

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Fourth Session
February 7, 2007**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:02 a.m., on Wednesday, February 7, 2007, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn Kirkpatrick, Chair
Assemblywoman Peggy Pierce, Vice Chair
Assemblyman Kelvin Atkinson
Assemblyman Bob Beers
Assemblyman David Bobzien
Assemblyman Jerry D. Claborn
Assemblyman Chad Christensen
Assemblyman Pete Goicoechea
Assemblyman Ruben Kihuen
Assemblyman Harvey J. Munford
Assemblywoman Bonnie Parnell
Assemblyman James Settlemeyer
Assemblyman Lynn D. Stewart
Assemblywoman RoseMary Womack

STAFF MEMBERS PRESENT:

Amber Joiner, Committee Policy Analyst
Scott McKenna, Committee Counsel
Emilie Reafs, Committee Secretary



OTHERS PRESENT:

Kate Marshall, Nevada State Treasurer

Renee Parker, Esq., Chief of Staff, Office of State Treasurer

Mark Winebarger, Deputy for Cash Management, Office of State Treasurer

Katy Singlaub, Washoe County Manager

Robert Larkin, Washoe County Commission Chair

Bob Cashell, Sr., Mayor of Reno

Leann McElroy, City of Reno, City Manager, Chief of Staff,

Nick Anthony, Legislative Manager, City of Reno, Office of the City Manager

Geno Martini, Mayor of Sparks

Robert Joiner, Government Affairs Manager, City of Sparks

Stephen Driscoll, Assistant City Manager, City of Sparks

Donna Kristaponis, Lyon County Manager

[Call to Order, Roll Call]

Chair Kirkpatrick:

Good morning, welcome to Government Affairs, I would like to let people know that we have five live presentations. I would like to start with the Nevada State Treasurer, Kate Marshall.

Kate Marshall, Nevada State Treasurer:

I appreciate the opportunity to introduce myself. I am Kate Marshall, I have here with me Renee Parker, my chief of staff, and I also have Mark Winebarger, head of Cash Management. You should have a copy of the current organizational chart ([Exhibit C](#)) for the office that shows who is the head of what section, and I will make a brief introduction of who I am and what the duties of the office are and then go into each section with a few sentences.

I started my career as an anti-trust lawyer for the United States Department of Justice. I learned finances as part of multi-disciplinary teams where I would break down records, open books, crack cases. After my husband and I had our first child, we were from the West, we did not want to raise our children in Washington, D.C., and we chose Reno. We came here and I started an anti-trust division from scratch for the State of Nevada's Attorney General's Office under Frankie Sue Del Papa. Bringing you up to present day, I was in private practice, again practicing anti-trust law, and now I am your State Treasurer.

[From prepared notes, ([Exhibit D](#))]. The State Treasurer's Office is established by the Constitution, I have approximately 39 full-time employees. The general duties [of the State Treasurer's Office] are created by statute and they include

managing financial transactions on behalf of the state and local governments, investing state and local governments monies and funds, issuing and servicing debt on behalf of the state, (that is bonds,) and cash management. That is to say, that when you get your check you will see two signatures at the bottom, one of them is mine. We manage the State's pooled collateral program; we administer the State's unclaimed property, that is: properties, monies, assets that have been abandoned that come to the state, where then we seek to find an owner, the person in Nevada, to whom that money belongs. We oversee the financial administration of various college programs, which includes the 529 college savings program, pre-paid tuition, and Millennium Scholarship.

Breaking those down one by one, first is debt management, buying money for the State, we issue debts, which are authorized on behalf of and in the name of the State. We manage debt service, making sure that it is timely and accurate, and we seek to identify whether there are opportunities to purchase that money for less.

Cash management, under Mark Winebarger, we receive and safeguard all money of the State, unless the law expressly requires another agency to hold that money. We draw federal funds; we reconcile bank transactions, making sure that the money coming in is in fact what we are showing we have, and we do interest distribution. We disburse public money under warrants drawn upon the treasury by the State Controller and not otherwise.

Investments, as of yesterday afternoon are: In the General Fund Portfolio there is a balance of \$2.2 billion, in the Local Government investment program there is a balance of \$720 million, in the iVEST Program there is \$3.8 billion, and we also have a permanent school fund, that is a body of money, which school districts can borrow from: It is used as a guarantee; the fund stays there as a backup for them, and gives them a AAA rating, so they can build schools for less money. In that fund there is \$254,000,000.

The education plans include the 529 plan, pre-paid tuition, and the Millennium Scholarship. The 529 college savings plan is managed by Upromise, and allows investments in portfolios of Vanguard, USAA (United Service Automobile Association), or Columbia. Vanguard is a very well-respected plan; Nevada is highly regarded nationally in the 529 plan. There are currently sufficient pre-paid tuition assets to cover current and future obligations of that plan; approximately 1,300 beneficiaries are using those benefits as of fiscal year 2006. The Millennium Scholarship Trust Fund (MSTF) gets 40 percent of the tobacco settlement money received by the state. Unclaimed property dollars help that fund, and last session you [the Legislature] authorized \$7.6 million

annually to go to the fund. Approximately 17,000 students are using the scholarship as of Fall Term 2006.

Unclaimed property is money that comes to the state, which is someone else's money, and it is our obligation to find out who the owner of that money or asset or property is. In fiscal year 2006, the State of Nevada brought in approximately \$38 million. Twenty two million dollars reverted to the General Fund after we transferred \$7.6 million to the Millennium Scholarship, and refunded approximately 22 per cent of that money to whom it was owed. That refund has been as low as 15 per cent in past fiscal years. One of my goals is to make this a flagship program of the office and increase the amount of money we return to Nevada citizens to 30 or 40 per cent with more outreach and education.

Assemblyman Lynn D. Stewart:

Could we have a summary of what you just said?

Ms. Marshall:

I can forward a summary and I will give you the phone number of my Chief of Staff and my Chief Treasurer, who is in Las Vegas. Half my staff is in Las Vegas.

Assemblyman Stewart:

There are also reports in the paper that our bond rating is likely to decline, because of debt in the Public Retirement Fund, could you talk a little about that?

Ms. Marshall:

Currently, the State's bond rating is AA+, that is the second highest bond rating we could have in the country. That bond rating was increased last August for the first time since 1977. It was increased largely due to the actions on your part, that is to say, in the face of a surplus you did not roll back taxes, and you increased and maintained the rainy day fund. Also as many of you know, we have a very fast growing economy and the rating agencies liked what they saw.

There is an issue because the federal rules have changed. As of 2008 we will be required to identify what liability we have going forward to pay for the benefits of our retired public employees. At this time, there will be no other requirement than to simply identify what that cost shall be. Every state will have to do the same, so we are no different from any other state. All states will be identifying a liability that had not been previously identified. In addition, you should know that liability could go away tomorrow if the federal government decided to establish universal health care or something like that. So that

liability, although we will be identifying it, may shift or change. At this point I would not say that our bond rating is going to go down or go up as a result of that liability, only that it is an unknown, and we are simply required to identify it.

Assemblyman James Settelmeyer:

I appreciate your information on the General Accounting Standards Board (GASB) ruling that will come in 2007 dealing with unfunded liabilities. Previous administrations had talked about taking the Millennium Scholarship out of the State Treasury and transferring it to education. Is that still your department's desire or do you know much about that concept?

Ms. Marshall:

I think there is a bill out there that would move the Millennium Scholarship to the University for administration. That was not a bill that was issued by myself. I do not believe it is the purview of the Treasurer's Office to determine where the Millennium Scholarship shall be administered. I do believe it is my obligation to show you what administrative costs and efficiencies we bring to the table, and how we are administering that program. I am fully prepared to share that at the appropriate time.

Assemblywoman Bonnie Parnell:

I would like to confirm, going back to the question that Assemblyman Stewart asked, that I think there is confusion when we talk about action for the unfunded liability. It is important for everyone to recognize that there are two public systems, one is PERS (Public Employees Retirement System), which at this time, from what I have read and studied, is not really the issue that is foremost. Right now it is PEBP, the Public Employees Benefits Program, that we need to address and do as much as we can to waylay any serious consequences. Is that correct?

Ms. Marshall:

Yes, that is absolutely correct. We are talking about public employee benefits, not the public employee pension plan. That is right, they are two separate things. We are talking about the health care benefits of retired employees.

