

**WASHOE COUNTY BOARD OF COMMISSIONERS  
AND  
CITY OF RENO CITY COUNCIL**

**JOINT MEETING**

TUESDAY

9:00 A.M.

APRIL 24, 2001

PRESENT:

**WASHOE COUNTY**

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

Katy Singlaub, County Manager  
Paul Lipparelli, Legal Counsel  
Amy Harvey, County Clerk

**CITY OF RENO**

Jeff Griffin, Mayor  
Dave Aiazzi, Councilmember  
Sherri Doyle, Councilmember  
Toni Harsh, Councilmember  
Pierre Hascheff, Councilmember  
Dave Rigdon, Councilmember (arr @ 9:20 a.m.)  
Jessica Sferrazza-Hogan, Councilmember

Charles McNeely, City Manager  
Michael Halley, Deputy City Attorney  
Don Cook, City Clerk

The Washoe County Commission and the Reno City Council met in joint session in the Council Chambers of Reno City Hall, 490 South Central Street, Reno, Nevada. Following the Pledge of Allegiance to the flag of our Country, the Clerks called the rolls for their respective entities and the Board and Council conducted the following business:

**AGENDA**

In accordance with the Open Meeting Law, on motion by Councilmember Sferrazza-Hogan, seconded by Councilmember Aiazzi, which motion duly carried, Mayor Griffin ordered that the agenda for the joint meeting of April 24, 2001, meeting be approved with the following limitations: 15 minute time limits for presentations, and 5 minute time limits for questions from Commissioners and Council members.

**PUBLIC COMMENTS**

Betty Morris, area resident, said that working on the Justice Facilities Working Committee was very interesting and strictly voluntary. The Committee was appointed by the County Commissioners, and anyone in the community was invited to apply. She reviewed the demographic makeup of members on the Committee.

**RECOMMENDATIONS – JUSTICE FACILITIES WORKING COMMITTEE**

Chuck Weller, Chairman, Justice Facilities Working Committee, reviewed the court facility recommendations by the Committee. Mr. Weller said the Committee strongly recommends a study be conducted to determine the percentage of time each courtroom is being used. He advised that Clark County conducted a similar study and discovered their courtrooms were being used 35 percent of the time, and the Committee believes there would be similar results with Washoe County courtrooms.

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**Councilmember Rigdon arrived.**

Mr. Weller said the Committee determined that it makes the most sense to construct the Municipal Court adjacent to the Justice Court on 1 South Sierra Street. It also offers the most cost savings potential.

Commissioner Galloway said it was his understanding from previous testimony, if additional floors were added to the existing 1 South Sierra Street building, they would be able to hold files but existing floors could not. Mr. Weller said based on presentations made to the Committee, they determined that files could be placed on each existing floor with no problems.

Councilmember Doyle inquired if the Committee had received a presentation from the Redevelopment Agency on plans for the downtown office financial district. Mr. Weller responded they had not.

Commissioner Bond said the Board was told they absolutely needed the Pioneer Inn site; that they absolutely needed to expand and collocate their court facilities; and that they could not expand up on 1 South Sierra. Now, the Committee says they can go up and they should go up. She stated the County bought the Pioneer Inn site and whatever goes there – the District Attorney, Public Defender, and/or the Municipal Court, she is agreeable to all of those – but they need to do something with that site. Mr. Weller advised the Pioneer Inn Casino is scheduled for tear down before August 2001, and the County and City need to determine where the Municipal Court will be built.

In response to Councilmember Aiazzi’s inquiry, Mr. Weller said that 4 years ago the District Court decided that Family Court should be relocated to 1 South Sierra, and now they have determined that was an error and should be undone. Based on the representation of the judges, the Committee agrees that Family Court should be reunited with the District Court.

Councilmember Sferrazza-Hogan inquired if the Committee considered night court. Mr. Weller said the Committee tried not to make specific recommendations but rather just tried to identify the issues. It would be incumbent upon the District Court Judges to come forward with recommendations of how courtrooms could be better utilized.

