opportunities were being missed because the EDA funding was being pushed to regions that needed job growth, at least until their unemployment numbers were down.

He said because the area's unemployment rate was so high, it put the area right at the top of the list.

Mr. Kazmierski stated the options were for the entities to go it alone, which cost money and time, or to work as region; and the option chosen was to work as a region. He said creating a mega-economic development region gave the region a competitive advantage when competing in the west for the EDA grants. He read about two of the EDA grants already given as shown on page 7 of the EDA handout, which was attached to the staff report from the City of Sparks. He said at the end of the day, it was about jobs, and what mattered was the people who needed jobs. He stated 50 people who did not have jobs prior to Urban Outfitters coming to the area would now have jobs over the holidays. He said ways needed to be found to upgrade the area's infrastructure and to fix the training facilities by building programs that would better qualify people for the job opportunities EDAWN was working hard to bring to the region.

Shaun Carey, Sparks City Manager, said the course ahead for the Cities of Reno and Sparks, Washoe County, the Washoe County School District (WCSD), and the community colleges would get better today with the direction to staff to put this on the respective agendas to appoint the elected officials or staff and the private sector representatives, so work could begin on the mega-region economic plan. He said that was right at the top of the reasons why the ReCharge Nevada effort was created. He stated joining the WNDD would put the local elected officials at the table in a mega-region to solve some of the challenges in making Nevada competitive with the rest of the country. He said the second bullet point for ReCharge Nevada was also completed with the completion of the Regional Economic Development Plan in time to be a part of the Governor's distribution of funds; as was the third bullet, which was the ability to use catalyst funds. He said joining the WNDD was seen as the next step. He requested the managers be directed to put this on the Councils' and the Commission's agenda prior to the next WNDD Board meeting.

In response to the call for public comment, Sam Dehne spoke about meeting with Mr. Kazmierski, about a past mayoral candidate and ex marine not having a job, and about gambling revenues being way down and how the area needed to attract other industries to provide jobs. He felt the Cities and the County joining the WNDD was a no brainer.

Councilmember Sferrazza noted the gaming numbers were released and Washoe County saw a decrease, and she asked what was being done to counteract the decline in gaming revenues. Mr. Kazmierski said a more aggressive attraction strategy, working hard on retention, and starting to work on entrepreneurial growth was being attacked hard. He stated working together as a team was what would make any efforts work better. He said CEDS money could be used to train the existing quality workforce where needed, such as training a construction worker to work in manufacturing. He stated 40 percent of the 140 or so of EDAWN's prospects were in the manufacturing sector, and the workforce needed to be able to meet the needs of those future employers. He said

everyone needed to work together as a team for the economy to grow, which would make the job a lot easier.

Councilmember Sferrazza asked if the gaming operators were at the table. Mr. Kazmierski said the gaming industry was working on its challenges, which was to get more local involvement and to move towards the resort concept. He said he continued to see gaming as an important part of the economy as it changed into a more effective model, but he noted gaming currently only represented 4 percent of the area's economy.

Chairman Larkin directed the County Manager to place the WNDD on a future agenda.

Councilmember Zadra gave the same direction for the City of Reno.

Councilmember Smith gave the same direction for the City of Sparks.

**9:27 a.m.** President Grein and Trustees McLaury and Carne left the meeting.

**12-856      AGENDA ITEM 7 – CONSOLIDATED TAX**

**Agenda Subject: “Presentation, discussion and potential direction to staff regarding the Interim Consolidated Tax Subcommittee Study (For Possible Action).”**

Katy Simon, County Manager, introduced Jeremy Aguero, Applied Analysis, who had been leading the working group supporting the Legislative Interim Committee looking at the Consolidated Tax (C-Tax).

Mr. Aguero said his PowerPoint presentation, which was placed on file with the Clerk, provided a brief overview of the C-Tax and the recommended changes to it made by a working group of local governments to the Legislative Subcommittee studying the topic, which was required by the passage of AB 71 on June 15, 2011.

Mr. Aguero explained the C-Tax was a formula used to equitably distribute local government revenues, and he reviewed the taxes included as part of the C-Tax. He noted 95 percent plus of the money distributed was from the sales tax. He reviewed the *Understanding the C-Tax* slides. He noted the C-Tax was extremely complicated and had become worse over time because of attempts to modify it to work for 170 plus governments, which included small to large counties, special districts, enterprise districts, cities and towns. He discussed the *C-Tax Timeline* slides, which outlined the changes to the C-Tax over time.

Mr. Aguero said Nevada led the nation during the front half of the last seven years in terms of growth, which was in contrast to Nevada now leading the nation in almost every indicator of economic decline. He noted that decline led to some of the difficulties with the C-Tax in terms of its inability to produce revenue and also because of the mechanics of how the C-Tax worked. He stated it was recognized the C-Tax had

some significant problems in 2011, and he outlined those problems as shown on the *Background* slide. He noted when 1%+ was put into the C-tax formula, it was designed to make the formula as stable as possible and favored slower growing entities. He stated the problem was the urbanized areas of Nevada did not always grow in the same way. He said the changes to fix the problem in 2001, by getting rid of the 1%+ and not basing taxes on what was received the previous year, had unintended consequences. He said the change created a base, which would be grown by using the rate of inflation, and anything extra would be labeled “excess.” He explained that meant everyone would compete for that excess based on how fast their population and their assessed valuation grew. He said those factors worked very differently when the value increased then they did when the values decreased. He stated there were also concerns regarding how the base was originally calculated and how it should exist today, which fell along urban/rural and north/south divisions.