Assemblyman Pete Goicoechea:

Do you have a ballpark or thumbnail figure of what that unfunded liability is under PEBP? As we look at GASB, we have heard some numbers and we have heard some from last session.

Ms. Marshall:

It is too early at this point for us to be able to provide you with a concrete number, we have been very active, and the rating agencies are very pleased with our investigation into what that liability is likely to be. We are ahead of the curve in that regard, but I am not prepared today to provide you with an actual number. The Department of Administration may have some numbers with them.

Chair Kirkpatrick:

The next presentation will be given by Washoe County. I have asked that the presentations be five to seven minutes so that the Committee members have ample time to ask questions.

Bob Larkin, Chairman, Washoe County Commission:

With me is Katy Singlaub, and Mrs. Singlaub will start off with some facts and figures.

Chair Kirkpatrick:

Let me remind you that if you have any acronyms, if you could please say it out the first time. That way we will have no problems trying to figure it out later.

Katy Singlaub, Washoe County Manager

It is a pleasure to be with you this morning. We did provide a packet for you, ([Exhibit E](#)). We have a map that includes where Washoe County is located for those of us who come to Carson from time to time; we refer to this as the long skinny county in the north. We also provided for you a map that orients you to Washoe County that includes the cities of Reno and Sparks, and a portion of Lake Tahoe, Incline Village, and the Truckee River, our jewel. The next page of your packet lists our Washoe County Board of Commissioners: Chairman Larkin, Vice Chairman Bonnie Weber, Commissioner David Humke, Commissioner Jim Galloway, and Commissioner Pete Sferrazza. It shows their general districts in our county. That is primarily just the Reno-Sparks area, the southern portion of the county. Here are quick facts about Washoe County. Our overall population in 2005 was 296,844, and you see how that is distributed: City of Reno about 200,000, the unincorporated areas about 100,000, and Sparks about 85,000. We have 3,148 county employees, that is about 7.8 employees per 1,000 population, which is substantially lower than the national average for jurisdictions our size, and we are proud to tell you that over the last three years we have increased our productivity by 11 percent by lowering our absenteeism and average annual sick leave usage by employees. We are working hard on wellness and many things that all of you are working on.

We have a large county, 6,600 square miles. About 1,000 miles of roads are maintained. Our total budget is almost \$800 million, and our general fund budget is about \$354 million. You asked questions about the State's bond rating. Washoe County's bond rating was also upgraded by both Moody's and Standard & Poor's to the highest bond rating for a Northern Nevada local government in history.

Our population has grown about 30 per cent in the past ten years. For many folks in the country that is an astonishing rate of growth; for those from Clark County it is not. For us it has been fairly moderate, about three per cent per year. We also included some facts about our work load and our demand for services. Commissioner Larkin will talk briefly about jail crowding. For context, our jail holds 1,124 inmates, and our average population last year was 1,130, so we have an aggressive jail population management program, and in addition to that 1,130 we have another 600 people per day who are in the Sheriff's custody but are out of the jail on alternatives to incarceration. We work hard at keeping people out of the jail who can be released because it costs our taxpayers about \$83 per day to house an inmate.

On page 8 our next slide shows our law enforcement officers per 1,000 residents throughout the county. This is an issue for our region: public safety funding, and our ability to support law enforcement officers adequately on the street. We also provided for you a snapshot of our annual building permits for the last several years, declining somewhat in 2006, which is true throughout the state. We have seen a bit of a decline, and that is going to show up this year in reduced sales tax revenue, and we will talk about that shortly.

Page 10 just shows you our public services overall. Many of those are state mandated services, constitutional departments like the Assessor, Treasurer, Clerk, District Attorney, Sheriff, Recorder, et cetera. Then we have additional regional services that we have regionalized, either by vote of the County Commission or through inter-local agreement, that includes our consolidated jail, libraries, law library, regional parks, juvenile services, senior services, et cetera. One of our shining stars of last year shown in the bottom of that column is Animal Services, which by vote of the public in Washoe County we consolidated under Washoe County, so Reno, Sparks, and the county were all served by Washoe County. We built a new animal shelter that was served by a tax vote. Local services are primarily funded from separate user charges and tax rate, but you see those on the far column.

Page 11 just gives you a snapshot of our tax rate and what that tax rate pays for. I will note the box shows you that predominately our tax rates, by penny, and there is a list of those, which are either legislative overrides or voter

overrides. The Board of County Commissioners has authority for the operating rate which is roughly 93 cents per \$100 of assessed valuation. I will add that over 10 years, Washoe County has elected not to impose more than 30 cents of the tax rate that we have had the authority to impose. The Board of County Commissioners for some nine years now has had a self-imposed policy of not raising our budget more than the combined effects of CPI (Consumer Price Index) and population growth. We have had that in place for nine years.

On page 12 is our General Fund. Roughly 44 per cent is related to criminal justice and public safety. I will add in response to a potential question in reference to the Government Accounting Standards Board, the new regulation that will require us to accrue for pending liability. Our actuarial studies show that would be about a \$22 million a year impact to the Washoe County budget. I know that all of us are thinking very carefully about how it will impact us. We have been putting away money for that particular liability for many years, and we already have \$40 million saved up to fund that future liability.

Slide 13, shows you how our property tax revenue has grown over the last several years, and in anticipation of a possible question, what the impact of A.B. 489 of the 73rd Session was on our budget. In 2007 we were roughly \$9 million less than we would have been had there not been the three per cent and eight per cent property bill cap. Our budgeted property tax for this current year is about \$179 million.

Some quick accomplishments over the last fiscal year: many of you are aware the Truckee River Flood Control Project, which will be the largest public works project in Northern Nevada, is about an \$800 million project. Last year we acquired \$40 million in sensitive lands needed for that project from a sales tax imposed by Washoe County Commission in 1998. We completed a \$30 million Justice Center, which co-located our District Attorney's office with the Reno Municipal Court, the County's Family Court, Drug and Mental Health Courts, and Justice Courts. We also increased our adoptions and the recruitment of foster care families through a television show that was designed, written, and produced by Washoe County staff. It is called "Open Arms" and it profiles children in need of adoption in Washoe County. As I mentioned, we completed the consolidation of Animal Services, and one of the things that made that a unique project, was not only the consolidation, but also our partnership with the Nevada Humane Society, which provided \$2 million in funding for that animal shelter. We would welcome any one to come tour it. It is a wonderful facility. We provided \$5 million worth of funding support to the cities to promote infill development, which is a major goal of our region; and we have provided about \$210 million of purchases of goods and services from Nevada vendors. Ninety

five per cent of respondents consider Washoe County a safe place to live, and about 90 per cent give performance ratings that are very high.

Mr. Larkin:

On page 15 and 16 there are seven items that I have identified in my state of the county address that are important to Washoe County in the upcoming fiscal year. The top priority, and coincident with the Governor and the First Lady, is methamphetamine use. You can see the statistics for Washoe County: it is abysmal, it is horrid, and it is a number one priority to move forward with eradication of this scourge on our land, on our citizens and our population. You can see the emphasis that we are going to place on that in the coming years. The manager has already mentioned jail crowding; we are moving forward with a 260 bed expansion under construction right now. The manager also mentioned the Flood Control and Environmental Restoration funding that we hope to move forward with in this legislative season. Again it is the largest public works program that Northern Nevada has ever seen. Water leadership is a top priority for Washoe County with a combined Northern Nevada Water Authority of some kind working diligently with the purveyors and the three entities within Washoe County. Public Safety funding is important. There are some statistics in the document that indicate we are below per capita officers for benchmarking, and we are working diligently to try to figure that out. Mayor Cashell, Mayor Martini, and I will be collaborating to work on homelessness in the coming years. Affordable housing is a big one. Where are our kids going to live, where are we going to live if our prices keep escalating the way that they are? We have some road bumps on the way. We have a slowing economy. I predict a soft landing for this next fiscal year. We have the property tax ruling that will significantly affect Washoe County, and at some later date we hope to be briefing this committee as well as other committees on that. We are moving aggressively with our fuels reduction program. It is a big issue within the Tahoe Basin as well as the slope of the Sierras. Our franchise fees are critical in support of local governments, and we look with interest for the legislative intent on that. Finally, Yucca Mountain Rail Transportation will affect Washoe County, and we are keenly interested in finding out exactly what that effect is going to be and how we can work with it or perhaps eliminate it. The last page, 19, is a list of our key contacts.

