

**MINUTES OF THE
JOINT MEETING OF THE ASSEMBLY COMMITTEE ON TAXATION
AND THE
ASSEMBLY COMMITTEE ON TRANSPORTATION**

**Seventy-Fourth Session
March 6, 2007**

The Joint Assembly Committee on Taxation and the Assembly Committee on Transportation was called to order by Chair Kathy McClain at 1:35 p.m., on Tuesday, March 6, 2007, in Room 4100 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).

ASSEMBLY TAXATION MEMBERS PRESENT:

Assemblywoman Kathy McClain, Chair
Assemblyman David R. Parks, Vice Chair
Assemblywoman Francis Allen
Assemblyman Morse Arberry Jr.
Assemblyman Mo Denis
Assemblyman Tom Grady
Assemblyman William Horne
Assemblyman John W. Marvel
Assemblyman Harry Mortenson
Assemblyman James Ohrenschall
Assemblywoman Peggy Pierce
Assemblywoman Valerie E. Weber

ASSEMBLY TRANSPORTATION MEMBERS PRESENT:

Assemblyman Kelvin Atkinson, Chair
Assemblyman Mark Manendo, Vice Chair
Assemblyman David Bobzien
Assemblyman John C. Carpenter
Assemblyman Ty Cobb
Assemblywoman Susan I. Gerhardt



Assemblyman Ed Goedhart
Assemblyman Pete Goicoechea
Assemblyman Joseph Hogan
Assemblywoman RoseMary Womack

COMMITTEE MEMBERS ABSENT:

Assemblyman Jerry D. Claborn (Excused)

STAFF MEMBERS PRESENT:

Russell J. Guindon, Senior Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Marji Paslov Thomas, Committee Analyst
Mary Garcia, Committee Secretary
Kelly Troescher, Committee Secretary
Gillis Colgan, Committee Assistant
Matthew Mowbray, Committee Assistant

OTHERS PRESENT:

Leann McElroy, Chief of Staff, Reno, Nevada
Andrew Green, Finance Director, Reno, Nevada
John Sherman, Director of Finance, Washoe County, Nevada
Shaun Carey, City Manager, Sparks, Nevada
Greg Krause, Executive Director, Regional Transportation Commission,
Washoe County, Nevada
Marv Teixeira, Mayor, Carson City, Nevada
Linda Ritter, City Manager, Carson City, Nevada
Michael Brown, Assistant County Manager, Douglas County, Nevada
Mitch Dion, Director, Community Development Department, Douglas
County, Nevada

Chair McClain:

[Meeting called to order at 1:35 p.m. Roll called.] This is the second in our series of joint meetings hearing from local governments regarding infrastructure needs, revenue streams, priorities, and anything else relating to maintaining a satisfactory flow of traffic. [Meeting recessed at 1:37 p.m.]

[Meeting reconvened at 1:38 p.m.]

Assemblyman Manendo:

At our last meeting, we heard testimony from representatives of Clark County. Some of us brought up certain intersections we were concerned with. I brought up the intersection of East Russell Road and Stephanie Street. Last week I found out I had two constituents killed at that intersection, one of whom was a friend of mine. This is an indication of how much we need to focus on our transportation issues and how vital public safety is. I think we have been missing that point.

Chair McClain:

Today's presentations are from our northern friends. We will hear from the city of Reno first about their projects.

Leann McElroy, Chief of Staff, Reno, Nevada:

[Distributed ([Exhibit C](#)) and ([Exhibit D](#)).] We provided a presentation ([Exhibit C](#)). You asked us to look back ten years and to look forward as well. In 1997, Reno had a population of 170,000 and covered an area of approximately 56 square miles. In 2007, we have a population of 211,000 and cover 101 square miles. Even in the 1990s, Reno's streets were not in the best of shape, and our voters saw fit in 1993 to pass the first street tax override. We have been fortunate in that it has allowed us to increase the overall Pavement Condition Index (PCI) from 59 in the mid-1990s to 68 overall today. We have made some real improvements. Based on those improvements, our voters, in 2004, decided to extend that street tax override, so we still have that dedicated resource going forward.

With respect to public safety, we are not quite as fortunate. We have no dedicated resource for public safety, even though we have a great need in that area. We had an issue on the ballot in 2006 for a public safety sales tax. Reno and Sparks voters supported it, but it was a county-wide initiative, and it did not pass in the county as a whole.

In December 2006, immediately after that election, we did a survey of our residents to determine just how much support there was for the construction of the three neighborhood public safety centers, which was one of the emphases in our public safety sales tax effort. Seventy-seven percent of those who participated in our telephone survey indicated they thought the city should move forward to build three separate police facilities—north, south, and central—rather than a central police facility to replace the outdated station we have now. We were very pleased to see that, but unfortunately, we have no funding resource at this point to apply to the construction of those centers.

Despite the fact that we have had a lot of support from our citizens with additional funding sources for various projects, the dedicated resources simply are not keeping pace with the needs of the community. We have had to dip into the General Fund. Where we could have used those funds for other kinds of services, we have had to dip into them, for streets in particular, over the years.

Andrew Green, Finance Director, Reno, Nevada:

You should have before you copies of the PowerPoint presentation ([Exhibit C](#)) and a packet of supplemental information ([Exhibit D](#)) that contains the actual numbers for the past ten years for the expenditure and dedicated revenue sources as the Committees requested. The last few pages of that packet should contain the same categories projected forward ten years and what the city of Reno anticipates needing for expenditures for those categories.

On the first page of the PowerPoint presentation ([Exhibit C](#)), we wanted to give the Committees an overview looking forward first, and then for the previous ten years. As Ms. McElroy mentioned, the public safety centers the city is looking at constructing over the next ten years would cost about \$110 million. The impetus behind those centers is to decentralize the safety provision, so those centers would primarily house public safety, police, and fire to more adequately meet the needs of Reno residents.

Over the past ten years, we have not spent a great deal of money on flood control projects in Reno. The city of Reno is a partner with the city of Sparks and Washoe County in finding ways to construct an \$800 million flood control project to deal with regional flood issues that are anticipated in the years to come. There is funding for some of that, which is a combination of federal funding, state funding, and a \$0.00125 sales tax issued to support this flood control project. Even with all of those sources, the entities are trying to develop funding sources to cover a gap that still exists. As it stands right now, we are looking at different options, but there could be a situation where the city of Reno would have to come up with some additional funding from its general fund or some other source.

The next slide [page 4 of ([Exhibit C](#))] gives an indication of Reno's current backlog of about \$221 million for street projects. We still have a ways to go to deal with that backlog.

The next page ([Exhibit C](#)) is titled "Public Safety Expenditures and Dedicated Funding Sources." We have four dedicated revenue sources for the categories you requested. One of them is the override tax. The gas tax is straightforward;

most entities in Nevada have that as a dedicated source for road construction and capital projects. The city of Reno also has a dedicated street override that Reno voters voted in twice. In Fiscal Year (FY) 1992–1993, that override was about \$0.2298 per \$100 of assessed value, which was used to repay the debt for these capital projects. In 1993, the city went to the voters with a request for the ability to use that override, as the debt was paid down, for street programs. The voters agreed to that then and in 2004. As that debt is paid down, the equivalent dollar amount that would be generated as a result of that retirement of debt is shifted to the city street program. Seventy-one percent of that amount is used for road construction projects and 29 percent is used for maintenance.

We also have a dedicated resource in the portion of our sewer user fees that is used to support our flood control projects. Another dedicated resource is our court construction fees that were used to construct our new court facility, which the city just completed. The Mills B. Lane Justice Center was a joint effort between the city and Washoe County to house the Reno Municipal Court and the county district attorney's office. This particular capital improvement was primarily funded by a combination of General Fund sources and a revenue bond that was issued to handle the portion applicable to the city of Reno. The rest of it, in the small green bar on the graph, is the court assessment fees.

The next slide [page 6 of ([Exhibit C](#))] covers flood expenditures. There have not been a lot of these over the last ten years in the city of Reno. All of these expenditures were primarily funded by the sewer user fee. Reno is anticipating a little over \$29 million in flood projects over the next ten years.

