

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

**Seventy-Eighth Session
February 9, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 9:04 a.m. on Monday, February 9, 2015, 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: www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman John Ellison, Chairman
Assemblyman John Moore, Vice Chairman
Assemblyman Richard Carrillo
Assemblywoman Victoria A. Dooling
Assemblyman Edgar Flores
Assemblywoman Amber Joiner
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblywoman Shelly M. Shelton
Assemblyman Stephen H. Silberkraus
Assemblywoman Ellen B. Spiegel
Assemblyman Lynn D. Stewart
Assemblyman Glenn E. Trowbridge
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Eileen O'Grady, Committee Counsel
Lori McCleary, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Marsha Berkbigler, Washoe County Commissioner, District 1, Washoe
County Board of Commissioners
John Slaughter, County Manager, Washoe County
Kevin Schiller, Assistant County Manager, Washoe County
Geno Martini, Mayor, City of Sparks
Stephen W. Driscoll, City Manager, City of Sparks
Jacob Snow, City Manager, City of Henderson
Andy A. Hafen, Mayor, City of Henderson

Chairman Ellison:

[Roll was called. Committee rules and protocol were explained.] Good morning everyone. We have three presentations today. We will start with Washoe County.

**Marsha Berkbigler, Washoe County Commissioner, District No. 1, Washoe
County Board of Commissioners:**

I am the chair of the Washoe County Board of Commissioners this year. I thank you very much for having us here before you to talk about the state of Washoe County. We have a presentation ([Exhibit C](#)), which will be handled by our county manager, John Slaughter. We will then all be available for questions.

John Slaughter, County Manager, Washoe County:

Also with us today is Liane Lee, our Government Affairs Manager. Ms. Lee has just joined Washoe County in the last several months and is really taking off with us. We are very happy to have her here. Thank you for the invitation to present this morning. It is nice to be here in a little different capacity. Before becoming City Manager, I did represent Washoe County for about the last eight sessions.

We are going to start with a couple of slides [page 2, ([Exhibit C](#))] that give an overview of Washoe County. We will start with some numbers that tell our story.

Washoe County was one of the first original nine territorial counties. As you are leaving Carson City going north on I-580, as you cross Duck Hill, which is the little hill as you drop into Washoe Valley, you have crossed into Washoe County. The north shore of Lake Tahoe is to the west. You will drive into the Reno/Sparks metropolitan area after you exit Washoe Valley. North of the metropolitan areas are North Valley, Pyramid Lake, the Smoke Creek Desert, and farther north Gerlach and Vya, all the way to the Oregon border. We serve about 6,600 square miles of territory.

We are the second-largest county in Nevada by population, approximately 437,000 people. We have about 2,500 county employees living and working throughout the area of Washoe County, which is .0057 employees per capita. One of the things you will note through all these presentations is that so far as per capita public employees, Nevada is typically very low compared to other states.

The general fund budget is approximately \$307 million. We do enjoy a very good bond rating. During the recession, the bonding companies recognized the fiscal responsibility that Washoe County was showing.

The next slide [page 3, ([Exhibit C](#))] shows various numbers we will talk about specifically and information about various services we provide. I will be talking about seniors and senior services. Today is Senior Services Day, so we have folks in the audience here. We are going to highlight that and some of our challenges there.

One of the days we are most proud of in Washoe County is Adoption Day. We had Adoption Day last week in Washoe County. About 110 adoptions are finalized every year. We will talk a little more about some of these numbers as we move through the presentation.

The next slide [page 4, ([Exhibit C](#))] gives an overview of our governance structure. We are a commission/manager form of government. I was appointed county manager in November 2013. I am the sixth county manager in Washoe County. The past two county managers served a combined 38 years. Our commissioners serve a four-year term and are elected by district. We have two newly elected commissioners who were seated this past January. We have seven elected county officials who are elected countywide. Those include our district attorney, sheriff, treasurer, clerk, recorder, assessor and public administrator. We also have an elected constable who serves the Incline Village Justice Court.

Generally, we operate under *Nevada Revised Statutes* (NRS) Chapter 244, but because this is a Dillon Rule state [a state where local governments are limited in their authority], we do receive guidance, direction, and mandates from various sections of statutes. This slide also mentions many of our other partners in the county that serve the citizens of Washoe County: the City of Reno, the City of Sparks, the Washoe County School District, and several general improvement districts that provide various levels of service for those who live in those areas.

We have three fire protection districts in Washoe County, two of which are served by the Board of County Commissioners as the governing board. We have a separately elected fire board for North Lake Tahoe Fire Protection District.

Our Commissioners meet twice a month to conduct their business. Commission members also serve on various boards and committees, including the Regional Transportation Commission. Commissioner Berkbighler serves on the board for the Tahoe Regional Planning Agency. There are a number of other boards listed on this slide that our members sit on, as well. The thought and notion that commissioners only meet twice a month is really not true. They are meeting several times a week and several times a month.