Chairman Shaw inquired about the structural options at 1 South Sierra Street. Mr. Weller said the Wiley group previously advised that 1 South Sierra should not be expanded four more floors. The Committee talked to Ian Macfarlane who designed the building, and he indicated by using transfer beams, the building could be designed to meet District Court needs. The Wiley group conceded they had not considered that option. Katy Singlaub, County Manager, clarified that Dan Wiley, and Tate & Snyder Architects never said that 1 South Sierra could not accommodate more floors, and in fact, the master plan update presented to the Board in August 1999 included a proposal for additional floors. New information recently presented suggests the potential of changing the structural plan of the building.

Commissioner Galloway advised he had previously requested that County staff review (even if through a third party) to determine if a transfer beam, as proposed by Mr. Macfarlane, would allow for further expansion on 1 South Sierra.

Commissioner Sferrazza said he had brought that specific issue up prior to the bond issue and received a letter from a structural engineer indicating that the existing 1 South Sierra building could be expanded up. At that time, Dave Roundtree, Public Works Director, specifically indicated that 1 South Sierra could not be expanded up. He requested Mr. Macfarlane be allowed to answer questions raised about 1 South Sierra, such as adding more floors, filing needs, and taking the roof off the building in order to expand.

In response to Councilmember Rigdon's inquiry, Mr. Weller said everybody shares the idea that the court is the center of a community and should have design features that represent that. A courthouse should be flexible but should not be empty most of the time. He said the Courts should be able to improve on what they already have. The Committee discussed the number of courtrooms but did not discuss the façade of the building.

In response to Mayor Griffin's inquiry, Dave Roundtree, Public Works Director, clarified that when staff says take the roof off, it means take the roof covering off. The existing roof of 1 South Sierra is above the third floor and is the fourth floor of the continuing building, so the structural part of that roof is the fourth floor. In order to construct additional floors, the roof membrane would have to be removed, which is the water proofing that protects the building. The removal is necessary to construct subsequent floors. He stated he has said numerous times that 1 South Sierra could be expanded, as it was originally designed for seven floors. Mr. Roundtree advised he has had preliminary discussions with a structural engineer, and typically, once a structural system for the building has been established, it is generally carried to the top, but restructuring could be accomplished.

Steve Varela, City of Reno, Director of Public Works/City Engineer, said staff reviewed more closely the construction cost and possibility of the Municipal Court being built adjacent to 1 South Sierra Street as compared to the Pioneer Inn site and determined that costs were relatively the same. He estimated it would cost approximately

\$14.1 million to develop adjacent to the 1 South Sierra building and approximately \$14.3 million for construction on the Pioneer Inn site.

Shirley Allen, area resident, expressed her concern about local governments, and said she disagrees with building a new courthouse.

John Breternitz, member of the Justice Facilities Working Committee, stated the Committee worked very hard on their recommendations, and encouraged the County to consider donating land to the City of Reno for their Municipal Court. He said both entities have to work together in order to achieve collocation and cost savings.

#### **01-394            PRESENTATION – RP3 GROUP**

Tom Gallagher, Summit Engineering Corporation, representing the RP3 Group, advised that this proposal for construction of court facilities on the Pioneer Inn site was unsolicited. He said this is not a proposal for a design build project, all phases of the project are proposed to be bid in accordance with the general procedures used by the controlling entity. The project is designed and phased for construction over a period of time in order to spread the costs out to be acceptable and affordable. RP3 does not propose the entities raise taxes but rather pay for phases with existing revenue streams. He noted that RP3 is aware of the statement made by Mr. Macfarlane that a transfer beam could be used in the 1 South Sierra building to allow for expansion, but RP3 has not analyzed that building to verify whether that could be done or not. Mr. Gallagher stated RP3 has been working on this proposed project for two years, and has spent several hundred thousand dollars on this project. They are also aware they will not recoup any of the money spent if this project is not accepted.