The next page, entitled "Street Maintenance and Dedicated Funding Sources," reflects the cost for street maintenance. Most entities have dedicated streets, and Reno is no exception. In addition to dedicated streets, we also have streets that result from annexation; those do not necessarily involve up-front costs, but we are required to maintain them. This graph reflects those maintenance costs over the last ten years. The dedicated revenue sources are both the tax override and the fuel taxes, which are not keeping pace with maintenance expenditures.

The next chart shows the capital expenditures for streets and their dedicated revenue sources. In a majority of instances, the cost for street capital projects is outpacing the dedicated resources. A correction needs to be made on this chart. The revenue bars for FY 2003–2004 and FY 2004–2005 show that fuel taxes made up the larger portion of the dedicated revenue, and the smaller portion was from the property tax override; those should actually be reversed.

Chair McClain:

Can you explain how the city of Reno interacts, funding-wise, with the Regional Transportation Commission of Washoe (RTC) and the Nevada Department of Transportation (NDOT)? Also, do you have city streets that are actually state highways?

Andrew Green:

As far as interaction with RTC and NDOT, there are, within city limits, streets that are the responsibility of RTC as well as some that are the responsibility of NDOT. They have their own financing sources. We do not provide money to support those particular streets; we are looking at streets within Reno that are actually owned by the city. There is not a situation where we are sharing funding. However, we do attempt to work with those two agencies to ensure that what the streets need is handled to the fullest extent possible.

Leann McElroy:

There is a process that RTC goes through to pick streets to reconstruct or add an overlay to. We participate in that process, and we have worked out a formula that is set up by local agreement.

Chair McClain:

How many streets do you have that are actually the responsibility of the State?

Leann McElroy:

We have been in the process of doing some trades with NDOT, so that number is becoming smaller and smaller. The city of Reno used to maintain a larger portion of McCarran Boulevard, while NDOT maintained 4th Street, Kietzke Lane, and Virginia Street. We have made one trade already—we have taken 4th Street and they are taking on McCarran Boulevard. I cannot tell you right now how many lane/miles NDOT has, but I can get that information for you ([Exhibit E](#)).

Chair McClain:

Thank you. Next, we have Washoe County.

John Sherman, Director of Finance, Washoe County, Nevada:

We have prepared a presentation ([Exhibit F](#)) on capital projects concerning flood control, public safety, roads and transportation, and the revenue sources for those projects. The presentation is broken down into two components: First are three pages of tables and charts showing relative expenditures in the various

categories and the funding sources behind those. The last several pages are detailed project lists.

On page 1a, you see a summary of expenditures by function. Here we show the expenditures of the last ten years for public safety, transportation, flood control, road maintenance, and roads. We also show our debt service. The expenditures shown are for FY 1996–1997 through FY 2005–2006. We also show FY 2006–2007 budgeted expenditures.

The biggest expenditure category for Washoe County is public safety, which comprises about 48 percent of the total. The next largest is road maintenance, followed by debt service, at 12 percent. It is Washoe County's responsibility to maintain the roads in unincorporated parts of the county. I know you heard a presentation from the city of Reno. The RTC is coming after us, and they will discuss the big road construction projects. Typically, we receive roads from developers and we are then responsible for maintaining those roads.

On page 2 ([Exhibit F](#)) is a list of outstanding bonds. We do have dedicated revenue sources for funding projects in those categories. I wanted to make the Joint Committee aware of the outstanding bonds we have obligated the county to pay off, using the revenue streams dedicated for that purpose. We have been fortunate in getting voter approval for three major bond issues in those categories, including public safety. We did a jail refunding to save taxpayers money, and we just recently got voter approval for our regional animal control shelter. They also gave us an operating override to operate it. The shelter is actually a consolidated facility for Washoe County and the cities of Reno and Sparks.

There is also a statutory provision to impose \$0.05 for capital projects. Those proceeds are shared between the county and the two cities, but we have used those proceeds to help finance the Sparks justice court. Also, under state law, we can pledge up to 15 percent of our consolidated tax, which is revenue from several taxes but primarily sales tax. We can pledge those revenues to issue bonds, and we have done so for a number of different projects. We financed our share of the Mills B. Lane Justice Center with bonds to be paid off by that revenue source. In addition, the project plan for this year and the near future includes building a parking garage for the downtown courts complex, and we are going to be using those consolidated tax revenues as pledge revenues for a debt issue.

Then there is the 0.125 percent public safety flood control sales tax that was granted by the Legislature and that we imposed in 1998. For the first time, we

have issued a number of bonds for both public safety and flood control projects. We have a couple of pending issues in additional bonds for flood control.

On page 3, you can see what the dedicated revenues are. Because Washoe County is a growing community, we have had to go outside the dedicated revenue sources to pay for capital projects. This table shows those revenues, with the General Fund being the largest source.

Also, we annually allocate a certain amount of pay-as-you-go money for projects. The 0.125 percent sales tax for public safety and flood, Chapter 377B of *Nevada Revised Statutes* (NRS), is dedicated to specific projects. We have also listed the four different components of the Motor Vehicle Fuel Tax. We receive about \$5.2 million from fuel taxes annually, but our maintenance budget—what it takes to maintain the roads that we are responsible for—is in excess of \$11 million. The balance of that \$11 million comes out of our General Fund.

The table also notes the \$0.015 ad valorem public safety levy. The Board took the opportunity to levy a \$0.015 property tax granted by state law and that revenue is typically used for operating purposes. However, the Board saw a need to earmark some of that revenue to fund the expansion of the county's regional jail facility, which is used by all jurisdictions to house inmates.

The chart also shows those debt issues we have incurred over the last ten years and those we are currently anticipating. We finance some of our capital projects by issuing bonds, other capital projects by using cash, and still others by a mixture of both.

Pages 4–9 ([Exhibit F](#)) provide a detailed list of the specific projects we have funded, broken down by category. First, starting on page 4, is the public safety category, including the Regional Public Safety Training Center, Regional Dispatch, and Emergency Operations Center (EOC). Those particular projects were then financed through the public safety component of the 0.125 percent sales tax.

Also on this page is the Pioneer property acquisition. We bought this property in downtown Reno for future court expansion, the most recent phase of which was the Mills B. Lane Justice Center. That was a joint project with the city of Reno. We anticipate building a parking garage on this site, which is located at the downtown courts complex campus. We also are developing a facility master plan. The district court facility is very old and will soon need to be replaced, and we are going through a process to evaluate that. We anticipate

the size of that project being fairly daunting—probably between \$80 and \$100 million.

On page 6 ([Exhibit F](#)) is the latter part of the public safety projects. Including parking for the downtown courts complex, the public safety total is expected to come to \$195.6 million.

Page 7 shows the transportation projects. Washoe County does not do many transportation projects. In fact, we transferred the proceeds for the traffic facility collection program to RTC two years ago, so we are no longer collecting those.

Page 8 consists of two components. The first is the cost of road maintenance, which comes to \$88.7 million for the past ten years and approximately \$11 million for the current fiscal year. A little less than half of that \$11 million is from fuel taxes, and the other half is from our General Fund. The items in the second component of the table—the overlay and slurry seal programs and other critical components—are considered capital projects because they tend to increase the life of the roads. We also built a new maintenance facility at Incline for the road maintenance and snow removal equipment and vehicles.

Page 9 shows the largest forward-looking capital projects we have to confront. The biggest is the Truckee River Flood Project. Part of the funding for that will come from the 0.125 percent sales tax. However, that project is currently estimated to cost in excess of \$800 million. Washoe County and our local partners will pay half of that cost, with the other half coming from the federal government through the U.S. Army Corps of Engineers. We estimate the funds from the 0.125 percent sales tax at about \$100 million for this particular project, which will fully leverage that particular tax stream. We already have bonds outstanding that we used to build the EOC 911 dispatch and the Regional Public Safety Training Center. Out of the \$400 million that the local entities have to come up with, we have, as I said, about \$100 million already in dedicated revenue stream, which leaves us short \$300 million for this project. We are now in partnership with the two cities and a number of other entities to try to close that funding gap.

Chair McClain:

You said you had changed the policy on the \$0.015 ad valorem on page 3?