Slide 5 [page 5, ([Exhibit C](#))] shows our organizational chart. I do not intend to review the details of the chart; it is provided for your review. I wanted to share this with the intent of coming to an appreciation of county government. We work in an environment where our citizens elect our county commission, who then appoint the manager. We also have several appointed departments within community service, including public safety, human services, and our internal service department. In county government we have those elected county officials who administer their own specific functions. We coordinate with our courts, which includes our justice courts and our district courts. These are a separate branch of government and are primarily funded by the county. We also have various districts that provide a single, or in some cases, multi-function service. Our cities, our school district, and all of our regional partners are working together regionally to provide a safe, secure, and healthy community in Washoe County.

The next slide [page 6, ([Exhibit C](#))] introduces our County Commission. As mentioned earlier, they are elected to four-year terms. They select their chair and vice chair. Commissioner Berkbighler is currently serving as chair. Commissioner Jung is our current vice chair. They also select some of their board and commission assignments. Some are assigned by statute, but those that are not, they assign themselves. This slide also introduces you to

Commissioner Lucey and Commissioner Herman, who were recently seated in 2015. Commissioner Hartung is our fifth commissioner and was first elected in 2012.

The next slide [page 7, ([Exhibit C](#))] gives you an overview of our county mission and the strategic objectives that drive the things the board does and the things that the manager does. We meet once a year. We just completed a strategic planning process, which we are using to drive our budget decisions. The strategic objectives listed talk about leadership, being good stewards in our community, economic development, providing safety, security, and overall health for Washoe County, and recognizing that we are primarily in a service industry. Each service that Washoe County provides begins with a Washoe County employee. Those objectives are driving this budget season's priorities and decisions. When we have to make priority decisions, we will look to those types of objectives to make those decisions.

The next slide [page 8, ([Exhibit C](#))] lists various service responsibilities Washoe County has in our region.

The first is animal control. In Washoe County, animal control was consolidated in early 2000. Prior to that, Reno, Sparks, and Washoe County had their own animal control services. However, through a bond question that came up to the voters and through cooperation with all of our partners, that service was consolidated in 2003. We are forging what I call a new relationship and an improved regional partnership with Reno, Sparks, and the Nevada Humane Society, who share the facility with us. Animal control is a very busy area. About 14,000 animals are taken in annually. We also have a very low euthanasia rate in Washoe County. We are a pet-friendly community and very proud of that.

Our jail is operated by the Washoe County Sheriff's Office and was consolidated in 1988. There are about 21,000 bookings per year, which is an average daily population of a little over 1,000. However, indications suggest that number has increased lately. One of the things we always note is that it is our largest mental health facility. Many of the folks there are there because of alcoholism, drug abuse, or some other kind of issue. It is something we deal with on a daily basis. I had a tour of the jail last week and went into the medical unit, which is undersized for the facility. We need to expand that part of the unit. This is a challenge we have moving forward.

Our coroner/medical examiner conducts about 3,500 death investigations per year. Our medical examiner is the medical examiner for most every county in Nevada by contract, with the exception of Clark County and perhaps

Nye County, I believe. She also contracts with a few of the surrounding California counties. We are in the end stages of planning, and hoping to be breaking ground soon, on a new medical examiner's facility. The facility that office is in now is woefully inadequate. We have identified the funding and are moving forward on that new facility.

Our district courts and justice courts are funded by Washoe County, for the most part.

Our crime lab, which is in the Washoe County Sheriff's office, provides forensic services for almost 66 agencies throughout the state. Our crime lab also contracts with many of the cities and counties outside of Washoe County.

Our county clerk issues about 8,300 marriage licenses per year, on average. We are seeing an increase in those numbers. Several things are happening in the area of marriage licenses to drive that issue.

Our Regional Aviation Enforcement Unit (RAVEN) not only provides for the region's law enforcement aviation support, but very importantly for us, is fully capable of fighting wildland fires. They have helicopters outfitted with water tanks, which provide a much needed first attack on many of the fires we have in our region. People speak of the "fire season." There is no "fire season" now; it could be every day of the year. Fire season is something we watch very closely. We did have a wildland fire last Friday in Washoe County. It is something we deal with every day.

Our regional parks and open spaces are what I call one of our signature services. We are approaching 5 million visitors to our signature parks. Rancho San Rafael Regional Park is home to the The Great Reno Balloon Race, Bartley Ranch Regional Park hosts Artown, and our newest addition is the North Valleys Water Splash Park with a Reno Air Race theme.

Washoe County provides the technical support to the region's 800 megahertz radio system, which includes our many mountaintop communication towers. When a communication tower on one of our mountaintops goes out, it is Washoe County staff who are trudging their way up there to fix those facilities.

Washoe County has four senior centers throughout the county. We are providing about 213,000 meals a year at congregate sites and in-home delivery. We recently added a second meal for home delivery. For 36 percent of the seniors we serve, that home-delivered meal is the only meal they receive during the day. We found some funding through various means to provide that second meal of the day.

The City of Reno and the City of Sparks provides all of our voting and election services through a contract. There are about 215,000 active voters in Washoe County. One issue we are facing is our aging voting machines. That is something we are very concerned about. You may have heard about an issue we had in Washoe County on election night. I would say that having an election counted by 2 a.m. ten years ago would not have been an issue. In this day and age, it was an issue. We were very happy we resolved that issue.

