WASHOE COUNTY DEBT MANAGEMENT COMMISSION
ORGANIZATIONAL MEETING

FRIDAY 11:00 A.M. FEBRUARY 16, 2018

PRESENT:

Naomi Duerr, Reno City Council, Chair
Bob Kirtley, At-Large Member, Vice Chair
Donald Abbott, Sparks City Council
Sandra Ainsworth, GID Representative, Member
Malena Raymond, Washoe County School District
Michelle Salazar, At-Large Member

Nancy Parent, County Clerk
Dania Reid, Deputy District Attorney

ABSENT:

Bob Lucey, Washoe County Commissioner, Vice Chair

The Washoe County Debt Management Commission met in regular session at 11:00 a.m. in the Washoe County Caucus Room, Administration Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chair Duerr presiding. Following the Pledge of Allegiance to the flag of our Country, the County Clerk called the roll and the Board conducted the following business:

18-003DMC AGENDA ITEM 4 Public Comment.

There was no response to the call for public comment.

18-004DMC AGENDA ITEM 5 Elect Chair and Vice Chair.

On motion by Member Ainsworth, seconded by Member Raymond, which motion duly carried with Member Lucey absent, Member Duerr was elected as Chair of the Debt Management Commission.

On motion by Member Raymond, seconded by Member Ainsworth, which motion duly carried with Member Lucey absent, Member Kirtley was elected as Vice Chair of the Debt Management Commission.

Chair Duerr thanked the Commission members for their support.
AGENDA ITEM 6. Approval of the minutes for the Debt Management Commission’s annual meeting of August 18, 2017.

On motion by Member Ainsworth, seconded by Member Abbott, which motion duly carried with Member Lucey absent, Agenda Item 6 was approved.

AGENDA ITEM 7. Review and possible acceptance of a report detailing Washoe County’s direct and overlapping property tax rates for the previous ten fiscal years and a map illustrating Washoe County’s tax districts and rates.

Assistant County Manager/Budget

Chair Duerr asked if the County had appointed a new budget manager. County Clerk Nancy Parent replied in the affirmative and pointed out Assistant County Manager Christine Vuletich was present to discuss this agenda item.

Ms. Vuletich introduced herself as the Assistant Washoe County Manager over administration and finance. She explained the former budget manager, Mark Mathers, had accepted the position of Chief Financial Officer (CFO) for the Washoe County School District (WCSD) and Ms. Lori Cooke had been appointed as the new Budget Manager. She stated Ms. Cooke was unable to attend the meeting.

Chair Duerr inquired about Ms. Vuletich’s previous work history. Ms. Vuletich said she had been the Assistant County Manager and CFO for Douglas County prior to her employment with Washoe County. She also worked as a finance director for the City of South Lake Tahoe and was employed with a number of other cities in California prior to that. She had been with Washoe County for about a year and a half and commuted from the City of Gardnerville.

Ms. Vuletich discussed the backup materials submitted for this agenda item and said she understood the information was requested by the Commission during a previous meeting. The first document presented the direct and overlapping property tax rates for the past 10 years, which she explained was information available in the County’s Comprehensive Annual Financial Report. She pointed out Washoe County charged a property tax rate of 1.3917 percent per $100 of assessed valuation to fund all the services it provided, the state of Nevada charged 0.1700 percent, and the WCSD charged 1.1385 percent for a total of 2.7002 percent. This was the tax rate charged to property owners in the unincorporated areas of Washoe County unless they were also within a General Improvement District (GID) or a Special Assessment District (SAD). In addition to the 2.7002 percent, citizens who lived within the incorporated boundaries of either Reno or Sparks paid another 0.9598 percent which brought their “overlapping” tax rates to 3.66 percent.