John Sherman:

There is a law that allows local governments to impose property taxes for operating purposes. That is called the allowed ad valorem rate. The allowed

rate grows over time based on the growth in assessed valuation and the ability to generate so much additional revenue per year. Washoe County has not imposed that entire allowed rate. In fact, that allowed rate is currently about \$1.23, and we have only imposed about \$0.92 of that. Several years ago the Board of County Commissioners, faced with the knowledge of continuing growth in the jail population, decided to levy a \$0.015 property tax under that law to fund jail expansion. It will not only help to pay for the construction, but also the long-term operation of that jail expansion.

Chair McClain:

All the counties have the option to do that, is that correct?

John Sherman:

Yes, but I should preface that by saying we run into other property tax constraints. One of the biggest ones in this State is the \$3.64 overlapping rate. There are a number of counties in the State that are already at that cap. In Washoe County, we have only about \$0.012 left under that \$3.64 cap.

Chair McClain:

The money that you collect is passed through to RTC?

John Sherman:

Yes, but very few dollars are passed through that way. The biggest part of RTC's funding is from fuel taxes, sales taxes, impact fees, et cetera. They can explain that to you.

Chair McClain:

That is what we want to understand because I think things are done differently in Washoe County than they are in the south. I will ask them. Are there any questions for Washoe County? [There was no response.]

Shaun Carey, City Manager, Sparks, Nevada:

Sparks is today a city of 87,000 people. We have a growth plan that will lead us to grow to more than 120,000 people by the year 2020. Like much of Nevada, we have seen our growth rates exceed national levels; we have grown by 37 percent. This has left us, like much of Nevada, with the challenge of funding for infrastructure.

We are barely meeting our needs for basic road maintenance and have essentially had no funding for transportation capacity improvements. That is why we are so fortunate to have the RTC and NDOT playing larger roles in our community, which may be different from the south. This is largely driven by

overall inadequate funding from municipal government and limited new funding tools. Our road maintenance needs in Sparks are largely met by heavy funding from our General Fund sources.

Page 4 ([Exhibit G](#)) shows that our General Fund provides more than \$3.9 million, which far exceeds what we receive from gas taxes. Gas tax revenues are not growing. We have seen road conditions in Sparks decline for many years. Our city council has increased right-of-way tolls in our gas and electric service to increase funding for road maintenance in an attempt to stop what was projected to be a failure of our system.

The pie chart on the next page shows a very unusual way of funding road maintenance, with more than 76 percent of the funds coming from the General Fund and only 24 percent coming from fuel taxes. The graph on the next page [page 6 of ([Exhibit G](#))] shows a ten-year history. The revenue from our fuel tax has been very steady on a lane-mile basis. We have averaged over \$2,000 per lane mile in gas tax being returned to us via formulas. We have also been steady in our application of those dollars toward road maintenance, even in the face of ever-increasing costs of materials used in those operations. Those cost increases are indicative of a trend that concerns us greatly.

I am proud of the collaborative atmosphere we have between the agencies that do road maintenance in Washoe County; Reno, Sparks, and Washoe County have a regional snow removal plan—we share striping and grinders, and we work closely together. Those partnerships have served us well by keeping road maintenance costs steady, and we intend to carry them into the future.

I mentioned that some of our funding was inadequate. That is reflected on the next page, which shows that our operating budget consumes most of our budget, year in and year out. We have little available in our General Fund to go toward capital investments. This has led our city to be aggressive in the use of impact fees, regional partnerships, and redevelopment in order to meet the needs of a growing city to extend our city's future. In the past, we have not had funds for making investments of this nature.

The next page [page 8 of ([Exhibit G](#))] goes back to road maintenance. We were facing a situation where we needed to increase our gas and electric right-of-way toll to forestall a failure of that road system. Today we are facing a backlog of more than \$80 million, which is a tremendous burden for a city with 87,000 residents and a total general fund operating budget of only \$70 million. Our road maintenance demands have left us with little capital funds to make

transportation capacity improvements, which are critically needed in our community, just as they are in most of Nevada's cities and counties.

The next page illustrates road conditions throughout the city. Overall, we have an average PCI of 72. We use the standard pavement rating system, which is the exact same system used by all three agencies in northern Nevada. We have broken the city into five geographic areas. Because of our rapid growth in areas 4 and 5, we have many new roads, which are distorting the picture in the southern, or more historical, portions of Sparks. The average pavement conditions are much lower in those southern areas.

The next page focuses on the Sparks industrial area. This has historically been a major source of employment within the Truckee Meadows, and the road conditions within this area have a PCI of about 57, which means the engineers would reconstruct those roadways. This is also a part of our community that has been heavily affected by flooding. The area south of the blue line on this page has been hit by two 100-year floods in just the last ten years. There are 25,000 jobs there, so the area does face infrastructure challenges in both roads and flooding. We hope to find solutions to these challenges in order to keep our community successful.

Our Regional Transportation Commission is doing a great job of looking to our future transportation needs. We have imposed impact fees to offset the costs of growth, thus letting growth pay for itself. Thanks to the efforts of the local governments and the RTC, we levied a sales tax a few years ago that is part of the solution. However, we need more regional funding options. The Blue Ribbon Task Force to Evaluate Nevada Department of Transportation Long-range Projects and our RTC have identified the need for more regional and local funding options to keep Nevada growing. Transportation funding must be at the forefront if Nevada is going to meet the transportation demands looming on the horizon.

On page 12 ([Exhibit G](#)), you can see that Sparks faces challenges similar to any urbanized city in Nevada. One of our critical issues is that without money to go beyond road maintenance, we are missing opportunities to make smart intersection capacity improvements. These are not billion-dollar projects; these are such things as adding double left-turn and high-capacity right-turn accommodations that would get our community moving. Because our funds are expended on road maintenance, we are not able to get to these smart improvements that would give much-needed relief to our citizens. We also urgently need many regional facilities. These are part of RTC's efforts and the State's efforts as well. They include a north-south connector to take pressure

off of Interstate 580 (I-580), an urban interchange—there are 13 identified along the McCarran Ring Road across the Reno-Sparks urban area. The one currently underway in our community is at McCarran Boulevard and Pyramid Way. Every night we get cars backed up more than a mile waiting to turn left toward Spanish Springs. We need an interchange to lift those left turns up in the air. I am sure southern Nevada is faced with these conditions as well.

We also need freeway widenings and intersection improvements in most of our critical arterial roadways. We will also need a new freeway from Spanish Springs to I-80. We have worked carefully with our regional partners, and we believe our funding needs are best met by being part of the regional solution, with Washoe County as our lead agency working with the RTC. We must also work closely with the State to find resources.

Going back to your question about public safety, our community has struggled to pay for capital expansion with property taxes. As John Sherman from Washoe County pointed out, we are very close to the property tax cap in the county, so this funding source is not really available to us.

In 2004, we lowered the Sparks city tax rate by \$0.02, making it \$0.91, in order to allow Washoe County to move forward with a regional animal control operation. This consolidated animal control in the county, allowing Sparks and Reno to stop providing such services. That has been a great collaboration and a very successful operation for all three agencies.

Without the traditional method of asking the voters for property taxes, we have relied on impact fees for nearly everything we have done. The property tax caps that are in place do have an effect on us. Some \$2 million was abated in the current fiscal year; \$1.4 million was abated in the City of Sparks General Fund. That is a little out of the norm, but there are reasons for that. The assessment cycle in Washoe County is different from those in other places. That situation is under review and will possibly change to an annual review as in some other counties.

In 1988, we passed a ballot measure to build a much-needed police station, and we have just a few years left on it. In order to meet some of our city's public safety needs as we pay down those remaining bonds, our council will be directing that \$0.04 into our capital program as part of the solution.

Moving on to public safety capital, we have been aggressive in using impact fees in our growth areas for sewers, storm drainage, public safety, and parks. That aggressiveness has paid great dividends. We built this beautiful fire station

[page 14 of ([Exhibit G](#))] using impact fees, and it does meet one of our critical needs. It took us two years to find the funding for 12 firefighters to man the station, but that was accomplished in 2005.

In the next five years, we need to expand the square footage of our 1988 police station. We also need substations in both downtown Sparks and Spanish Springs. We will possibly use some of that \$0.04 for that purpose.