Assemblyman Settlemeyer:

On the property tax ruling, you indicated you would get back to us at a later date. Are there any preliminary thoughts on how they plan on trying to refund the money?

Mr. Larkin:

We have refunded on the initial appeal. We have refunded that money, and it was about \$66,000 or \$67,000. The more pertinent ramifications are on the 9,000 [cases] that are sitting before the State Board of Equalization; we would ask for a ruling on that because there could be a substantial impact: up to \$14 million.

Assemblyman David Bobzien:

Thank you, Mr. Larkin and Ms. Singlaub, for coming down, and I applaud the efforts that you have made with the cities to provide consolidated services, particularly in terms of public safety. We all received a memo from Mr. Slaughter, which provided some comment on the City of Reno's sales tax proposal regarding public safety, and I think in that you identified some issues related to equity more or less, concerns about funding the front end of public safety without taking into account the jail services and the impacts there. How would you characterize the conversations that you are having with the city right now to try to work through some of those issues?

Mr. Larkin:

The Board of County Commissioners placed, at the request of the two cities and our Sheriff and our DA (District Attorney), a ballot question on the previous ballot that failed countywide; however, it did have substantial support in both the cities proper of Reno and Sparks. Based on that, the two mayors have collaborated to request a sales tax. There are ramifications from that, which the memo indicates. If we had more officers we would have more impact on the DA and the Sheriff, as well as on our court system. The memo is trying to indicate, that if you consider doing something, consider the whole picture.

Assemblyman Bobzien:

Conversations with the city?

Mr. Larkin:

Are ongoing.

Assemblyman Chad Christensen:

I have a tremendous amount of respect for any government agency that collects the people's money that can exercise fiscal restraint. My goal of being here is to see Nevada government, city, and county, be run as lean and mean as possible—provide the services, but leave the money with the families to spend as they choose. You had mentioned that there is an understood self-restraint in the County Commission, and that if there is ever an increase, it is a combination of the CPI and the population index. One of the questions that I have that I have never discussed with Washoe County, a concern that I have heard has

taken place in other places around the country, is there may be a pledge to keep property taxes low because people know what property taxes are, but the city or county, when they need money, raise impact fees and other corporation fees. So they get their money somewhere, even though they say that they are keeping the property taxes low. So the question is, does that also include all the other fees that business or industry or others may have to pay?

Ms. Singlaub:

We do include the entire expenditure budget, so everything is rolled back or restrained to fit within an expenditure budget that does not increase more than CPI and population. It is not easy to do. Our departments work hard to bring in budgets that are lean; I will say that for many years it has been lean, it has been too lean, but we do live within that limitation.

Assemblyman Bob Beers

You separated out two areas in your chart, homelessness and the meth use. Do you have any indicators that are telling you how much of the methamphetamine epidemic is tied to creating homelessness?

Mr. Larkin:

No, we do not. That is one demographic area we need to work on. Bob Cashell is really leading the charge on homelessness. We are just getting a total picture on methamphetamine use. We know it is big, and we have just touched the tip of the iceberg. We would enjoy any thoughts that you might have as to how we might get a handle on that and start some of those demographic studies. We do not have at this time a full picture of that.

Assemblyman Beers

Have them contact me.

Mr. Larkin:

Madam Manager is writing diligently as you speak.

Assemblyman Harvey Munford:

I wanted to address the homeless problem, not on the same line as my colleague mentioned, but we have a critical homeless problem in Las Vegas. The estimated number is about 13,000 homeless in Las Vegas. What is your estimated number?

Mr. Larkin:

We just completed a census and I do not have that figure. Madam Manager do you?

Ms. Singlaub:

I do not have the figure, but my recollection is we are talking about 1,200 people. It is significantly lower, but for us the magnitude of population is just as critical a problem for all those 1,200 people just as it is for yours, I know.

Assemblyman Munford:

What things do you have in place to deal with it? How have you combated the situation? Are there any models out there that maybe even Las Vegas could use even though we have 13,000? We seem to have a lot of people roaming the street. I see them all time, they are in my district.

Mr. Larkin:

We might be looking towards Las Vegas for some role models.

Assemblyman Munford:

There are none, Las Vegas has a real problem with it.

Mr. Larkin:

We have a more acute situation because of our weather, and there has been considerable collaboration. For instance, we had a significant cold snap in January, and part of our Flood Control Project acquired some properties that we were able to use on an emergency basis to house individuals on a temporary basis. It gets cold in Las Vegas, but we were talking about almost subzero temperatures here, and with exposure to weather like that, people do not last long. Bob Cashell is really leading the charge on this, and I would defer to specific models that he is working on and our support of his models through the county efforts. We have pledged to do that; it is my state of the county address, and we are firmly committed.

Assemblyman Munford:

I am sure that we will revisit this.

Mr. Larkin:

I hope that we will revisit it. It is a significant issue.

Ms. Singlaub:

We just wanted to add that one of things that the City of Reno will tell you about is the new homeless shelter that has been opened, a new service center. All three of the local governments in Washoe County, the Washoe County Board of Commissioners, the City Councils in Reno and Sparks had a joint meeting this week and adopted the recommendations of a taskforce for a ten year plan to end homelessness; so we are actively engaged.

Assemblywoman Peggy Pierce:

On the subject of housing, you have an amount to encourage infill development. What does that encouragement consist of?

Mr. Larkin:

We have just finished a settlement agreement on our regional plan. Part of that calls for concurrency, and a component of that concurrency has within it elements that deal with affordable housing. We are looking for a suitable model to fit our particular region, our particular demographic, to make it work for us. We do not have a clear picture at the moment, but we have made efforts, not to subsidize, but perhaps allow discount entries into homes for first time homebuyers or even second time homebuyers. In our joint meeting on Monday we approved a 61 per cent to 120 per cent of median home price and incomes assistance to work with folks as they try to enter that valuable market to get that piece of the American pie. We are not beginning the effort, but we are certainly taking baby steps toward it. We would enjoy any input or suitable models that would work for us because we are really struggling with it.

Chair Kirkpatrick:

I do have a few questions. We will be looking at affordable housing within this committee. It is one of the chapters we have been assigned. I am personally very excited because it is an important issue for our children and a lot of the working class. In statute, we have a lot of population for counties; it is 400,000. It looks as if you are very close. At the next census you may fall into a whole new category. I know that population caps change, we may be looking at 750,000 as the change, but if you were to fall into the new category, how would you accommodate that?

Ms. Singlaub:

I want to clarify that as the census finds us in excess of 400,000 population, which will occur in a few years, we are doing planning now, looking at how those statutes may affect us, and sometimes the legislature's solution is to raise the population threshold, so it still only affects the larger county in the south. We are certainly looking at that, and there are no problems on the horizon that we are aware of at the moment, but we will be in contact with you. We are doing that analysis.

Chair Kirkpatrick:

My other question is, because we are very diverse throughout the state, I like to make sure that we know there are different circumstances that exist within certain counties, so in Washoe County, what would be your median income price; and on your growth, what is your process for building permits? Do you

have a separate department that streamlines that permitting process? Tell me a little about that.

Ms. Singlaub:

We actually just had some information come out last week about the median home price. I believe it is about \$312,000 in Washoe County. Yes, our building department is an enterprise fund, and just last week we launched the opening of our permits plus an automated permitting system, which integrates all of our community development, building and safety, and health inspections. All of that is in an integrated, automated system.

Assemblyman Beers:

I have a question that ties into the median home price and affordable housing. Do you have any plans or do you have any interaction with the developers in your area to begin to lower this median price a little bit to where first time home buyers actually have a chance?

Mr. Larkin:

That is an interesting question. Most of that is market driven, and if there are incentives for infill as Madam Vice Chair was indicating, we are pursuing those. We are looking for a model that is going to work for us. We do not want to put the developers out of business; we want to be responsive to them, but we do not want housing projects either. What we want are integrated homes, where when you drive down the street, you cannot tell what is going on because people are fully integrating themselves into those neighborhoods and all we want to provide is a helping hand. We want to teach them how to fish; we do not want to feed them the fish. And so, we are looking for that. To directly answer your question, we are in active dialog, the two mayors and I are actively engaged with the development community to solve and figure out a suitable way to do that. I do not know that lowering the median house price is going to work as far as an incentive. That is going to be market driven. Our area has continued to see emigration from California into the area which has driven up the median house price. I do not know that we are going to change that trend. There are some things that we can do on the front end that would encourage investment by private enterprise or even government to move low income or below median income people into those homes with perhaps reduced costs on mortgages or some kind of unique finance packages. I think that is the basic approach that we would like to take, but we are open to other ideas.