Chair Duerr said she understood the total tax rate allowed by statute was 3.66 percent. Ms. Vuletich stated that was correct and explained the maximum allowable tax rate was called a cap.
Chair Duerr noted the property tax rates for Reno and Sparks had risen over time until they both reached the same rate of 0.9598 percent. She asked if Reno and Sparks were capped at that amount. Ms. Vuletich stated that was correct; Reno and Sparks would not have the ability to increase their tax rates any further unless one of the other entities was willing to reduce its rate. Chair Duerr wondered if a GID would have the ability to collect a percentage. Ms. Vuletich replied that was correct. She pointed out the map included in the supporting materials showed many areas were at the cap rate of 3.66 percent. One completely unincorporated area had the lowest rate of 2.7002 while there was a range of other areas that fell between the lowest rate and the cap. Those areas were likely within a GID or a SAD.

Chair Duerr asked if a GID had to be seven miles away from a city and Ms. Vuletich replied she was unsure. Chair Duerr said this subject had come up at a Reno City Council meeting and the City’s attorneys had indicated this was the case. The issue had been discussed as it related to a large residential development called StoneGate that would include over 4,000 homes. One of the city council members wondered if the development could be its own sub-city or GID to avoid an obligation for the City of Reno to provide services to the area. Reno’s lawyers advised the possibility could not be considered because the StoneGate development was within seven miles of the City.

Member Ainsworth commented the Sun Valley GID was not seven miles out from a city boundary; however, the GID had been in place for 50 years and she thought it was possible the city had grown outward to within seven miles of the GID.

Chair Duerr inquired if an entity that wanted to raise its tax rate could request another entity to lower its rate. Ms. Vuletich replied it was possible; however, all entities would have to agree. She said a swimming district and a fire district in Douglas County had negotiated changes to their rates during the recession.

Chair Duerr asked if Washoe County’s tax rate of 1.3917 included the Fire District. Ms. Vuletich was unsure, but thought it might be included because the Fire District was a component of Washoe County. Chair Duerr expressed curiosity about that because the City of Reno was also considering its responsibility to provide fire services to the StoneGate development. She said through discussions it had been determined the Counties had the ability to create fire districts by statute, but the Cities did not. She explained the City of Reno currently funded its fire service from the City’s general fund; whereas, the County funded its fire services from its Fire District. Ms. Vuletich stated there were certain provisions in the Nevada Revised Statutes (NRS) that provided the Counties the authority to form certain types of districts and she thought that was because they were extensions of the State.

Chair Duerr mentioned the City of Reno was in the process of forming a Business Improvement District (BID) to create a special funding mechanism to deal with issues in downtown Reno. She said there was no indication the funding would be derived from the City’s 0.9598 property tax rate. Ms. Vuletich responded the funding would not come out of the property taxes because the BID was an improvement district, which meant the property owners agreed to assess themselves to fund the improvements. Chair Duerr confirmed with Ms. Vuletich that SADs worked the same way.
Chair Duerr stated she would work with the City’s attorney and finance staff. She remarked all the entities were strapped for cash and noted the Cities could only increase their property tax rates by .2 percent due to depreciation, the tax caps, and the equation used to calculate the amounts. She said all the entities were struggling yet they still had to provide services in the growing region. She thought it was helpful to learn about the tax rates and how SADs, BIDs and GIDs worked. She asked if Ms. Vuletich might be able to verify the seven mile rule regarding GIDs and suggested more training from the County’s budget staff would be helpful. In response to a question about whether County staff was required to provide support to the Commission, Chair Duerr stated the Commission historically relied on assistance from the County’s budget staff. Ms. Vuletich commented the Commission also had legal support and mentioned most of the provisions for SADs and BIDs were located in the NRS; however, she thought the budget staff could possibly gather some information.

Chair Duerr thanked Ms. Vuletich.

On motion by Member Ainsworth, seconded by Member Kirtley, which motion duly carried with Member Lucey absent, Agenda Item 7 was accepted.

18-007DMC AGREenda Item 8 Receive report of Washoe County Entities’ Debt Metrics.
Assistant County Manager/Budget.