I view flood control as a top priority for Sparks. Two flood-related presidentially-declared disasters in the last ten years have had a tremendous impact on all of northern Nevada, particularly Sparks. In the first flood of 1997, we had more than 33 percent of the city under water at some point, with damages approaching \$250 million. We have a good partner in Washoe County and a great partner in Reno. Unfortunately, to do this project right, we need to fix the Truckee River from Reno through Sparks, all the way to Pyramid Lake—a distance of about 20 miles. We must remove the danger while, at the same time, leaving a living river that we can be environmentally proud of and that is in harmony with both wildlife and an urban environment.

I am proud of our community for coming up with the “Living River” concept. The prior ideas we had for this project were not right for Nevada, but this one is. It does carry an \$800 million price tag, but the price of not doing this project right is far too great.

Moving on to page 16 ([Exhibit G](#)), new Army Corps of Engineers’ projects generally receive only a 25 percent contribution. We are very fortunate in having federal funds pay for 50 percent of this project, but it will still require a tremendous amount of local and state funds. There is a benefit to the State in keeping northern Nevada, its river system, and its environment moving forward. I hope that, after careful consideration, you will arrive at a solution that future generations will look back on as a successful partnership between local, federal, and state government. If we do one thing during this Legislative Session, let it be to work cooperatively to find solutions, enable funding, and create a state task force to ensure the process is handled efficiently. Under the leadership of Washoe County, we should be close to moving from planning to starting the environmental process, and then on to construction. Many important state agencies will be required to make great contributions before the Living River concept can become a reality.

Like the rest of Nevada, we have capital needs. Our growth gives us a bright future and gives Nevada a challenging future. We need a new city hall and a new corporation yard from which to provide parks and public works services, fix

police cars and fire trucks, and perform other services. We are building our first community center since 1976.

Our community has decided to change from investing so heavily in operating functions. We are going to dedicate 10 percent of new revenues to capital. We believe that, over time, that 10 percent dedication each year will grow, giving us a way to meet these capital demands. It is clear that public investments pave the way for Nevada's growth and stability.

Chair McClain:

What does PCI mean?

Shaun Carey:

PCI stands for Pavement Condition Index, which is a system the engineers have developed for rating roadways. They can look at the cracks and the conditions of a roadway and give it a rating from 0 to 100, with 100 being a perfectly new road and 0 being a road that would have to be replaced. Our community's roads currently have an average rating of 72. South of the freeway, our average is 57, which would indicate a need for reconstructions and, because of the heavy truck traffic in that area, a lot of major work.

Chair McClain:

Is that part of your older area? [Mr. Carey verified that.] So when new developments go in, do the developers put in the roads and then turn them over to you?

Shaun Carey:

Yes. We do have a regional road impact system. Developers are required to build the roadways within the subdivisions or planned developments. If their roadways are arterials or are regional in nature, meaning they carry through traffic, they could put those roads into the regional impact fee system and get a credit for them. They would then be a part of the regional road system, which is an important system throughout the entire Reno-Sparks urbanized area. It really works for us. The situation with the RTC is somewhat reactive because the impact fees come in during the building permitting process. This forces the RTC, under the existing system, to get farther into the development curve before it can meet transportation needs. The reason the RTC faces some of the challenges it does today is that it is behind on that curve. That is why we are looking for some of the regional solutions recommended by the Blue Ribbon Task Force.

Assemblyman Goicoechea:

You say you are heavily dependent on impact fees, but as Sparks looks to move north toward Spanish Springs, those impact fees have either been collected or are gone. How do you address that expansion?

Shaun Carey:

We are actually not looking to grow into those existing areas of Washoe County—our last version of the regional plan identified the Spanish Springs township to remain unincorporated. We believe those areas have been properly zoned and developed under Washoe County's zoning, and should remain successful county areas long into the future. We are growing in the southern division of that area, and we have a very well thought-out master plan that will provide us with a financially healthy community. The infrastructure is largely being provided by the impact fees we have in place.

Assemblyman Bobzien:

The flood control project is clearly a priority for northern Nevada, and it is amazing how many agencies on all levels have to come together to accomplish that. You mentioned the possibility of a state oversight body of some sort. Could you tell us more about that proposal?

Shaun Carey:

There will be many critical state agencies involved as we develop an environmental impact statement, receive recommendations from the Corps of Engineers writing its recommendations, and then decide on a project. For example, the State is the owner of the riverbed below the high-water mark, and the Department of Wildlife plays a critical role on the Truckee River. We will need to interact with the State Lands Office, the Department of Wildlife, and the Department of Transportation. Through a concerted effort by state government, we can streamline the reviews and send a consistent message from the State of Nevada. The timing of our input into this project is extremely important. There are a great many steps in the federal Corps process. If a focus could be created at the state level to feed that process, it might save a lot of time. Time, in Sparks, is really the enemy, as this flood potential is present every year.

Assemblyman Bobzien:

So, are you giving us a "heads up" that these agencies have to coordinate their thinking, or are you making a more specific recommendation that some working group be formally established?

Shaun Carey:

I am suggesting that you form a working group. The complexities of this project, most particularly the environmental conditions on the river, would make it prudent for the Legislature to form such a group. Talk with the new director of Fish and Wildlife and Allen Biaggi, the Director of the Department of Conservation and Natural Resources, and see what their thoughts are on that. The Corps process and the environmental process are difficult. We are going to have to be very clear and consistent with our messages in order to protect the people of Nevada. It will probably take five or six years to build a project of this magnitude.

Assemblyman Bobzien:

Is part of your recommendation based on experiences you are going through right now with the whitewater park?

Shaun Carey:

I have been in local government for 25 years and have been working with the Corps of Engineers in two different states on river issues, so I would not attribute it to just my most recent experience. You have a tremendously complex river, and its regulatory environment is going to be challenging. A focused effort by the State of Nevada would pay dividends in efficiency and in creating a proper focus on an issue that means so much to northern Nevada now and for future generations.

Chair McClain:

So flood control is your number one priority. You basically deal with maintenance of roads. You have a large section of I-80 that goes through Sparks. Do you have any input with NDOT about expansions on that section of highway? Do you have truck traffic coming down on the city streets?

Shaun Carey:

Yes. We believe we have a very effective Washoe County Regional Transportation Commission plan that looks at our area as a whole. We have a plan to widen I-80 as well as most of the arterials and interchanges in our community. The list I included in my presentation should provide a focus of what is needed in Sparks. We believe in looking at those priorities and selecting the ones in our region that would work through the RTC process.

The challenge is to do something with transportation funding that helps to keep traffic moving. There are big needs in northern Nevada, just as there are in the south. Trucks have a big impact. Out of 66,000 vehicles a day at the intersection of I-80 and McCarran Boulevard, 15,000 are truck movements.

There are truck stops and a whole industrial area there, and trucks eat up intersection traffic cycle time because they are so big, long, and slow. However, they are vital to our economy. Those interchanges have served their useful life and need to be upgraded. We have to find solutions that will keep Nevada moving.

Chair McClain:

Are there any more questions? [There was no response.] Next is the Washoe County Regional Transportation Commission.

Greg Krause, Executive Director, Regional Transportation Commission, Washoe County, Nevada:

[Distributed handout of PowerPoint presentation ([Exhibit H](#)).] As you probably know, we are a regional agency focused only on transportation. We are responsible for public transportation, which is very important in our community, and we build and repair regional roads. In contrast to the Clark County RTC, which takes the fuel tax revenue and distributes it to local governments for construction, we actually build the roads on behalf of Reno, Sparks, and Washoe County through a variety of funding mechanisms.

A question was asked earlier about ownership of roads. The RTC does not own or operate any roads. As soon as we complete a road, we turn it over to the jurisdiction in which it is located. We are responsible for the long-range transportation planning, and we take that responsibility very seriously.

Our current-year budget is \$181 million. Our agency is relatively small, with slightly more than 100 personnel, so we do not do any actual building ourselves. We have engineers and project managers, but we outsource the design, construction, engineering during construction, and inspection. We also contract out work on public transportation.