Assemblywoman RoseMary Womack:

On the methamphetamine use, what is being done to identify the small methamphetamine labs and stop the manufacture in the Washoe County area? Is that a problem that exists with the methamphetamine use in Washoe County?

Mr. Larkin:

A couple of things that have occurred with methamphetamine: one, the large meth labs have moved into Central California because of the distribution of raw materials coming up from Mexico. That is what our intelligence tells us. The methamphetamine labs that we saw ten years ago we are not seeing today. There are some meth labs, but not to the scale that we saw ten years ago, principally because of this high grade stuff that continues to come into the area. We have talked with the Sheriff, who is working a joint drug task force, and that seems to be what they are telling us. That may change a little bit, but the biggest issue facing us is interdiction of this crap coming over the hill [from California], finding the places where the exchanges are being done and moving in and securing those particular areas rather than the meth labs. When we find meth labs we shut them down, but they do not seem to be as big of an issue as this high grade raw stuff that is coming over the hill. And now we have chocolate varieties, strawberry varieties of it. I heard a term the other day that it is being marketed. This is not marketing; this is killing our kids. This is going to stop.

Chair Kirkpatrick:

At this time I would like to thank you for coming before Government Affairs, and we welcome you and look forward to working with you in the future. We now have the City of Reno. I encourage the committee to ask lots of questions, so I ask that you keep your initial presentation to five to seven minutes.

Robert "Bob" Cashell, Mayor of Reno:

[Introduced self] with me is Leann McElroy, the City Manager's Chief of Staff, and Nick Anthony, our City Government Affairs Officer. We have supplied all of you with a packet ([Exhibit F](#)) of what is going on in Reno. It highlights the community profile redevelopment, and includes the 2007 Reno calendar which contains many factual nuggets.

We like to say that we are the biggest little city in the world; we have a population of over 207,000 people. We started off as the number one city in the state, but we now have slipped down to number three because of Las Vegas and Henderson, and now North Las Vegas is knocking us down. We are growing, but not at the same rate. We are surrounded by Lake Tahoe, and the mountains. Our gaming industry is still alive and doing well up here. We are the home to IGT (International Game Technology) a Fortune 500 company. In the year 2005, Inc. Magazine voted Reno the best place to do business in America, in 2005 Dunn and Bradstreet (D&B) named Reno the best small city in America for small businesses, and the city is ranked among the top ten best places to live.

We operate under a council, manager form of government. We have a great city council; I personally have six of the best city council people I think our city has ever had. I was just elected to my second term, and our city manager has been with us for over ten years.

We have done some exciting projects in downtown Reno; we just finished the ReTRAC project. At that time it was one of the largest projects to be done in the state, \$278 million. We finished it ahead of time and under budget. Under our community assistance centers, we learned over the years working with the federal government that if we called them Community Assistance Centers, we get more assistance. They are homeless shelters. In phase one, we have completed some of these centers in downtown Reno, and under a court order we rebuilt those. The Weigand Foundation gave us \$1 million to help us. The Redfield gave us \$1 million, E. L. Cord and several other foundations kicked in anywhere from \$50,000 to \$150,00. We relocated St. Vincent's Dining Room that feeds the homeless everyday for lunch, and now they are rebuilding, looking at doing a dinner service. We just finished the men's drop-in center, which houses about 175 beds, and we just relocated the Reno-Sparks Gospel Mission that has a program to help people that are addicted to drugs or alcohol, and that has about 150 beds also.

Right now we are in phase two. Probably within the next 90 days we will break ground on our family and women's shelter. We have places for women with children and women without children. We will have a clothes closet there; we will have counseling in the facilities; and we will also have police officers assigned to this area to work with the people and help them. We will also be building a triage center, similar to what they did in Las Vegas. We are tying up our hospital emergency rooms and sometimes three or four police officers with a person who is homeless or having a problem. Here we will be able to take them to the triage center, diagnose whether they need help, or if they need to go to jail. If they need help we can then take them to the hospital instead of other situations. This is only part of what we are doing because we need transitional housing also. When we get this phase completed, it will cost about \$12 million. We have raised all the money: The Redfield Foundation just gave us a matching grant for \$1 million, and we are putting the rest of it together. We are also requesting help from Washoe County and the City of Sparks, and they have been talking about it and will discuss it with their people. Our campus total will have between 450-500 beds, and they [St. Vincent's] feed over 420 people a day.

Affordable housing: We work with Washoe County home consortium, of which Reno is the lead agency. Four affordable housing developments were completed

in 2006, two more will be completed by the end of this year, and six projects have been submitted for the fiscal year.

We did something very exciting; we have really changed the atmosphere in downtown Reno. Through your help we built a whitewater rafting park. That whitewater rafting park changed the whole atmosphere in this one area, and it has really helped us an awful lot. It brings a little over \$4 million into our community; 32,000 people came up and participated in the whitewater rafting in that area. We have several redevelopment programs going on in downtown; over the next five or six years we will have about 3,000-4,000 people living in downtown Reno. We just opened up the old Comstock, now called the Residences at Riverwalk. They are completed, and all are sold except the two most expensive units. We have the Palladio coming, where the old Riverside Theater was. Now it is a high-rise that will be finished in the next 90 days, and people will start moving in.

The Sundowner Hotel has been converted to the Belvedere Towers, and that program is in the process of selling. All of them have reservations of people wanting to buy and move downtown. We are opening a Longs Drug in downtown, which will open in the next 45 days. We have a lot of exciting things going on in Reno, and now I am going to turn it over to Leann McElroy, the City Manager's Chief of Staff.

Leann McElroy, City of Reno Manager, Chief of Staff:

I will go over a few issues that are facing the City of Reno. You have a packet ([Exhibit F](#)) in addition to the things that he mentioned; you have the city's vision, values, and goals. You have our five year objectives for making it great; I hope that you have seen one of our PSA's (Public Service Announcements) on TV, and you also have our fiscal year 2006-2007 priorities. The city recently had a survey of our citizens. The majority of our citizens support the direction in which the city is going. They said specifically that public safety continued to be an issue for them, and 77 per cent of them would like to see us build three new neighborhood public safety centers as opposed to simply having a central police station, which is what we have today, and what we have had for the last who knows how many years. The building is more than 40 years old. We are anxious to begin construction on those police facilities in the near future. As in any city of our size, the problem is in identifying the funding necessary to build all of those.

The residents also indicated that they were in favor of what has been going on downtown with our redevelopment efforts. In fact, in the last two years in our surveys, we saw that percentage increase from 62 per cent two years ago who said that they liked very much the direction the City Council was going to 72

per cent this past December. Two out of three respondents agreed with the direction the City Council is taking in terms of graffiti, and traffic and code enforcement. Those have been important issues in the city. When the mayor first became our mayor, he initiated a Reno "clean and green" program and the citizens have been very responsive to that. Each spring and fall we try to correct as many code violations as we can in the community and provide facilities for people to be able to clean up their neighborhoods.

The topic that was mentioned most by respondents was growth and development. When the City Council discussed this at their retreat just last week, they indicated they needed a little more information. Just saying that growth and development was the number one issue of concern did not really tell us whether that concern related to traffic in the city, traffic congestion specifically, synchronization of traffic signals, natural resources and water, or whether they think that our building codes and zoning codes need to be updated. We will be doing another survey in the near future to get a little more information so we will know how to chart a course to better respond to the issue that was raised by our citizens. We have a legislative dinner scheduled with you on February 13th at the Nevada Museum of Art. We will have a bus here to pick you up and take you there. I hope that as many of you as possible will be able to join us that evening. We are planning a brief tour of the downtown so you will be able to see what we have accomplished in terms of redevelopment, and we promise that we will have you back to Carson City by 8:30 p.m. We know that you have long days, and we do not want to make you tired for the next day.

The mayor mentioned Nick Anthony, our Legislative Relations Manager. He is sitting here next to me. He is the person that you will see for the most part as the face of the City of Reno for the Legislative Session. Our other lobbyist is Susan Fisher. If you have questions, or if you need to get in touch with someone from the City, please get hold of Nick or Susan, and we will make sure that we respond as quickly as possible.