Assistant County Manager Christine Vuletich explained the intent of this item was to provide an update on a report the Commission had received the previous year. She went through the highlights of the report explaining the first page contained a summary of the Washoe County entities’ debt. She explained only two types of entities had general obligation (GO) bonds, which were bonds that had property taxes pledged as a repayment source. The County had $27.3 million in GO bonds and Washoe County School District (WCSD) had $511 million. The summary listed “other outstanding GO bonds” which included revenue supported bonds, special assessments, and medium term notes that had their own repayment revenue sources but were backed by the full pledge of the County’s debts. If those revenue sources fell short, the County or entity would have to make the debt payment from its general fund. The last category included non-general obligation debt, such as straight revenue bonds, special assessments, federal programs and other types of debt. She noted the total debt for each entity was calculated on the summary and the debt change from the previous year had gone down. She said this was normal unless new debt was being issued. She explained the WCSD’s debt went up, but that was expected because of the tax measure that passed and the WCSD’s issuance of debt to fund the construction of new schools. The report also compared the general obligation debt to the debt limits for each entity, GO debt per capita, and the ratio of GO debt service to the entities’ general fund budgets. All of the figures in the report were also reflected in graphical charts. She remarked the County had not issued much debt and reiterated the numbers for the WCSD reflected it was in the business of building new schools. She explained rating agencies looked at this type of information; however, the reported numbers did not reflect an apples-to-apples comparison of the entities because each entity’s operations were unique.

Member Abbott commented he could talk about the City of Spark’s bonds in more detail. He explained Spark’s had issued $25 million in GO revenue bonds for its privileged
sewer pipes, an in-ground sewer infrastructure, and $16 million in GO bonds for a north Truckee drainage project. As far as non-GO debt, Sparks had issued $110 million in Star Bonds to fund Legends and out of that roughly $8 million was utilized to build infrastructure. He said there had been a City Hall project in the works, but due to the recession the money for that was used to pay the principal amount due for the Golden Eagle sports complex project and one other project. He said $5 million was used for the Truckee Meadows Water Reclamation Facility (TMWRF).

Chair Duerr asked Ms. Vuletich if the report showed the declining debt for the current year versus the previous year. Ms. Vuletich explained it was not depicted on the report; she had verbally provided that information based on her review of the previous year’s report. Chair Duerr asked if future reports could include a year-over-year comparison. Member Kirtley asked if that information was included in the County’s Comprehensive Annual Financial Report (CAFR). Ms. Vuletich said the information was available in the Statement of Indebtedness the County prepared for the State.

Chair Duerr commented on the value of the information presented and stated she wanted to provide one of the information packets to Reno’s new Chief Executive Officer (CEO). Ms. Vuletich stated detailed information was available in the Statements of Indebtedness that each entity had to provide to the State. Chair Duerr stated she appreciated how concise the report was and said she thought it was good information for all the entities to have. She asked if a graphical year-over-year comparison report could be compiled to show the progression over several years. She said she did not want to burden the County’s budget staff with a lot of research, but she thought a report covering five years would be helpful. County Clerk Nancy Parent asked if the request was for this information to come back to the Commission at its next meeting on May 18th. After some discussion, Ms. Vuletich confirmed the requested report could be ready to bring forward at the next meeting.

Member Salazar agreed it would be helpful and thought such a report might spark additional requests for more detailed information. Chair Duerr asked if the information could include a graphical representation. It was concluded after additional discussion the Commission wanted to see the information in a chart form showing each entity’s debt as a whole in a year-over-year comparison for a five-year time period.

Chair Duerr commented she thought it wise to use the Debt Management Commission (DMC) meetings for the purpose of gathering information when there were no debt issues to consider.

Member Kirtley wondered if there was any “troubled” debt on the horizon. He said he knew the City of Reno had done some bond refunding; he wanted to know if any other entities were dealing with delinquencies or troubled debt. Ms. Vuletich replied she did not have that information for all of the entities; she could only speak for the County. Chair Duerr wondered where that kind of information could be obtained. Ms. Vuletich remarked as elected officials the Commission members would likely be notified by their staffs.