A key question from this Committee concerned what funding sources we utilize for our work. Chapter 373 of NRS allows us to levy a fuel tax of up to \$0.09 a gallon, and we have been collecting the whole \$0.09 since 1995. In November 2002, we had an advisory ballot question, WC-2, which asked for three funding mechanisms:

- To allow the gas taxes to be indexed to inflation, because it had not been increased in more than a dozen years
- To allow for the indexing of the impact fees
- To impose a 0.125 percent sales tax, half of which would go to roads and the other half to public transportation.

Following voter approval of WC-2 in 2002 and the subsequent approval of this Legislature in 2003, we added indexing of the RTC and local government fuel taxes. At the time of the 2002 election, \$0.0635 went to the local governments and not to the RTC. We began collecting a Consumer Price Index (CPI) adjustment to the fuel tax beginning in 2004.

Chapter 377A of NRS allows for a 0.5 percent sales tax to be used for both public transit and roads. There is also the Regional Road Impact Fee (RRIF), authorized by Chapter 278B of NRS, which we implemented about 12 years ago. In addition to our great partnerships with Reno, Sparks, and Washoe County, we are also partners with NDOT. That agency is heavily burdened with growth issues that affect the transportation system throughout the State. They have empowered us to do work on state-owned facilities.

Here, per your request, are the specific funding measures and increments:

- The \$0.09 per gallon fuel tax over the last ten years has generated \$159 million. In 1995, the PCI of our roads became a major public issue. As of 1995, all of our fuel tax has gone toward repairing and rehabilitating pavement. Prior to that, that money was used to build new capacity. That was a major policy change.
- Fuel tax indexing was implemented. That has not been as effective as we had hoped, but it has added an additional \$3 million in revenue since 2004. The annual increase under indexing has been approximately \$0.004 per gallon per year for the last three years.
- The sales tax that was approved in WC-2 was split between public transit and highways, so we are taking 0.0625 percent, which has generated \$12 million over the last three years. We have put that toward a very critical need, which is preventive maintenance—very low-cost crack sealing and slurry sealing, which helps protect the pavement surface. Without that preventive maintenance, the road does not realize its full life, and repairs become much more expensive. We are just about caught up on the regional backlog of crack sealing and slurry sealing.
- The Regional Road Impact Fee System (RRIF) has been in place for more than ten years, raising nearly \$200 million, which has been critical in financing construction of new infrastructure as Washoe County has grown.
- Federal and state funds have been programmed to the RTC to construct a number of projects.

Moving on to public transportation, in the past ten years the sales tax has been our most important revenue source, having generated \$139 million. Passenger fares have generated almost \$60 million in the last ten years. Our current fare

is \$1.70 for an adult, with lower fees for youths and seniors; we also have prepaid monthly, ten-trip, and three-day passes that are all discounted. Federal funds have been an important part of our success, amounting to \$27 million over the last ten years for preventive maintenance, which is really an operating cost, and \$57 million in capital investment, which has been used to buy both our vehicles and new transit centers in downtown Reno and downtown Sparks.

The public transit service for the Reno-Sparks community, RTC RIDE, had a great year last year, with 8.8 million passengers. High gasoline prices contributed to increased ridership, and we try to use the cleanest possible vehicles. In our peer group of ten systems in the West that are similar in both community size and service level, we came in second in our last evaluation. Bakersfield has a lower cost per hour, but we beat all of our competitors. In our cost of \$2.52 per passenger, we were second best. We work very efficiently and effectively in providing service.

ACCESS is the service for the disabled in our community. This is an expensive service to provide, at nearly \$20 a trip, but it does provide a high level of door-to-door service for its passengers, who have to meet the Americans with Disabilities Act eligibility requirements. We do use taxis for that service late at night when the demand is lower, which saves us money and creates a good partnership with the private sector.

We list all of the places in the community where rehabilitation, reconstruction, and new-capacity projects are needed. Through a technical process involving all the local governments and our board, we identify and prioritize the projects that are most cost-effective and of the greatest benefit. Both Reno and Sparks have bought into and supported our effort to have a rational, needs-based process. We also work hard to keep our administrative costs at \$0.05 on the dollar. The other \$0.95 of every dollar we receive goes toward the building or planning of projects.

On the map [on the bottom of page 6 of ([Exhibit H](#))], the east-west red line represents I-80, which generally follows the Truckee River. Just off the map to the right, the river heads north toward Pyramid Lake. The north-south red line is U.S. Highway 395 (US-395). The brown lines on the map indicate all the streets we have rehabilitated or reconstructed in the community, including a large number of the arterials and collectors, which represent \$150 million in expenditures. That work was necessary, as we were not able to increase road capacity because the pavement needs were so great.

The upper right quadrant of the map shows the growth in Spanish Springs and Washoe County. You can also see the growth in southeast Truckee Meadows and northwest Reno. The blue lines are where developers are actually building roads in lieu of paying credits. They get credit for the costs of right-of-way and construction for these roads. This is not a case where developers wait for the government to save up enough money to build roads; they build them as they need them, per agreements with the RTC and the local entity in which the project is located.

The brown spots represent intersections where we have been trying, whenever possible, to relieve congestion through improvements with the lowest cost but greatest benefit. Many times that means adding a right- or left-turn lane to relieve congestion at an intersection choke point. Such improvements have been critical to our success, adding more than \$200 million in regional capacity over the last ten years.

In partnership with NDOT, we rebuilt the McCarran Bridge over US-395, as well as building a new US-395/Clear Acre Interchange. That is our largest project, and we are very proud of it. Keeping traffic flowing was a challenge as we tore down both freeway bridges and bridges on McCarran Boulevard and rebuilt them. However, we are on budget and on schedule, and we should be completely finished with that project in another month as we get the final pavements done. Virtually all of it is currently open, but there is still some paving left to do.

Our next big project is the Meadowood Mall Interchange, the design for which is almost finished. This interchange will provide relief at another very congested location—the intersection of South Virginia Street and South McCarran Boulevard. Unfortunately, we do not have the resources to go ahead and construct it right now, but it is a top priority.

According to our long-range plan, virtually all of our arterials need to be widened to keep congestion levels from getting out of hand. We are going to see ever increasing congestion, but we are trying to make sure we stay within the level of service standards. This [on the bottom of page 9 of ([Exhibit H](#))] is the map of our 2030 long-range transportation plan. We have to constantly update these plans because it seems the moment we get them done they are out of date.

What we see when we look to the future are major funding shortfalls. The cost of land—and rights-of-way in particular—is accelerating much more rapidly than we had assumed it would three years ago when our plan was adopted. On the

funding side, revenue streams are not growing as we had hoped. In Washoe County, over the last few years, we have actually seen a slight decrease in the gallons of gasoline sold even though our growth rate seems to be accelerating. As we are relying on a flat cents-per-gallon revenue source, that creates real problems.

We have completed many of the inexpensive projects. What we have left are the more expensive projects to accommodate further growth. We are trying to look even further into the future, so our next plan will extend through 2040 and beyond. We have worked on plans for land use and for a Truckee Meadows service area boundary, where we think growth will be occurring far beyond the year 2040. We are trying now to identify those corridors and protect them from development as part of a very long-range view of our community.

The challenges are real, and they are here today. At the federal level, the trust fund on which we all rely heavily for major freeway improvements will not be solvent in 2009, and that is a real problem. Some of the reasons for that are probably the same issues we have talked about already. The federal fuel tax has not been increased since 1993. In the 2010–2015 time frame, the next reauthorization period for federal transportation funding, a 30 percent decrease in real dollars is likely, based upon the trends of decreasing gasoline sales and inflation in the construction industry. The Blue Ribbon Task Force has tried to verify both the needs and the best possible solutions.

In terms of local solutions, we thought we were getting ahead of the game with our indexing. However, our indexing is tied to the Western States Consumer Price Index, which has had an inflationary increase of only 11 percent while inflation of construction costs has been nearly 40 percent. Instead of getting ahead of the game, we are falling behind.

The sales tax does adjust with inflation. We are facing, at the local, regional, and state levels, the issue of fuel taxes not keeping pace with inflation. We also face, in northern Nevada just as in the south, huge amounts of growth and ever-increasing congestion. These are real challenges. They are here today, and they need solutions. The final action we have taken locally to address the situation is to adjust our fares on the public transit system on an annual basis, which has been very effective.