Assemblyman Bobzien:

Let me start by congratulating you on the fantastic success that we have seen in the city. I cannot even begin to innumerate all of the wonderful happenings that have gone on in Reno. The sense of business development and entrepreneurialism in the downtown area is very palatable right now. It is making it a very enjoyable place to live. I would like to pose the companion question, similar to the one I posed to Washoe County. There is some concern about the sales tax proposal, but it is my belief that the citizens are best served when the city and county work hand in hand to address those issues. If you could just comment on some of the issues that have been raised by Washoe

County regarding equity; that is, the back end of the criminal justice system being properly funded commensurate to the front end. How do you seek to resolve those?

Mayor Cashell:

We have been working with the county and the City of Sparks. The ballot question was an advisory question. It did not pass in the unincorporated areas. You would not expect Incline Village or Gerlach or any other place to vote for it. We have been working with the Sheriff's and with the DA's office along these same lines. We have also identified \$5 million if this goes. If we ask for enabling legislation, maybe we would put a rider on that enabling legislation that the voters have to vote on it again. We would have a special election and let them have a voice in it. We have been working with the county; there are some areas that were not brought up in the original discussions when we were going to split 40/40/20. Now with the two cities, the county has come down with some additional things they want to talk about, and we are wide open to discussing with them and working with them. We will be meeting with them to discuss those issues. The ballot did pass in Reno and Sparks, and if we do those things and make it happen, we will be working together. We are a region.

Assemblyman Beers:

Mayor, let me also congratulate you; you make me almost want to move from Green Valley. Typically in a public works process, the cost for the project is far higher, and the quality and efficiency of the construction are far lower than in private development. Apparently Reno is solving this problem. How do you do it?

Mayor Cashell:

We have been working very closely with our contractors. There is one weird rule we have in the state, and that is that I have to tell the contractor or the architect how much money I have. I do not mind that I have to have the money in the bank. If I have to tell him that I have \$60 million, where do you think the price is going to be: it is going to be \$59.9 million or \$61.1 [million]? It is weird when you get into that. Coming from private enterprise, I have a real hard time when I have to look at the architect and tell him how much money he can spend. I would much rather, when my wife does decorating around the house, and the designer is interested in how much money I have, to say, after you and she finish dreaming, come see me and we will talk about whether or not we have enough money to do the project. We [the city] cannot even negotiate with people. We have to take the low bidder. Sometimes if we do value engineering, I can reduce that. We have done that to a point, but we had one project recently where the contractor said, "I think we can save ten per cent by doing some value engineering." I have never seen that ten per cent. We need to

look at those rules and make it so that we can do things a little more like we do them in the real world.

Assemblyman Beers:

If you have someone involved in your government that deals with this, I would like to have them contact my secretary please.

Assemblywoman Parnell:

I briefly heard something on the news the other morning that the Reno Council had passed a recommendation for zoning change in your older buildings as a result of the Mizpah fire; I think it was sprinkler systems and any retrofitting in buildings over four stories. Could somebody just clarify that for me because I did not hear the entire coverage of that?

Mayor Cashell:

We did not pass an ordinance, but we are looking into going back into all our old hotels, looking at what it would cost if we passed an ordinance that they had to upgrade. If not, we want to know the standards we can bring for smoke detectors, fire alarms, everything else like that. Ross Manor has been there for a hundred years. It is very well updated with smoke detectors, fire alarms, and everything, but we are working on it with the fire chief. He will be getting back to us; I think we gave him 60 days to come back. It is very expensive, even though you hang the pipe on the outside. When you start messing with some of these old buildings with asbestos you really run the cost up, so we are really looking into it; we do not want to run anybody out of business.

Assemblywoman Parnell:

I think that downtown Reno is just spectacular. When you look at the California Avenue shops and the restaurants and everything going along the river, I think that we have all considered, gosh if we could move some place, it would be fun to have one of those penthouses on the river. But then we would running against each other.

Mayor Cashell:

My friend, Oscar Goodman [Mayor of Las Vegas], wants me to figure out how I can bring a river down to Las Vegas. We have tried to trade a lot of things; I told him I could not let him have the Truckee. We have just finished remodeling Virginia Street. We cut it down to two lanes and put in a lot of lights. We are planting trees, flowers and everything. All of our main entryways into town are being relit.

Assemblyman Munford:

Could you give me a rough estimate of your minority population in Reno?

Mayor Cashell:

The African-American population is about two per cent, and the Hispanic is about 28 per cent.

Assemblyman Munford:

What about American Indian?

Mayor Cashell:

I do not have that off the top of my head, sir.

Assemblyman Munford:

You have a reservation?

Mayor Cashell:

Yes, sir, we have a big population, and we are working with them. They are building a health clinic now; I attended the groundbreaking about six months ago. I just met with the chairman two days ago, and they will be bringing that on stream sometime in October or November.

Assemblyman Munford:

Do you have in a de facto sense a concentrated neighborhood where most of the minorities tend to reside?

Mayor Cashell:

No, sir, they are moving all over town now.

Assemblyman Munford:

Open integration?

Mayor Cashell:

There was a time back 20, 30, or 40 years ago when they were sort of isolated, but now the minority people are moving all over our city, and we are very pleased with that.

Chair Kirkpatrick:

Just to share my own story, I sell Girl Scout cookies every year, and we plan a trip. The girls say, OK let us go here. Last year we sold cookies and stayed an entire week at the beach, so this year I asked, "Where are we going? Are we going to Hawai'i, somewhere exciting?" They said "Yeah, we are going to Reno. They've got boys; they've got water, shopping and food. That's all we need." So you must be marketing the younger crowd because they are teenage girls, and I will be selling cookies for five weeks to spend a week in Reno.

Mayor Cashell:

Madam Chair, we are just tickled to death that you are coming. We have a youth City Council. We work very closely with that youth City Council, and we go out to the high schools and junior highs and visit with those people. One of the programs that we are looking at is under public safety—You know there is nobody better to tell the story of how bad drugs are or how bad meth is than some of the people that have straightened their lives out. I have a relative that is eleven months straight. You never know how devastating that drug is until you live with somebody. We are spending over \$15,000 on dental work.

Please come to the dinner, we will show you the downtown. We have one of the only museums of art in the whole state. Steve Wynn let us have some of his art for about a six-month period and it drew a wonderful crowd. We were able to only have it on loan because of the type of museum we have.

Rob Joiner, Government Affairs Manager, City of Sparks:

With me today on my far left is Assistant City Manager, Steve Driscoll, and the Honorable Geno Martini, Mayor of the great City of Sparks, the original rail city, the City of Promise. We also want to introduce today some of our team that will be working with us. Coming before you is Carrara Nevada, our contract lobbyist. Representing them in the audience today is Pat Coward and Rocky Finseth. We look forward to all of our team addressing and answering questions throughout the session. The presentation today will be given by the Mayor, Geno Martini, and then we will answer any questions.

Geno Martini, Mayor of Sparks:

Thank you for giving me the opportunity to talk about one of my favorite subjects, the City of Sparks.

[Read from a prepared statement, ([Exhibit H](#))].

In 1905, Sparks was born on the Southern Pacific Railway where over the previous two years the rail yard facility and homes were picked up and moved to the new community from the former rail yards in Wadsworth. [Continued]

[Page 5] Plans include 1.35 million square feet of one-of-a-kind destination retail, restaurants, entertainment, night clubs, and other attractions. This development is expected to be unlike any other experience you are going to have in Northern Nevada. It is also going to include—and we are getting very close to closing a deal—on a Triple A baseball stadium, which is included in the project. We are looking forward to that.

Also it is going to house Scheel's Sporting Goods. It is called Scheel's All Sports. When it is built it will be a 240,000 square foot facility, two stories. Once it is built, it will be the biggest all sports sporting goods store in the world.

T-Rex is a pre-historic theme restaurant that is going to be there. The former owner of the Rainforest restaurants sold all of his Rainforests and made a bazillion dollars. He is going to put about ten of these in the United States, and one of them is going to be at the Sparks Marina.

[Page 6] The Olympia Gaming Group from Las Vegas is planning a thousand room hotel at this particular venue. This is going to be a wonderful project and we thank the past legislators for the vision they had in passing the STAR (Sales Tax Anticipated Revenue) bonds legislation, which enabled this project to come to Sparks. It would never have come to Sparks if it had not been for the STAR bond legislation.