Kevin Jeffers, HMC Architects, reviewed a power point presentation with the Boards, which showed the entire proposed project after completion.

Peter Mitchell, MKT Development Group Inc., said the key question is how this proposed project would be financed. He stated the potential annual cost, not including operating costs, could range from \$6.5 million to \$7.5 million. Financing for the project could be from tax exempt bonds through a not-for-profit corporation, certificates of participation, and/or tax exempt bonds issued through a redevelopment district specifically set up for this particular project. There are several sources of income identified, reallocating retiring bond debt, rollover leases, as well as delaying capital expenditures for the courthouse. Mr. Mitchell said savings that would be generated from the buy-back of the Pioneer Inn site could be considered as well.

Leslie Bryan Hart, on behalf of the Lionel, Sawyer & Collins Law Firm, advised that their firm is particularly enthusiastic about RP3's Regional Government Center. She said this complex would inject much needed fusion, capital and energy into the downtown office core. Their firm has served its clients from the downtown area for more than 25 years and in that time, they have witnessed a deterioration of the downtown area from a vibrant core that housed most, if not all, of the City's law firms, banks, and brokerage houses. Unfortunately over the last few years many of their colleagues have

relocated their businesses to another part of town; something that their firm has also considered. Ms. Hart stated that RP3's vision for the downtown area offers a concrete opportunity to reverse this trend, as well as providing the community with a focal point of which all residents can be proud.

Councilmember Sferrazza-Hogan asked the total project cost minus the City Hall and annex building. Mr. Gallagher estimated approximately \$86 million for the total project based on numbers from the Wiley report, and advised if the project were downsized, it would be a completely different number. Councilmember Sferrazza-Hogan questioned the use of the existing Justice Court at 1 South Sierra Street if this project were approved. Mr. Gallagher said the building has the potential for numerous things and could be used to satisfy a lot of the growing County office needs. He suggested possibly placing commercial offices on the bottom floor, which would help recoup a lot of the investment in the building. He responded to questions concerning the County's ability to make payments on a project of this type.

Councilmember Doyle inquired how long the Municipal Court would take to build through the proposed RP3 project. Mr. Gallagher said it would take approximately 22 months and that would include design, public meetings, etc.

In response to Commissioner Bond's inquiry, Mr. Mitchell said they are suggesting that a not-for-profit corporation be formed and either work through a redevelopment district and/or be authorized to raise bonds in this region.

Councilmember Aiazzi said this proposal is to find a private group to find the financing to build a justice center in a phased approach and not all in one lump sum. Mr. Mitchell said it would be difficult to do this project in one lump sum and is all a matter of cash flow. He discussed an estimated annual amount that could be met by retiring bond debt or other income sources. Mr. Mitchell said the way these projects are developed in other areas is largely on a fee basis, and has to be done that way in order to comply with the 6320 rules of the IRS.

Mr. Gallagher said they are requesting another 120 to 150 days in order to share the next phase of this project with the Boards. This time would allow them to determine how much of the project, if not all, they can complete. They will review possible sources of funding, as well as try to uncover loopholes in this scenario to determine if this project is even possible.

Commissioner Galloway asked how he could justify taking money to eliminate a perfectly viable building, the Justice Court. Mr. Gallagher said they have not indicated they will eliminate the building but would only change the use of the building, which would be subject to negotiations prior to any construction.

Commissioner Sferrazza said that this is a beautiful project but the most important thing to him is the money. He questioned selling the property to the RP3 Group and then buying it back at a higher interest rate than they are currently paying.