Mr. Aguero discussed the review process as outlined in the *Review Process* slides. He noted the Interim Subcommittee met on August 30, 2012 for a final review, and local governments were asked to conduct their reviews of the recommendations between September and October 2012. He said action needed to be taken within the first 45 days of the 2013 Legislative Session, otherwise there would not be time to implement the changes to the C-Tax.

Mr. Aguero reviewed the recommendations as outlined in the *Major Recommendations* slides. He said every jurisdiction had an established C-Tax base. He said that base was increased by the rate of inflation, if there was more money available, and that amount was guaranteed to every jurisdiction before calculating what they would receive from any excess. He discussed how the excess had been shared and how many jurisdictions became increasingly dependent on it. He said the formula also worked in reverse and anyone dependent on the excess was suddenly in a lot of trouble. He stated none of the excess was ever added to the base for the following year, and everyone competed for the excess based on their growth factors. The *Washoe County Examples (FY 2006)* slide showed how those growth factors differed locally. He discussed the recommendation shown on the *Treatment of the C-Tax Base* slide and the following slide explained why the recommended change to the base calculation was made.

Mr. Aguero discussed the advantages and disadvantages to 100%+, 0%+, and 2%+, and their bottom line as shown on the *100%+, 0%+, 2%+* slide. The *0%+ Dilemma* slide showed what happened if only one entity grew. He stated the recommendation was to use 2%+ in Washoe and Clark counties and 100%+ in all of the rural counties as shown in the *Plus Factor Used in the Tier 2 Excess Distribution Formula* slide and why that recommendation was made was depicted in the following slide.

Mr. Aguero said the point of the *Washoe County Assessed Value Trends* slide was if an entity was below the white horizontal line with substantial negatives that were carried forward over a five year period, it would be tough to receive any excess. He stated the recommendation was to set a floor of zero to account for property tax declines

as depicted in the *Treatment of Negative Excess Factor Growth Rates* slide. He explained why that was the recommendation, which was depicted on the following slide.

Mr. Aguero said the recommendation was to change the Memorandum of Understanding dates to April 15 of the current Fiscal Year to better fit in with the budget process for everyone involved.

Mr. Aguero said the way population estimates were generated and reported was incredibly important, and the working group was working to help look at that process. He stated the library districts' issues were addressed on a going forward basis due to some concerns in AB 71. He said the incorporation clarification recommendation was twofold. He stated Laughlin, Nevada felt there had to be increased clarity to the process when a new city tried to become a city in terms of how much revenue they might ultimately receive. He said Fernley, Nevada wanted to receive additional revenue if they took over additional services. He stated the working group agreed the clarification was necessary. He explained what Fernley wanted involved a redistribution of revenue outside of Lyon County. He said the working group was not comfortable with that situation because the general belief was the formation of a new government should not make government more expensive, unless the residents of the new government essentially decided to tax themselves.

Mr. Aguero said he owed a debt of gratitude to the staff of the Cities and the County who worked tirelessly and came to the meetings with an attitude of cooperation, and without whom the work could not have been completed. He felt the recommendations reflected a vastly improved tax policy. He said the difficult reality when discussing taxes was every dollar could only be spent once. He stated the recommendations also addressed regional concerns and avoided a legislative solution.

Commissioner Jung asked if the recommendation regarding the distribution formula being applied to rural versus urban counties defined what the difference was. Mr. Aguero replied the divide was defined as 100,000 or more in population based on working with the Legislative Counsel Bureau on a bill draft request.

Councilmember Sferrazza asked if there was consensus regarding the plan among all of the local governments. Mr. Aguero said there was a general consensus among the working group, except for the City of Fernley. He explained Fernley brought forward a proposal that lacked support among the working group. He said there was an expectation by the Committee's Chairwoman that what the working group agreed to would be forwarded to local governments for agreement on the recommendations contained in this presentation.

On motion by Commissioner Breternitz, seconded by Commissioner Jung, which motion duly carried with Commissioner Humke and Councilmember Gustin absent, it was ordered that the report be accepted for Agenda Item 7.

12-857      PUBLIC COMMENT

**Agenda Subject:** “Public Comment (three-minute time limit per person) - (Additional Public Comment on specific agenda items will be limited to a three-minute time limit per person after each agenda item and must be related to the specific agenda item.) Comments are to be addressed to the Chair of the meeting and to the Board of County Commissioners, the Washoe County School District Board, the Reno City Council and the Sparks City Council as a whole.”

There was no response to the call for public comment.

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**9:59 a.m.**      The meeting was adjourned without objection.

**ATTEST:**

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**ROBERT M. LARKIN**, Chairman  
Washoe County Commission

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

**ATTEST:**

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**ROBERT A. CASHELL**, Mayor  
City of Reno

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

*Minutes Prepared by Jan Frazzetta,  
Washoe County Deputy Clerk*