You also have a map showing several of our other exciting new projects either currently under construction or planned: [page 7] Copper Canyon is a venue on top of a hill with beautiful vistas, the place where I was born and raised and where I hunted in the past years. It is about 1,250 acres of which almost half will be open space. We are looking for 1,000s of jobs to be provided, 3.6 million square feet of office park space, over a 1,000 single family homes, approximately 875 multi-family homes, and 200 a room hotel-casino. This is another exciting project.

[Page 8] Kiley Ranch in the Spanish Springs area is 808 acres and spans both sides of Pyramid Highway. It is expected to be Sparks's first "smart growth" development. When completed, this development is expected to include more than 140 acres of Business Park [see prepared statement]. Again it is a smart growth project and a project that we are trying to move towards in Sparks, where can live, work, shop, play, and socialize in one area. It cuts down on a lot of traffic trips, Mayor Cashell will not like my saying this, but in the past years, most of the residents of Sparks had to travel to Reno to do their shopping. Well, in two years, I can assure Mr. Cashell, we will not be traveling over there much. This will cut down on a lot of traffic trips.

[Page 9] Other things that we are proud of are our community centers and parks; they are a real source of pride for us. We have just put together the Larry D. Johnson Community Center; this was named after a police officer in Sparks who was killed in the line of duty. The first phase is scheduled to be completed in the spring and will include community meeting rooms, a computer lab, and recreation facilities.

[Page 10] Wedekind Park, we are partnering with the BLM (Bureau of Land Management) to create Wedekind Park, which will be 250 acres of trails, picnic areas and observation points right in the middle of our city. The park will overlook Spanish Springs as well as the Truckee Meadows. In conclusion, I

want to thank everyone again for letting us tell our story of Sparks. The key issue on our minds, like everyone else, is public safety. Increase in crimes and calls for service have been at the top of our list. Methamphetamine is one problem that we have worked diligently on in the City of Sparks. We have what is called the DARE (Drug Abuse Resistance Education) program, which is taught to every sixth grader in the City of Sparks. We are very proud of that. Our city council has made sure that we have funded that project year after year, and I think that it has borne some fruit for us. The other one that is near and dear to me—there are some other things here like eminent domain and smart growth—is the Truckee River Flood Control Project. Having been born in Sparks in 1946 I have been through six 100-year floods in the last 60 years: 1950, 1953, 1964, 1986, 1997, and 2006. I have been through all of those. This is something we need to get done. We have an industrial area, that has 20,000 jobs, but every time we get flooded, we seem to lose some of those jobs, so it is very important to get the flood project done. Like the County Manager said, \$800 million. We are in conjunction with the Corps of Engineers, which is kind of ironic, because in 1960 the Corps of Engineers made a channel out of the river, and now we are coming back in 2006 and trying to fix what they did then. On behalf of the Sparks City Council and myself and the city residents, thanks again for having us here.

Assemblyman Beers:

Mayor, I appreciate your enthusiasm for your city. I also went through a few 100-year floods as a child in Northern California. The question I had on that project is, do you have plans for maybe interfacing the flood projects with the Truckee Riverside Developments?

Mayor Martini:

Absolutely, we went through a three to four year process, during which we originally looked at putting up levees and really restricting use of the river and those kinds of things. We went through this process with our citizens, our stakeholders, who were affected by what was going to happen with the Truckee River Project, and we came up with the "living river" project. It intends for us to use the river as a resource, not just blocking it off. We want to make sure that people still have access to it because it is a great asset. Mayor Cashell talked about Mayor Goodman wanting to bring that river down there [to Las Vegas], I can understand why. It is a great resource, and we have not really used it to the best of its ability yet, but we are looking. Reno has put in a whitewater park, and thanks to the legislature, we have been funded \$1.2 million to put in our own whitewater park at Rock Boulevard. It is an existing park that is underutilized, and with the money—it is not going to be a professional course or anything like that — it is going to be something that the average citizen can use and can interface with the river. We are going to make

it very safe. You will be able to fish there. The City of Sparks has been a great steward of the Truckee River and we intend to keep doing that. Our project is to make sure that people can use it [Truckee River] and that it is used best for recreation.

Assemblyman Goicoechea:

I was just looking at your map ([Exhibit G](#)) and especially as we move north towards Spanish Springs and all that development that is west of the Pyramid Highway. That is in your Sphere of Influence (SOI). Is that county then at that point?

Mayor Martini:

If you are familiar with the area out there, most of it is city as you come from Sparks and head north over the hill, all the area that is developed now, the retail, and the shopping centers that we are putting in all the way to La Posada. If you are familiar with where La Posada is, that is where the line ends; north of that then is all county.

Assemblyman Goicoechea:

So when we move past where the Costco and the Wal-Mart are, and we move up La Posada, then as you get on farther to the West, there is significant development occurring. I guess I should have been asking Katy. I assume that is on the county water supply. It looks to me that there is tremendous growth occurring there, and it looks like it will continue.

Mayor Martini:

One thing about our water supply that I think we have been very diligent with is from the Truckee Meadows Water—the sewer facility. We have put in an effluent line which stretches all the way out to La Posada. Many of the developers are using the effluent to water their common areas and landscaping. We have it piped also to some golf courses, which now are drought proof. They will never be under drought restrictions because of the water supply coming from the effluent lines. We spent a lot of money on that and we are getting a lot of revenue back, which will help pay for that effluent line. It has been wonderful for us and for the developers because it saves them a lot of money annually.

Assemblyman Goicoechea:

So you have purple pipe to La Posada?

Mayor Martini:

Yes, we do.

Mr. Joiner:

I just wanted to remind you at the conclusion that we have not secured buses to take you up to Sparks this year. Maybe in the future we will do that. We do have a reception planned for you the evening of Valentine's Day, February 14th, from 5:00 to 7:00 down the street at the Carson Nugget.

Chair Kirkpatrick:

On the second page of our handout, what is SOI?

Mayor Martini:

Sphere of Influence. It is a regional planning term used when we try to project into the future where the City of Sparks may want to grow, or where the City of Reno may want to grow. It gives our residents a chance and opportunity to know what we are thinking about in the future. This was all part of the settlement agreement that we just signed with Washoe County and the City of Reno, looking out 100 years into the future. One of the most frequently asked questions I am asked by Sparks residents is, "What are you going to put here?" "What are you going to do there?" "What are you going to put five miles from here?" So, it is a way of letting them know what we may plan on doing in the future in terms of development.

Chair Kirkpatrick:

That is pretty interesting. Is that in statute or is that just something you guys have with your Northern Planning, which is different from our Southern Nevada Regional Planning?

Mr. Joiner:

That is part of the regional plan; it does require cooperative planning with the county and a lot of advanced planning.

Chair Kirkpatrick:

I really think that you guys are on the cutting edge, and it looks like Las Vegas is going to have to step it up if they want to keep up with Northern Nevada. I worked with Mr. Joiner in the interim on affordable housing, and I know that you too are working with some mixed-use developments that we are trying to bring to the hub. Can you tell us a little bit about your actual downtown area because I think the downtown is the real key to cities, but when there is new development, we forget about downtown. I would like it if you could just give me a brief overview.

Mayor Martini:

I will be honest with you. In the past, we have struggled with what we wanted to do with downtown. We have tried several different plans. We tried to bring

in several big box stores, Neiman Marcus and those kinds of things; there was no appetite for that. Then we tried to redevelop it all at one time in one phase; that did not work. So finally we said, let us sit down with all the stakeholders in downtown Sparks and the important community members that wanted to give us input. Let us ask them what they would like to see downtown. That is when they came up with the plan that we have now called "The District." It is going to be about 170 condominium units, 3-story live-work units. The second phase will be City Hall, and then some retail and some restaurants. Third phase is going to be flexible: we will see what is doing best, if retail is doing best. Then we will put more retail; if condominiums are doing well, then we will put condominiums down there. The developer in downtown Sparks is Trammell Crow. They told us just recently that they have sold out the first phase of condos. It seems that is the plan that we are working on now. Everybody is on board with it, all the major stakeholders, like the Nugget and the Silver Club. The other people that are right downtown are on board with this particular three phase project. Hopefully, this is going to work for the last time.

Chair Kirkpatrick:

I look forward to spending Valentine's Day with the City of Sparks. So with that, I would like to thank you for coming before Government Affairs. We will be working with you very shortly.