Mr. Mitchell stated that they are not suggesting raising taxes, they are suggesting that they find alternative financing for this project. As to buying back the land, they are looking at the time and value of the money that has already been spent purchasing the Pioneer Inn site. A not-for-profit corporation could come in and work jointly with the City and County to develop the property, and they would look at trying to achieve the fairest and most competitive pricing for it, including financing. John Sherman, Washoe County Finance Director, said the staff is constantly going through the County's budget, looking where they can gain efficiencies and lower costs; they also review the particular debt structure to locate possible sources to pay off future debt. Based on that analysis, there is no current debt that can be turned over to free up money, and in fact, the County used that very mechanism to fund the juvenile justice facility, as well as to purchase the Pioneer Inn site. A number of the County's outstanding debts have dedicated funding streams to them that cannot be used for anything else; a good example of that is the 1/8 cent sales tax that can only be used for public safety. Mr. Sherman said you cannot just look at a particular debt; the funding stream behind it has to be reviewed as well. Mr. Gallagher said all they are asking for is to be included on the "other projects" list when the County is considering reallocation of retiring debt.

Councilmember Rigdon inquired if the project conformed to State law and whether or not the County had the option to sell property to an entity without going through a bidding process. Mr. Gallagher responded that it conforms to a lot of state laws but he is not sure if it conforms to Nevada law. County Manager Singlaub, advised that there is a legal allowance for lease purchase, which has very restrictive guidelines. There are also legislative proposals being considered concerning design build, and if an exclusive arrangement is entered into, there are design build implications. She said the County was advised by the District Attorney's office in order to do such a process, they would have to open it up and invite proposals for a lease purchase wrap-around project. Paul Lipparelli, Legal Counsel, advised of lease purchase restrictions and noted that the financing for this type of project is generally higher than what it would be using the traditional design bid method.

Commissioner Bond stated that legal issues need to be resolved before anything can move forward on this project. She noted that the City of Reno is the only one in a position and has the money to construct anything on the Pioneer Inn site, at this time.

Richard Gammick, District Attorney, said he found no fatal flaws in the recommendations by the Justice Facilities Working Committee. He has reviewed the RP3 proposal and sees no problem with either proposal. He said either way his staff needs more space and both proposals have taken that into consideration.

Anne Macfarlane, Planner, ArcForm Group, addressed the issues Commissioner Sferrazza brought up earlier in the meeting. She said Washoe County made claims against ArcForm Groups design team and engineers. A mediated settlement was reached, and part of that settlement included the requirement that neither party would provide information publicly, without first discussing it with the other party to protect

against misrepresentation by either party. Ms. Macfarlane said Washoe County has released information counter to this agreement, which has significant damaging errors and misrepresents ArcForm Groups' professional capacity and capabilities. She said discussion in detail of the misrepresentations related to that settlement is not appropriate for this forum and at this time.

Ian Macfarlane, Architect, ArcForm Group, said his main reason for coming here today was to make sure there are no misunderstandings of the capability of the 1 South Sierra Street building. He said there was a communication made by the County Manager addressing new structural problems and he would like to explain to the Boards the capacity of the building and lay to rest all the innuendoes and misinformation. He stated prior to 1 South Sierra being built, there were many committee meetings held and studies conducted that led to the approval of a 7-story court building. It was determined this facility would meet the needs of the District Courts and District Attorney staff. He said the building has the ability to expand 165,000 square foot of gross floor area, which is what the Wiley planner suggested, and would take care of the District Court, Family Court facility and the law library. The building also has the flexibility of changing column locations, which was already done in a portion of the existing building to accommodate a fifth court for Family Court and a fifth court for Justice Court. He advised the structural engineer of record voluntarily spent his own time analyzing the concept of separating the columns 40 feet apart throughout the next 4 floors and came to the conclusion that it could be done. Mr. Macfarlane addressed some of the rumors circulating about the inability of the building to be expanded up to provide usable size courtrooms.

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**Commissioner Short and Councilmember Rigdon left the meeting at 11:45 a.m.**  
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In response to Commissioner Sferrazza's inquiries, Mr. Macfarlane addressed questions concerning parking and shared clerk functions if the Municipal Court were built adjacent to the existing Justice Court.