Chair Duerr spoke about the Truckee Meadows Water Authority (TMWA) and noted there had been some question about whether they fell under the purview of the DMC. She
noted TMWA’s percentage of debt limit used was not listed on Page 3 of the report. Ms. Vuletich considered that TMWA might not be subject to a debt limit pursuant to NRS. Chair Duerr noted TMWA did not have GO debt, but she believed it had been determined they were required to report their debt to the DMC. She spoke about issues specific to TMWA regarding how their cash flow issues were affected by weather and by the push for water conservation. She said block water rates were set up to increase as water use increased to send a conservation message; however, this created a unique challenge to TMWA that resulted in less revenues and the need to refinance bonds.

Member Raymond wondered if it might be helpful for the DMC to receive ongoing presentations from the various entities. She suggested starting with entities that had GO bond debt. She expressed her appreciation for the information provided by Ms. Vuletich because it contained information that had not previously been made available to her. She proposed inviting the CFOs of each entity to come to a meeting to present their information.

Chair Duerr stated she would not mind spending another half hour per meeting to gather more information. She thought it might make the Members’ work with the DMC more rewarding because it would provide them with a deeper understanding.

Member Kirtley noted the WCSD had done a great job of explaining the tax rationalization, the construction funding projects and, how they designed their capital plan. He thought it was great information.

Chair Duerr asked County Clerk Nancy Parent for a suggestion as to how the Commission might convey their request for the presentations to the individual entities.

Ms. Parent pondered whether Ms. Vuletich might be able to assist in the request to the entities. She stated the Clerk’s Office could reach out to the entities, but she wanted further direction as far as which ones the Commission wanted to hear from first.

Chair Duerr said she thought it would be best to hear from the County on a different day than they heard from the Cities. She suggested each city be paired with a smaller entity for presentations on the same day.

Ms. Parent asked which entity the Commission wanted to hear from in May and after some discussion it was determined to schedule presentations from the Cities of Reno and Sparks for the same meeting.

Chair Duerr mentioned she also wanted to hear from the Regional Transportation Commission (RTC) because they sold a lot of bonds and had more debt than any of the other entities. She said they were comparable to the WCSD in terms of total debt and she was particularly interested in some of the projects they were working on. She mentioned a project in Sparks and an upcoming project on Virginia Street. The Virginia Street project was going to be significant because the road was going to be completely torn up and rebuilt with the addition of new sidewalks, trees, bike lanes and bus stops. She commented the project was going to cost $78 million.
Member Kirtley commented he had participated in the financial audits for the County, the City of Sparks and some of the other entities. He said RTC’s audit was unique and he agreed it would be interesting to hear about the diversity of their revenue streams.

Chair Duerr stated she would like to hear from the RTC after hearing from the Cities.

Member Ainsworth remarked the RTC recently attended a Sun Valley Citizen Advisory Board (CAB) meeting. She stated the RTC had reduced the number of routes in an area that had the second largest number of users, which caused some seniors to walk three miles to get to a bus. She remarked the RTC had promised to look into the situation, but there was some controversy over the situation.

Chair Duerr stated roads and public transportation in the North Valleys had been discussed in the Reno City Council due to the new StoneGate development. She said she would connect Member Ainsworth with Reno City Councilman Paul McKenzie who served on the RTC board.

Chair Duerr asked Member Kirtley what his preference would be as far as having presentations from the entities. Member Kirtley stated he wanted to hear from the two cities at the same time because they were comparable; then perhaps they could schedule the RTC and one of the other smaller entities for a subsequent meeting.

Ms. Parent said her office would inform the entities about the Commission’s request.

There was no action or public comment on this item.

**18-008DMC  AGENDA ITEM 9  Member Comments.**

There were no comments.

**18-009DMC  AGENDA ITEM 10  Public Comments.**

There was no response to the call for public comment.
11:50 a.m.  There being no further business to discuss, the meeting was adjourned without objection.

NAOMI DUERR, Chair  
Debt Management Commission

ATTEST:

NANCY PARENT, County Clerk  
and Ex Officio Secretary,  
Debt Management Commission

Minutes Prepared by:  
Catherine Smith, Deputy County Clerk