I do want to mention our reliance on the RRIF charged to new development. As we updated the list of needs projected for the next ten years, we prioritized improvements based on stabilizing congestion in the face of rapid growth and

the rising costs of construction. The cost for that ten-year list of needs has risen from \$320 million to \$1.7 billion, which is a huge jump.

The bottom line is that continuing to use the formulas and the processes we have historically used will cause the impact fee per single dwelling unit to go from \$2,000 to more than \$9,000 in Washoe County. That will require the approval of the RTC Board, Washoe County, and the cities of Sparks and Reno, which all have to adopt a resolution to make this fee change consistent region-wide. The reaction I am hearing from the development community is that this is a very large increase. They are not arguing with the numbers, but they are concerned about being asked to pay virtually all of it.

Impact fees build regional roads and assist in interchanges, but they do not build new capacity on through segments of freeway. The Blue Ribbon Task Force identified almost \$1 billion dollars in Washoe County improvements to I-80 and US-395 that will be needed over the next ten years. It appears the resources are not there to build those improvements, but we desperately need them.

We still face many challenges. We will continue to do what we can at the local level, but attention needs to be paid at the state level and attempts made to find revenues today, if at all possible. These projects are extremely large and complex. The environmental impact process draws them out so long and the acquisition of right-of-way is so difficult, expensive, and time-consuming that even if the resources are found in the near term, implementing the needed improvements and making them available to the public will be difficult.

Assemblyman Atkinson:

Do you have anything that identifies your upcoming projects and the funding sources for those?

Greg Krause:

Yes, we have a long-range list of projects. I could probably tell you with some certainty what the revenues are for the next five years. I have a much longer list of projects in terms of time and scope of need, but the funding sources on those have become questionable. I can certainly provide that to the Committee. Would you like a 10- or 30-year time frame?

Assemblyman Atkinson:

Ten years would be fine.

Chair McClain:

We from southern Nevada see your congestion as we come from the airport. How far does that congestion extend?

Greg Krause:

You are talking about US-395 near the airport. It is like a glass of water; if drop after drop keeps falling into it, it eventually starts overflowing. Unfortunately, we are at the overflow stage. Congestion can extend back to Moana Lane or even further. Also, the window of congestion is now starting at 4:00 p.m. or even 3:30 p.m. and extending past 6:00 p.m. The usual progression is that, with more growth, the period of congestion gets longer and longer.

NDOT is working on some relatively low-cost solutions for that corridor; that is their next priority in addressing the existing congestion. However, we have not yet gotten a final answer from them on how they want to address it. Part of the problem is that the interchange access is too close, and there are insufficient weave distances for the vehicles entering and exiting. So, as a low-cost, short-term solution, we want to look at ramp metering at some interchanges close to the Spaghetti Bowl. They are looking at US-395 first, but also I-80 to the east and west.

Chair McClain:

Who sits on your Board?

Greg Krause:

The Board consists of two commissioners from Washoe County, two councilmen from Reno, and one councilman from Sparks.

Chair McClain:

I like that they sit down and consider priorities without worrying about what jurisdiction they are in.

Greg Krause:

They have been great about that. No one has to be an advocate, but just bring up the needs. Other issues come up, such as the need to coordinate with other projects. An example would be not building a road right before water or sewer line work is to be done that would damage the pavement. I appreciate our Board's support of that.

Chair McClain:

That is what "regional" is supposed to be about. Is this a different concept from the RTC providing pass-through money to the local governments, who then bid out the projects?

Greg Krause:

Are you talking about the difference between our RTC and that in the south? In the south they pass the money through. We do not. We do the actual construction of the projects. For whatever reasons, it historically evolved that way and it has stayed that way.

Chair McClain:

That actually sounds like it makes more sense. You are the regional body, so you are looking out for the big picture projects. Then, the local entities take care of the maintenance end of things.

Greg Krause:

We think it is working well in Washoe County.

Assemblyman Parks:

When you provide us the list requested by Assemblyman Atkinson, can you also give us a larger map? [Mr. Krause agreed to do that.]

Assemblywoman Womack:

The RTC in the south has implemented Southern Nevada's Metropolitan Area Express (MAX) bus rapid transit system. Are you doing anything like that in Washoe County?

Greg Krause:

We are trying to do that. The MAX system has been a huge success. We are looking right now at South Virginia Street, and we think it has similar potential. We will never be able to afford or get federal funding to build fixed guideway or light rail systems, but we think we can do bus rapid transit, specifically the "small start" system. Smaller communities can compete to get those funds. We are currently in the environmental impact statement process.

Assemblywoman Womack:

MAX seems to be working very well in southern Nevada, and as new lines come on board, I see it bringing the communities closer together.

Greg Krause:

I absolutely agree. It is a great idea that supports the transit-oriented development being planned for use of the land adjacent to these corridors.

Marv Teixeira, Mayor, Carson City, Nevada:

Our city manager, Linda Ritter, is going to quickly take you through our presentation ([Exhibit I](#)). I will add comments from time to time, and I hope you will ask some hard questions. We are the only consolidated city/county in the State of Nevada, so we have no jurisdiction but our own. If we make a mistake, it is our fault; we cannot blame anybody else.

Linda Ritter, City Manager, Carson City, Nevada:

We have been very active with flood control projects recently. On the second page ([Exhibit I](#)), there is a picture of the Vicee Canyon detention basin near the community college. At the time it was built, many called it the "open pit mine." It was very large, but it was necessary. As you can see in the bottom picture, it was filled with water in the New Year's flood of 2007. We have also worked on the Eagle Creek detention basin and the Timberline/Coombs drainage project.

The funding for these projects has come chiefly through the Federal Emergency Management Agency (FEMA). The Waterfall Fire in 2004 stripped our mountainside of timber and other things that hold the soil back. We worked with FEMA to identify some flood control projects. There are concerns about debris flows coming from that mountain, so FEMA helped us develop a plan. They funded 75 percent of those projects, and we funded the remaining 25 percent from the storm drainage utility user fees. The next page shows some before and after pictures of projects that FEMA supported. You can see that many of the projects did protect life and property in the city.

Our storm water utility was developed in 2003 per our city code and authorized by our county charter. Currently we charge \$2.92 for a residential unit and \$26.42 for a commercial unit. We collect about \$1 million a year. We have bonded \$6 million for many of these projects. We really wanted to take advantage of FEMA's offer by making many of these improvements as quickly as we could.

Our public safety projects date back some time; we have not done many of them very recently, but we are currently constructing a sheriff's administration building. In the past, we have funded a fire station and a public safety facility that includes a jail and courthouse.

Marv Teixeira:

The people voted for Fire Station Number 1, but those of you who were here for the horrific 2003 Session, on what is called the "fair share," know how that went. We took our new revenue—we were only keeping 62 percent of it—and we gave the people back their vote on the fire station and bonded for the public safety building with a new jail. In other words, we were able to hold the tax at the current level with no increase, and we gave them a new jail and a new courthouse. By the way, we are doing it again, building a new sheriff's station with no tax increase.

Linda Ritter:

We have put a portion of the consolidated tax, which is chiefly sales tax, aside for capital. We currently allocate \$1.4 million a year of that revenue for these types of public safety projects.

Next are the road and transportation projects. The big one, as you drive into town, is the Carson Freeway. We are funding a portion of that through direct contribution to NDOT, as well as utilities that are funding the relocation work. The freeway will bypass downtown and go to Fairview Drive, so we are widening Fairview Drive to accommodate the traffic from that second phase of the freeway. There will be a gap between Phase 2A, which is from US-50 to Fairview Drive, and Phase 2B, which is from Fairview Drive to Spooner Summit and back up to US-395. This necessitated our using some of our local taxes for the widening of Fairview.

We are also widening Roop Street. We just started that project. We are also extending Stewart Street to accommodate another north-south route through town to get some of the traffic off of Carson Street.

The Board of Supervisors adopted an extra \$0.05 of RTC tax and allocated that to the freeway project. Our contributions to the freeway, out of our RTC tax, equal \$33 million. We estimate we are going to spend \$17 million of utility user fees, so our contribution to this federal freeway is estimated at \$50 million. It is unusual for any community in Nevada to contribute that amount. The Fairview widening project is being funded by our RTC tax, and the Roop Street widening and Stewart Street Extension are through our RTC.