**01-395            STAFF REPORT – CITY OF RENO AND WASHOE COUNTY – MUNICIPAL COURT LOCATIONS**

Councilmember Hascheff said if the Municipal Court is constructed adjacent to 1 South Sierra Street, there is no ability to relocate if growth causes the need for expansion. They would also lose the ability for collocating other City facilities next to the Municipal Court.

Councilmember Hascheff moved to construct the Municipal Court on the Pioneer Inn site and that staff be directed to meet with the RP3 Group and come back in 90 days with a report on the potential of the proposed project, seconded by Councilmember Doyle.

Commissioner Galloway stated his concerns with the Municipal Court being built on the Pioneer Inn site as compared to being constructed adjacent to 1 South

Sierra Street. He said he would consider donating the land for the construction of the Municipal Court adjacent to 1 South Sierra Street but has not discussed that issue with the other Commissioners.

Councilmember Doyle gave her reasons for supporting the construction of the Municipal Court on the Pioneer Inn site.

Councilmember Aiazzi said he does not agree with all of the findings and cost savings as outlined by the Justice Facilities Working Committee. He believes the Sheriff's transportation costs were inflated and he does not believe the Committee reviewed those numbers, rather they just accepted the numbers provided to them. Councilmember Aiazzi said the County should give the City of Reno land for constructing their Municipal Court on either site.

Commissioner Galloway said the City of Reno does have revenue provided for operating the Municipal Court and if they have to pay for the land, it would not be unfair.

Councilmember Sferrazza-Hogan said she supports the Justice Facilities Working Committee's recommendations, and believes there would be cost savings by constructing their Municipal Court adjacent to the Justice Court at 1 South Sierra Street. She is concerned about gutting the Justice Court that cost over \$21 million to construct and using it for office space.

Commissioner Bond said she is not going to discount or minimize the work done by the Committee which was appointed to try and assist the County in coming to a conclusion of where any future court facilities should be constructed, if at all. She stated she does not want to take the short-term route and, although there are cost savings if the Municipal Court is constructed next to the Justice Court at 1 South Sierra Street, is not sure that location would fulfill the long-term needs of the community. Commissioner Bond said she believes the Pioneer Inn site would satisfy the needs of future growth for court facilities.

On call for the question, the motion duly carried with Council members Sferrazza-Hogan and Harsh voting "no," and Councilmember Rigdon absent.

**INTERLOCAL AGREEMENT – WASHOE COUNTY AND CITY  
OF RENO – RENO MUNICIPAL COURT**

Commissioner Bond moved to direct staff to work cooperatively on the interlocal agreement with the City of Reno's decision to construct their Municipal Court on the Pioneer Inn site, seconded by Commissioner Galloway.

Commissioner Sferrazza said the Board of County Commissioners appointed the Justice Facilities Working Committee who voluntarily gave hours and hours of their own time to come up with these recommendations which resulted in substantial

savings to the taxpayers; most of whom are from the City of Reno. He said he will not support the motion as proposed.

Chairman Shaw said he supports the motion despite all of the work done by the Committee, as he believes the City of Reno should determine the location of the Municipal Court.

Commissioner Galloway said after hearing Commissioner Sferrazza's arguments against the motion, he withdraws his second to the motion. Chairman Shaw said he would second Commissioner Bond's motion.

Paul Lipparelli, Legal Counsel, advised that the City of Reno and County staff worked on this draft for the interlocal agreement and, due to problems between the County and City's computers, there were some changes made to the County draft that are not shown on the City's copy. If the agreement were approved today, it would have to be subject to the revisions that were previously made by the County.

Commissioner Bond moved to amend her motion to include the revisions to the interlocal agreement, seconded by Chairman Shaw.