Mayor Martini:

Thanks again for giving us the chance to come and tell our story. I was born and raised in Sparks, so for me it is a very exciting time to be the Mayor of Sparks.

Chair Kirkpatrick:

At this time we would like to welcome Lyon County to Government Affairs. Mrs. Kristaponis, because you asked if you were going to be first on the agenda, when I looked this morning I said, "of course, she's last."

Donna Kristaponis, Lyon County Manager

On behalf of Lyon County, thank you so much for including us this morning. We are growing very rapidly as a county, but I feel that we are really swimming with the big boys if we are here with Washoe County, Reno, and Sparks in comparison. I would feel that way even more so if Clark County were here. [Introduced self] I hope you were able to attend our party last night. Frankly, I did not expect to be here alone this morning. I hope you had a chance to meet our commissioners last night, and I know they had a good time. We appreciate this opportunity.

One of the things that your Chairman [Mrs. Kirkpatrick] asked, and I think this is frequently true of the rural [counties] is, "Where are you?" So I have brought a substantial map to try to show you what I think some of the idiosyncrasies are in Lyon County. Given our staff and resources, I did not have all the time to prepare materials and present them to you; I can make smaller maps of this available after the fact.

[Mrs. Kirkpatrick asked that there be quiet.]

Mrs. Kristaponis:

[Pointing at map] This is Lyon County; it is an interesting shape to say the least. We are 2017 square miles, and that actually includes a piece that you took from Washoe two years ago and put into Lyon County to be able to develop in the Fernley area. To the north, you can see the Reno-Sparks area. This is I-80, which travels through Fernley. Fernley, which was one of the fastest growing [cities] in the country, is now just a little over 19,000 in population. These are designed to show you what some of our infrastructure issues are: We have five schools, a library, a sheriff substation, two fire stations, a courthouse, two parks, one of those that we maintain. We have an airport there too. They listed airports, and only one of them is the county's. I will show you that when we get there.

This is Carson City down here. When you go from the airport and come down by Washoe Lake, you are here. If you get on Williams Street and drive east, that is U.S. 50 and you are coming out through the Dayton Valley. You are going to hit Stagecoach and ultimately Silver Springs and the intersection with U.S. 95A, which many people travel to go from Reno to Las Vegas; you can go to Fallon as well.

In this particular area, which is another high growth, hot area in Dayton Valley, you can see we have two libraries, four schools, twelve parks, a sheriff's substation, a fire station, and yet another court. Stagecoach is a similar kind of thing. You can see the infrastructure that our county has to provide because it is a very large and dispersed population. Katy Singlaub [Washoe County] this morning referred to it as the long skinny county in the Northwest portion of the state. What makes it easier, perhaps, for Washoe County, and Reno and Sparks, is that they have a central population core, similar to what Clark has, with the confluence of Henderson, Las Vegas and North Las Vegas. Not to suggest that they are not immense, but you do not see this dispersion of population, where literally the local taxpayer has to take care of an awful lot of infrastructure and it is allocated over not that many taxpayers. I realize that is our problem and not necessarily yours [the Legislature], but it does certainly change the nature of how Lyon County looks at the delivery of services.

This is Mason Valley, with our county seat of Yerington and with our main library, three schools, four parks, a fire station, a sheriff's main station and a jail, which I will be talking more about later. We have both a Justice Court as well as a District Court here. Then this is the Smith Valley, Smith and Wellington area, and again all of the services are being provided.

You have had an opportunity now to see our size, the 2,000 square miles, and the distribution of our population. While the major focus of our growth is in Fernley and the U.S. 50 Corridor, in terms of sheer numbers, we are seeing well above national averages of growth in Yerington and Smith Valley as well.

That area is characterized more by larger lots, agrarian, ranchers, ranchettes, people moving in who like the boots and the belts and are laid back and have their horses. What you see [pointing at the map] in the northern part, while you still are clinging to that—and I do not mean that in a negative fashion—but people here are very interested in horses and riding and here [pointing at the map] you see much more suburbanization, smaller lots and up here as well.

Two years ago we were the fourth fastest growing county in the country; the number was 7.2 per cent. Last year—this is not a good thing mind you—we were the second fastest growing county in the country, second to Flagler County in Florida, and we were at 9.6 per cent growth rate. Our population, according to the State Demographer, is currently at 54,031 as of July 1, last year. So we probably have a few more than that, but we were quite surprised because the construction industry has slowed dramatically in our county. What we have seen is the filling up of homes in the market place and our current growth rate of 10.58 per cent. That is a county that has gone from 0 to 60, [snaps fingers] that fast. It is no longer a function of what we see in larger areas of incrementally growing our infrastructure; we are starting from square one.

Where we are headed according to the State Demographer, in 19 years is a population of 90,000 or 63 per cent increase, from the last state figure. Imagine if you will, you live in Green Valley, you live in North Las Vegas, you live in a community where, if you put it all together, you have now 1.8 million people. You would be adding, in our situation, about 190,000 population every year. Even if you divide it by 12, it is enormous. So what we are contending with is pretty sizable; let me quickly go through some additional numbers.

[Pointing to locations on the map] You saw Fernley out here. This is Fallon and where the Naval Air Base is located. Down here is the mountain range that separates us from Mineral County. This is a very low population area, but there

is an awful lot of traffic from Fallon along U.S. 50. All of those counties work together as a team.

In terms of employment, in 1990 almost everyone who lived in Lyon County, who wanted a job, worked in Lyon County. As of today, 67 per cent of the people who live in Lyon County commute: they commute to Reno, to the Lake, to Carson City, Minden, and Gardnerville, further south on the map. Some of our issues are 906 miles of roads. Is that a big number? Well, we actually have more roads than any other county in the State. That always surprises me when I look at Clark County roads; they must have more. Five hundred seventy five miles of those roads are maintained, but maintained does not necessarily mean paved. We have an awful lot of dirt, native soil, and gravel, and when a subdivision comes in that wants to be on that road, we cannot necessarily force them to pave the entire approach road leading to their subdivision. We do get parts of it, we get money, but again it is going back to that old infrastructure and trying to support it and figure out how you are going to take care of it. We also have any number of roads that we simply sign: not county maintained. We have an awful lot of people who would like to maintain them for us; we are working with our District Attorney's office to see if we can handle that liability question. We do not think that we can, and frankly there is not much of an appetite to give those roads back because often times they serve multiple people and get you places that you need to go, so it is not the function of giving up the right-of-way.

Our public safety services, in response to this growth or because of this growth, have also grown dramatically. We had 132,000 calls to dispatch last year; that is a lot of calls for a county of 54,000 people. Our jail was built in 1972. It serves not only our county; it serves the City of Yerington, and the City of Fernley. It has 50 beds, but we average 78, and we have had as high as 98. We are working on and have just hired our first alternative sentencing court management person to try to be aggressive in providing programs that do not put people in jail, but keep people working, keep people, instead of a weekend sentence, going out on a work group. Again those things take staff time and hours, but we are working on that program and moving forward. The jail does concern us a great deal because it was built in the early 1970s and we do not meet any of the current requirements. Just yesterday, we spent about 3 hours in the Carson jail looking at their new indirect system, and we want to see the Washoe direct supervision jail.

In terms of household income, Lyon is low as far as the rest of the counties in our area are concerned. Our current income is \$51,700 for the median household. That is up \$10,000 from 10 years ago: Churchill is at \$53,700, Carson at \$57,300, Washoe is at \$62,800 and Douglas is at \$65,000. There is

a dramatic difference between Lyon at the low and Douglas at the high. I raise that because the pressure for housing in our area actually comes from outside the area. When Douglas County instituted its growth cap, and inexpensive land was needed to provide housing, Lyon went from being the sleepy hollow to being as you can see, absolutely in the direct path of anybody who wants to commute to the west. Carson City has almost no land left for development and they have just done their master plan. Their focus is on infill, as it needs to be. Storey [County] has the largest industrial park in the United States, the Tahoe Reno Industrial Center (TRIC), and few houses; they are working towards that but mostly again, we have many developers come in and say, "You are going to be the bedroom community of this area." The Commission and I say "Oh, no, we are not; we have to have mixed use" in terms of how our State financing works, in terms of how our taxes work, residential simply does not pay for itself, so we are working on economic development dramatically to try and change that picture. The housing growth is coming in and causing us some concern.