We have paid NDOT \$14 million so far. We owe them another \$19 million. The \$0.05 gas tax generates \$1.9 million annually. We have bonded for \$6 million for 20 years for the Roop Street project that has been completed. The repayment source for that is the leftover \$0.04 that we have in the RTC tax.

Marv Teixeira:

The freeway is called the "Carson Bypass," but it is not the "Carson Bypass." It is Interstate 580 (I-580). It serves Carson City, Douglas County, Lyon County, and Lake Tahoe. On the basis of cost-benefit ratio, this project is number one in northern Nevada and compares favorably to any project in Clark County. Your capital city of 55,000 paid \$50 million, which is about \$1,000 for every man, woman, and child in this community. That is, by far, the biggest contribution per capita by any government agency in the State. So, if you levy some statewide taxes, does that mean we get to pay again?

What have we gotten for \$50 million? We bought time. The project was started in 1996, and we have completed three miles between then and 2007. I want to know if there is funding in NDOT coffers to finish what they have started. Will they complete it by 2010? The answer is a resounding "no." Will they complete it by 2012 or 2014? Former Governor Guinn said three or four times, on the record, that there was money enough to complete the entire project. If, in fact, the funding is so acute, what about the weight-distance tax? I am told it can generate \$200 million a year.

Linda Ritter:

This slide [page 10 of ([Exhibit I](#))] is about street maintenance. We have a \$0.0025 sales tax that was approved by the voters in 1986. That has allowed us to use that RTC tax for many of these projects, including the Carson Freeway. We collect \$2.5 million annually for street maintenance from that sales tax.

Another tax is not for street maintenance or public safety. This was funding for open space and parks and shows our voters' willingness to come to the table to provide facilities. In 1996, the voters approved a \$0.0025 sales tax, 40 percent of which is for open space; another 40 percent is for recreation facilities, and 20 percent is for maintenance of parks and recreation facilities. That generates \$2.5 million a year. Our citizens have stepped up to help.

The only impact fee we have right now is a residential construction tax for parks and recreation facilities. We currently do not use any other impact fees. We are a slow-growing community. For the last five years we have grown an average of 1.5 percent a year. The level of impact fees we would collect is not substantial enough to warrant levying them.

Another tax we have implemented is in support of the Virginia and Truckee (V&T) Railroad. We implemented a room tax to help support that, and we bonded \$4 million toward that project. Last year, the Board of Supervisors also

implemented a \$0.00125 sales tax for reconstruction, and we were able to bond \$15 million toward that project in addition to a \$10 million appropriation from the federal government. We have some great partners for that project.

Marv Teixeira:

We also have \$2 million pledged by the Convention and Visitors Bureau—\$100,000 a year for the next 20 years. Carson City has \$21 million invested in the project.

Assemblyman Manendo:

You are a part of the citizens of this State. Do you have any suggestions you would like to recommend to this Committee?

Marv Teixeira:

No. It would be great if everybody statewide had contributed what Carson City has, but that is not reality. If we have to pay again, I do not know if that is fair. You cannot put anything in that is going to exclude us; I am absolutely not asking you to do that. I am saying that when you do whatever you are going to do, you might make a recommendation to NDOT to pay back some of the money we paid in because we are going to be paying again. I think that is only fair.

Assemblyman Manendo:

If we give you your money back, how can we come up with the \$3.8 billion?

Marv Teixeira:

What you will do, I hope, is give me the authority to negotiate with NDOT. I think the fair thing would be to adjust our future payment.

Assemblyman Grady:

When NDOT was here the other day, I asked the very questions that you asked because the people in this community have made their commitment with the \$0.05. I was told by the NDOT officials that the utility work is being done, the second phase will be out to bid this spring, and we are going ahead. Like you, I hope we are alive to see the end of it.

Marv Teixeira:

Yes, we were asked to go back 90 days. I have no problem with that; that will get us to Fairview Drive. The critical question is, "Is there funding to take it to Spooner?"

Assemblyman Atkinson:

You keep saying you do not want to pay again. Exactly what are you talking about?

Linda Ritter:

This community was taxed an additional \$0.05 on gas to pay for a federal freeway. We do not normally see a local government contributing \$33 million toward a federal highway. That is something that is normally done through NDOT and federal sources. The position of the mayor is that if you are going to pass an additional tax statewide to pay for federal freeways and maintenance, it is unfair for Carson City to pay that tax as well as continuing to offer our \$0.05 gas tax toward that federal freeway. Put us on a level playing field with other communities. That is really the point.

Assemblyman Atkinson:

No one invited you here to say you are going to pay for anything. This is just to hear what your projects are and what your funding is. We have not suggested we are going to do anything. I want to make that clear for the record.

Marv Teixeira:

I understand, and maybe I should apologize, but when I see a window of opportunity to inform and to discuss the problems of your capital city, I do. I think that is my job.

Chair McClain:

It is a different payment method, but it is not too different from what Clark County did in constructing the beltway around the urban area.

Marv Teixeira:

That is correct, and it was Clark County that set the standard for what a community should offer NDOT. A question that was consistently asked of me for eight years was, "What does Carson City have to give to NDOT?" Clark County set the bar high, and I compliment them on that.

Chair McClain:

I think it was an effort to make life easier for local taxpayers. Sometimes local government just has to go ahead and get it done. That is part of what I wanted to have come out in these hearings. I want local taxpayers to understand. Your residents paid up front, and whether or not you ever recoup any of your investment remains to be seen.

It was the same in Clark County with the Beltway, which had some inherent problems—it saved a lot of time and relieved a lot of congestion. However, people thought it was a freeway, which it was not, and there were horrendous accidents. Public perception gets us all in trouble now and then, which is the reason I thought this kind of meeting was so important. I hope the public is listening in.

Are there any other questions? [There were none.] Next we will hear from Douglas County.

Michael Brown, Assistant County Manager, Douglas County, Nevada:

You have a packet of materials ([Exhibit J](#)), including a large map that lays out some of the projects in Douglas County.

Mitch Dion, Director, Community Development Department, Douglas County, Nevada:

For those of you who are not familiar with Douglas County, we are, for the most part, just to the south of Carson City. We have three major watersheds: the Tahoe Basin, the Carson Valley, and the Antelope Valley down south. Those are three distinctly different types of communities. I like to refer to Douglas County as a “string of pearls.” The cord that holds the pearls together is NDOT roadways.

We work very closely with NDOT. We currently have NDOT’s US-395 corridor plan going on at the same time Douglas County is undergoing its Master Plan update. We are developing those plans together with common databases, common populations for traffic analysis zones (TAZs), and common loading. That is important to keep in mind as we move forward to talk about what Douglas County is doing in the way of transportation.

In Douglas County, most of our land is owned by the federal government. The developable land in Douglas County is, for the most part, in a floodplain of one sort or another. Douglas County currently does not have any resource for managing its floodplains or storm drainage. The only source of money has been FEMA. We take advantage of that as much as we can for mitigation and recovery funding.

We are currently working on several funding issues. We are trying to explore the possibility of a storm water utility. We are looking at the potential for flood water management districts and special assessment districts. Given the record of the voters of Douglas County on taxes, all of those issues are very difficult

and challenging. In our package ([Exhibit J](#)), we have included a summary of the outcomes of our ballot initiatives on tax issues in the past ten years.

As the county has continued to grow along the cord of roads, the pearls have expanded, resulting in choke points and congestion. The state roads are failing us because of development within the county. Our Master Plan is focusing on creating grids so the circulation pattern can relieve some of those congestion points. In your package you have a list of projects in the Douglas County Master Plan that will help us relieve some of those choke points on the NDOT roadways. As we look forward toward future funding and funding deficiencies in our capital programs, we hope to become partners with NDOT. If we can cooperate in funding some of the alternative smarter projects that are traditionally local projects, it might help delay some of the major NDOT improvements that are needed within the county.