Councilmember Aiazzi said at the last joint meeting he specifically asked if it would be the City of Reno's decision where they build their Municipal Court, and they were told at that time it would be solely up to the City. He appreciates the work done by the Committee but he does not agree with their recommendations.

Commissioner Bond said she believes it is up to the City Council as to where they want to construct their Municipal Court. She stated the County has tried to look objectively at all of the options, which is why the Committee was appointed, but believes that long term, the Pioneer Inn site is the best location for the Municipal Court.

Councilmember Doyle said further expansion of 1 South Sierra is not desirable for the City of Reno because they do not want to have 7 to 10 story buildings alongside the Truckee River.

Commissioner Sferrazza said the County was approved to build more floors at 1 South Sierra and the reason they did not was because of finances, not because the City of Reno did not approve a high-rise building. There are currently high-rise buildings along the Truckee River in the area of the Justice Court. If the City of Reno has taken the position there will be no more high-rise buildings, so be it, but that is not the decision before the Boards today. The question is collocation and the Committee did not recommend that the Municipal Court be built on top of the Justice Court; it recommended it be built adjacent to it. Commissioner Sferrazza noted that the Justice Facilities Working Committee was open to anyone in the community, and they were asked to go out and review potential cost savings for court facilities.

Mayor Griffin said five years ago, the City of Reno made a commitment to fund a solution to the challenges of the Municipal Court. Two years ago, the County suggested collocation of the courts and the City of Reno believed that made sense so they entered into discussions with the County concerning collocation. Now, the Committee has made recommendations, which are outstanding, but they focus on everything but the Municipal Court's interests. Mayor Griffin advised that the City of Reno considers the Pioneer Inn site the best possible site and allows for further expansion of other City needs.

Commissioner Bond withdrew her motion and Chairman Shaw withdrew his second.

On motion by Commissioner Sferrazza, seconded by Commissioner Galloway, which motion duly carried, Chairman Shaw ordered that this matter be continued to a time when all Commissioners can be present.

Councilmember Hascheff requested that this matter be continued to a joint meeting with the City of Reno.

Councilmember Doyle moved that the interlocal agreement concerning the Reno Municipal Court being located at the Pioneer Inn site be approved, seconded by Councilmember Hascheff.

Councilmember Aiazzi said he does not agree with all of the recommendations by the Committee and does not believe the City of Reno should be held accountable to their recommendations. He outlined some of the wording he believes should be changed in the interlocal agreement. Councilmember Hascheff said he requests that a cap be placed on the time limit for beginning construction of the Municipal Court on the Pioneer Inn site.

Councilmember Doyle moved to amend the motion to include the comments of Council members Hascheff and Aiazzi.

Councilmember Sferrazza-Hogan said she would not support the motion based on the reasons she stated earlier.

Councilmember Harsh said she will not support the motion because she supports the recommendations by the Justice Facilities Working Committee; and that she is concerned about how long it will take to begin construction of the Municipal Court on the Pioneer Inn site.

Legal Counsel Lipparelli advised he would not recommend that the County agree to the suggested changes to the interlocal agreement made by the City of Reno.

Charles McNeely, City of Reno, City Manager, requested that staff be directed to work with the County concerning the proposed language and amendments to the interlocal agreement and come back for approval at a joint meeting.

On call for the question, the motion duly carried with Council members Harsh and Sferrazza-Hogan voting “no,” and Councilmember Rigdon absent, it was ordered that the interlocal agreement be accepted for the Pioneer Inn site for the Reno Municipal Court, with the language revisions suggested by Council members Hascheff and Aiazzi.

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There being no further business to come before the Boards, the meeting adjourned at 12:30 p.m.

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**JAMES M. SHAW**, Chairman  
Washoe County Commission

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**JEFF GRIFFIN**, Mayor  
City of Reno

ATTEST: AMY HARVEY, County Clerk

ATTEST: DON COOK, City Clerk

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*Minutes Prepared By:*  
*Jeraldine Magee*  
*Deputy County Clerk*