To respond to something that Mr. Munford has been asking, and I am really pleased, and I expect that most of you do not know this, but we have a seven county home consortium that Lyon County heads. We are the administrators for that program that does absolutely nothing for the seven county members other than that we cooperate and work together, which is a good thing. But what that consortium does is allows HUD (Housing and Urban Development) to give more money than they normally would to Washoe and Clark Counties to handle your housing issues. Every once in a while, when we get frustrated with the bureaucracy associated with our consortium, we think "chuck it," but then we think "no, we may not profit from this, we may not get the best of this, it goes to our much larger communities." I just want you to know that is one of those things that is out there that I suspect the rural counties do not get any credit for because you probably were not aware of it. We will keep that program going.

Regarding development, we have had our share of failing water companies, created many years ago. When the owner walks off, we work with the State Department of Taxation. When there is no private person that is going to go in and take those over, we get them. We go through A.B. 198 of the 66th Session and do all of the things that are required. It is a tremendous amount of work that rural counties have to do to keep up with that. Just be aware it is out there, and any help that you could give the Department of Taxation or the A.B. 198 of the 66th Session piece, which has been a godsend for us in a number of entities. Sewer is almost in a similar situation. And then there are the strange things that happen when working regionally. We are so excited that the Supervisors in Carson City, and the Commissioners in Lyon County agreed

that we could connect and would connect our water systems. We would do that at Mound House, and as a result of that, if they had a drought or they had a major water main break and they needed water, we could pump water back to them. And if we were having problems in Dayton, they could help us. Well, three minutes to the deadline, we had a protest filed. So we will now be in front of the State Water Engineer. We will now probably be in court because that kind of cooperation says that we are moving the water some place where it should not be, and yet, there is still no more water being used than was being used before. I draw it out because we want to work cooperatively and regionally and then we hit these stumbling blocks, and we are never quite sure, other than time and a lot of money through the court systems, how to make that work.

Our developers pay a road construction tax, which is \$750 per house and 25 cents a square foot on any commercial or industrial property. They pay \$1,000 per house for parks and they also pay a school construction tax of \$1,500. That is great in terms of actual construction, the original capital improvement that needs to be done. We have little to no money; however, in terms of maintenance and how we take care of the things we plan. We have school sites donated. Sometimes they are terrific, and sometimes they are downwind of a sewer plant, if you have been reading the *Nevada Appeal* within the last week or two. They do certainly build roads for us; in fact I have a major meeting tonight in the Dayton Valley area. We have worked with property owners to try to push an alternative transportation roadway network through the area in order to save the state's resource, U.S. 50. It is our only way in and out; we have no other way. If there is snow or ice on the hill, you do not go to the hospital unless you go by helicopter. Again, we are trying to work to solve our own problems. Whenever we need your help to do that, we hope that you will be there for us.

Since 2000, our population has grown 57 per cent; our staffing levels have decreased by 25 per cent. It is not that we do not need the staff, we have a great need to provide services, but we have had to use so much money on capital [improvements] that there is little that we can do on the operating side. Our infrastructure is our biggest issue; for example, our outdated and overcrowded jail. We are proposing with Churchill County a new detention center for youth. We have at times JPOs (Juvenile Probation Officers) who sit in their offices overnight with kids who need to go to detention, and there are no beds available, not at China Springs, not in Mineral County, not in Carson. So that is a big issue for us, and we will be looking for some help. Our revenue sources have not kept pace with the demand, as you noted when I talked about the staffing. Our consolidated taxes are estimated to come in \$2 million below what was projected this past year, and we think our General Fund will be down

another \$4 million next year. We love Lyon County. It is a beautiful place, and I invite you to get on U.S. 50, Williams Street, and do not head to Lake Tahoe, head to what we call poor man's Tahoe, which ends here at Lake Lahontan. It is quiet; it is peaceful; it is beautiful and you would be more than welcome. I just learned last night at our reception that the new State Controller has chosen to live in Dayton.

Assemblyman Settelmeyer:

I wanted to comment on what she indicated earlier. I think as counties we need to be aware of the impact that local laws have on other counties. In Douglas County there is a poor joke that our affordable housing is Dayton, which is sadly true, because of the average sale price of a home in that community.

Mrs. Kristaponis:

It used to be about \$198,000 until you enacted your law, and then it went up. It is now probably about \$250,000, \$269,000. We are not selling very many houses—we are not building very many houses right now. You are right, you push your finger in here and it has to come out someplace else. I did not mean to pick on Douglas, but it is a fact that whatever one does, does affect the others.

Assemblyman Beers

I would like to get a little bit more information on the water sharing problem with the Mound House station and the protest that was filed. If you could get that to me I would appreciate it.

Mrs. Kristaponis:

I would be happy to.

Chair Kirkpatrick:

I only have one question. When new growth comes in, how do you balance, in Lyon County, those existing ranches? They were there first. They did not ask for the new growth to come, so how do you balance it as you are doing your Master Plan to make sure that those who invested first can still enjoy their quality of life?

Mrs. Kristaponis:

That is not an easy question, but it makes an assumption that I would like you to think about a little bit. We have a lot of ranchers, who have owned their property for a long time, and they do not want to ranch anymore, and they do not want to farm anymore because it is not economically viable. This is an old story in Douglas County as well. Oftentimes the children and heirs simply have no ties to the land, so they want development to occur. It is not a function

necessarily of farmer and rancher-new person coming in. Sometimes a new person coming in says, you cannot subdivide that farm or ranch. I bought it because I like it as an amenity. It is very beautiful. Why would you allow houses to go there? It is not an easy thing. We do it through our comprehensive plan. We have just started our new revision to the plan, and we will be doing it through an intense amount of public discussion. Our Board and Commission are still working on its mission and goals. But the thing that staff has recommended to them is clearly the mission of the best possible services at the lowest possible price.

The second thing, which comes back to the geographic dispersion that you see here of the population, we want to put a plan together so that it is not one size fits all. So that Smith Valley can become what it wants, and that takes a discussion there. We have got the ranching interests on one side; we have people that have come in and said, the ranches do not change, but we do not mind if Sagebrush gets developed. Well again, that is very difficult for a rancher to take. Why should he be paying to keep his land in a park-like state? So there are all sorts of trade-offs here. We will also, through this process, look to see how much our public is interested in setting up conservation areas, so that we can make it economically affordable, if we can afford it, to keep some of those areas in greenbelts.

Chair Kirkpatrick:

Two years ago you were growing very quickly, and the schools were overcrowded because it was just coming much faster than what the county had anticipated. Is the infrastructure that you have laid out, is that already set in stone through development agreements or is that just a requirement that the county itself will have to find a way to pay? By the way, Fernley has done an awesome job of keeping up the newsletter that they send to a lot of legislators so that we can see during the interim how you are growing.

Mrs. Kristaponis:

These items are all existing. I did not give you anything in terms of projection. We have probably another eight schools that are coming on-line. We have just turned our rollover bonds. With rollover bonds, we do not have to vote on them each time. We have taken good use of Q1 monies to keep river trails coming along the Carson River. We are so thankful for that. What a great program that is. So the whole issue of who pays for what gets sorted out at the start of the development. We have done all of the work that is required to institute impact fees since it is laid out in legislation. We have had the public hearings that were needed, but there still have been questions, so they have not gone back to the Commission. I support our impact fees because I think they are a fair and equitable way to do business. Otherwise, developer X gets his arm twisted so

much during the entitlement process, but maybe developer Y gets an easier ride. With impact fees, we will have people from the development community come in and say, well Lyon County will be the most expensive place to develop in Northern Nevada. But that will be because our surrounding entities have not adopted impact fees, so therefore they are still giving, if you will, through the entitlement process. So it is an unfair apples and oranges comparison. We think the predictability and accountability of impact fees, irrespective of who you are, is a good thing for everyone involved. It sets the disparity if you do not have counties or cities willing to do that.

Chair Kirkpatrick:

I want to thank you for coming before Government Affairs; we look forward to working with you in the future. We are going to move to public comment, so does anyone want a chance to speak?

[Meeting Adjourned 10:00 a.m.]

RESPECTFULLY SUBMITTED:

Emilie Reafs
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 7, 2007

Time of Meeting: 8:00 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Office of State Treasurer	Organizational Chart
	D	Kate Marshall, State Treasurer	Summary of Testimony
	E	Washoe County	Handout
	F	City of Reno	Folder
	G	City of Sparks	Handout
	H	City of Sparks	Mayor Geno Martini's prepared remarks