In Douglas County, we have a pavement assessment project—those PCI scores you have heard about. However, in Douglas County, we do not need that level of sophistication. Most of our roads have fallen below a PCI of 50. We have written them off. Our maintenance dollars are going toward trying to sustain the newer roadways so as to preserve that investment and keep it alive and viable. With most of our roads being below a PCI of 50 and our maintenance efforts going to preservation, we are still falling behind.

The Douglas County Board of Commissioners implemented the \$0.05 per gallon gas tax, but it was repealed by the voters. The voters have spoken very clearly. In Douglas County, we have 16 different general improvement districts (GIDs), most of which are responsible for road maintenance, and most of which assess individual homeowners directly for road maintenance. The assumption may be that the taxpayers in Douglas County are not paying that extra nickel, and therefore they have not implemented all the tools available to them. In fact, they are paying for road maintenance through an entirely different mechanism, which is the GIDs and their assessments.

As Douglas County matures, we are not unlike many rural counties. We are starting to do things in a way that parallels what Reno and Carson City have done. What they have gone through, we are now experiencing. We need a bypass. I would venture to say that 40 years ago, someone from Carson City said that very same thing. Fifty years ago, I suspect someone said the very same thing in Reno. It is time to start planning if we are going to have a real bypass. Preserving that right-of-way and making it a meaningful project for the future is critical for Douglas County.

Douglas County is doing some things on its own. Although we do not have enough money to fund it, we do have an ambitious capital program laid out. We do not have an impact fee for development. We perform a process of exactions, and the development community comes forward as partners with us to implement some of these regional improvements.

As we go forward in transportation, the funding mechanisms in Nevada are still too limited. The transportation needs in the State are growing rapidly, and we have to readapt in order to meet those transportation needs, and meet them in a way that is financially responsible for all of our taxpayers. State and local programs for transportation are entwined. As we have to compete throughout the State, rural communities fall further and further behind.

State and federal funding frequently require commitments for transit. Transit, for rural communities, is an expensive option. We do offer transit that connects with the RTC program in Washoe County. We are tied in through the Carson Area Metropolitan Planning Organization (CAMPO), and we have a Douglas County transit program. Our ridership is low, and the cost of providing those services is high. We recognize that those services frequently become a lifeline for people, but it is a dilution of valuable transportation dollars. So we look to some relief in that area.

The future in Douglas County is exciting and challenging. We do not have to repeat the mistakes of the past. We need a new framework, new tools, and new decision-making processes.

Chair McClain:

On this map ([Exhibit J](#)), it looks as though you are basically a straight line to the California border. Is that where your residential area is? Where is the Bureau of Land Management (BLM) land?

Mitch Dion:

The map is primarily of the Carson Valley. The BLM land is predominantly to the east, and the Forest Service land is to the west as it goes up the Carson Range surrounding the rim of Lake Tahoe. Additionally, the southern part of the county is a bit mixed. What you see on this map is essentially the floodplain where all of our development is, including the airport.

We have one major connector between Douglas County and Carson City, and that is US-395. There are no other paved surface connections without going up to Lake Tahoe. That section of US-395 between Carson City and Douglas County is a critical choke point for emergency services.

Chair McClain:

I have not been down there recently, but it was fairly congested last session. Is it worse now?

Mitch Dion:

The hours of congestion continue to extend. This is symptomatic of growing communities everywhere. Ultimately, when drivers do not have options, they are forced to stay in that congestion.

Michael Brown:

I realize it is outside of Nevada, but our other choke point is US-50 from the Sacramento area, which is a vital source of tourism dollars at the south shore of Lake Tahoe. That has been a major issue with us.

Assemblyman Parks:

Ten of the 17 counties in the State have increased their county option gas tax to \$0.09. Am I to understand that Douglas County is still at \$0.04? [Michael Brown confirmed that.] Is there a plan to increase that amount, since you are trying to dedicate right-of-way for a future bypass? Your neighbor to the north has proceeded to do something along that line. Might you be doing that, too?

Michael Brown:

We gave you a ten-year history of ballot questions that have gone before our voters. About six months after our commissioners put that increase in place, it was repealed—I believe that was in 1994. We asked for it again in 2002, and it was defeated by a 75 percent margin. That tells us the feeling of the voters on that issue. They are very conservative about increasing taxation for themselves. Douglas County is well-known for that.

Assemblyman Parks:

We get the government we pay for.

Michael Brown:

Ultimately in Douglas County, the voters did vote to repeal the commissioners' vote to implement the gas tax. All the commissioners would like to support that gas tax. However, there is also that issue that the GIDs, in fact, fund their own local road maintenance independently of any other levy. Some of those assessments are \$150 to \$200 a year, which is being paid directly by those GID homeowners. They do, in fact, have that supplemental tax levied on them.

If you buy gas in Douglas County, you will find that our prices are similar to those in Carson City. It is a difficult subject to talk to the taxpayers about because of the unique issues we face. They feel as if they are paying the tax already. We have not initiated an education campaign. We hope to be able to readdress that issue in 2008.

Assemblyman Hogan:

In looking at the map, one of the interesting, and maybe promising, features for future movement of traffic is a large bypass in the center of the map. It is identified as item 33 and would bypass a large part of your downtown commercial area. I cannot find the estimated cost of that project on your list ([Exhibit J](#)).

Mitch Dion:

That is an NDOT project, so it is not on our funding list. It is one of the many options NDOT is looking at as part of the US-395 corridor plan.

Assemblywoman Womack:

I noticed a lot of industrial growth around the airport: new construction and industrial buildings, especially the Starbucks plant. Can you address the impact of that growth on traffic and roads?

Mitch Dion:

We certainly are seeing an increase in heavy-vehicle traffic on our local roads. One of the characteristics of Douglas County is that about 50 percent of our collectors or arterial roads are NDOT roads. Ultimately, we see the impact on our local roads, which has led to the rapid failure of some. We can patch the potholes on those, but that is about all we can do. The NDOT roads are taking a lot of that truck traffic. There are still only about 300 trucks a day crossing the Nevada-California state line on US-395 at Topaz Lake.

Assemblywoman Womack:

Most of those buildings we saw were vacant. Some of them look like they have been up for a while. Are they vacant because it is difficult for the traffic to get in and out of that area?

Mitch Dion:

Yes. It is not only the traffic issue, though. It is also the employment base. The cost of housing in Douglas County has excluded a lot of the workers who would ordinarily be taking the kinds of jobs that would fill those industrial and commercial facilities. It takes really first-class outfits to stay there. We get

some first-class manufacturers and other industrial people; however, it is difficult for them because they must compete for a work force.

Chair McClain:

Are there any other questions or comments from the Committee? [There were none.] Is there any public comment? [There was no response.] Seeing no other business before this Committee, we are adjourned [at 3:48 p.m.]

RESPECTFULLY SUBMITTED:

Mary Garcia
Committee Secretary

APPROVED BY:

Assemblywoman Kathy McClain, Chair

DATE: _____

Assemblyman Kelvin Atkinson, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Taxation/Assembly Committee on Transportation

Date: March 6, 2007

Time of Meeting: 1:30 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Leann McElroy / Reno	PowerPoint presentation, "Reno Report to Assembly Committee on Taxation/Assembly Committee on Transportation"
	D	LeAnn McElroy / Reno, Nevada	Supplemental information packet
	E	LeAnn McElroy / Reno, Nevada	Information, including map and charts, requested by Chair McClain at the meeting
	F	John Sherman / Washoe County, Nevada	PowerPoint presentation: "Response to Legislative Request for Information"
	G	Shaun Carey / City of Sparks, Nevada	PowerPoint presentation: "Report to Assembly Committee on Taxation & Assembly Committee on Transportation"
	H	Greg Krause / Regional Transportation Commission, Washoe County, Nevada	PowerPoint presentation: "Presentation to the Assembly Committee on Taxation and the Assembly Committee on Transportation"
	I	Linda Ritter / City Manager, Carson City, Nevada	PowerPoint Presentation: "Carson City Report on Capital Projects Funding:

			Flood Control, Public Safety, Roads and Transportation"
	J	Michael Brown / Assistant County Manager, Douglas County, Nevada	Information packet consisting of a report to the Assembly Joint Committee on Taxation and Transportation, an 11" x 17" map of Douglas County proposed roadway capacity improvements, and a table of Douglas County project estimates.