The next slide [page 9, ([Exhibit C](#))] gives a listing of those local service responsibilities. Outside the incorporated City of Reno and the incorporated City of Sparks, Washoe County provides those municipal-type services to the 109,000 residents that live outside the cities, including law enforcement patrol, fire protection, community parks, snow plowing, wastewater management, and stormwater management.

The next slide [page 10, ([Exhibit C](#))] gives you a breakdown of our general fund revenue sources. Property tax revenues are approximately \$144 million per year, and consolidated tax revenue is approximately \$82 million. There is a total general fund budget of about \$306 to \$307 million for fiscal year 2015.

The next slide [page 11, ([Exhibit C](#))] gives a detailed breakdown of our expenditures by government function. As you can see, public safety is our largest area of expenditures, followed by our judicial and general government. From 2005 to present, you will see that culture and recreation, which is our parks, libraries, and those types of things, is currently at 4 percent, which is down from 8.5 percent at the beginning of the recession. You will also see general government at 18 percent, which is down from 24 percent. That was the result of a prioritizing the county had to go through during the downturn. With the limited revenue we were receiving, we needed to determine where we should be spending. A decision was made for public safety and public works to receive some increases over that time. Park budgets were cut as much as 50 to 55 percent. We are looking at those cuts over the next several budget sessions. Priorities created a situation where our parks have suffered. If you have been to a Washoe County park, I think you will see that they are still very well maintained. During the downturn, the staff's mantra was, "We will be safe, we will be open, and we will be clean." That was about all we could do with the cuts that were being made. We are looking forward to improving the situation with our county parks.

Going into this next fiscal year, my budget message to my departments is that we will be cautiously optimistic [page 12, ([Exhibit C](#))]. We are again looking at a relatively flat budget. That determination is made when you look at overall revenues and expenditures we are facing. Washoe County is currently at the

mandated statutory cap of a 3.64 rate for the overlapping property tax rate. There is no property tax capacity and no increase in the overall tax rate. Based on assessed valuations increasing, and also based on the tax caps that are in place, we are looking at our property tax revenue increasing at 2.5 to 3 percent over this current fiscal year. We are also looking at about a 5 percent increase of consolidated taxes over the current fiscal year based on economic forum projections. My message to our staff is we will be very cautious. We are optimistic, but we are going to move forward in a manner that recognizes the constraints we are still seeing.

I mentioned our bond rating and our fiscal responsibility [page 13, ([Exhibit C](#))]. Washoe County continues to demonstrate a very high level of stewardship and fiscal responsibility. During the downturn, we actually saw a slight increase in our bond rating. Over that time, our total outstanding debt has declined from \$278 million in fiscal year 2006 to \$163 million in fiscal year 2014.

In 2010, Washoe County established an Other Post Employment Benefit (OPEB) Trust and has annually been contributing to that trust to pay our liability for our retired employees. We currently have about \$145 million in that trust to pay for that ongoing liability. As a policy of the board, we also maintain an ending fund balance, which for the current fiscal year was 8.3 percent.

Recognizing several of the issues and challenges we have, given all of the good news in Washoe County and in the north, we are still facing a moderate economic recovery [page 14, ([Exhibit C](#))]. Our two primary general fund revenues are not tracking with the growth of economic activity. Our peak was reached in about 2006 or 2007, and we will not reach that level again until fiscal year 2021. Due to the impacts of the recession, Washoe County's assessed value dropped 28.4 percent, property tax revenues dropped 17 percent, which is a \$43.2 million decline, and consolidated tax dropped 18.7 percent, which is an \$18.6 million decline. Across the board in all governments in Washoe County, our employee staffing was reduced by 677 positions, which is a 21.3 percent decrease. Today, we are faced with employees who see economic activity happening, they see increased demands for services, but we are still slowly clawing our way back out of the recession. We have a bit of a gap between those services we are being asked to provide and our capacity to provide them.

On the next slide [page 15, ([Exhibit C](#))], you will see some additional challenges we have identified. During the recession, one of the priorities and one of the decisions we had to make was regarding what to do with capital projects. We have infrastructure that is aging and maintenance that was deferred. We need to deal with that. We all face increasing employee costs, including our

health benefit funds, our OPEB, and Public Employee Retirement System contributions.

Washoe County has nine bargaining units. All of our contracts end this fiscal year. We have a wonderful relationship with our bargaining units. In the last contract session, we concluded our bargaining before our contract ended, so we actually started our year with a new contract. We are facing that again, however. We also know we will face increasing indigent medical expenditures, which is about a 4.5 percent increase annually. We have resource needs as economic activity increases. I know there is a lot of excitement in Washoe County and in our region about economic activity. However, as I mentioned earlier, we are still dealing with the effects of the recession and still being ready to serve all of the requests we are receiving for those services.

I would like to end with discussion on two regional projects [page 16, ([Exhibit C](#))]. These are both projects that all of our partners in the region are either working on or have completed. The first is what we call our One Project, which is our Regional License and Permits Program. In the last two sessions, I came before this Committee with our partners and talked about moving forward on regional business licensing. The last time we met, we were moving forward in the sense of talking about it still. However, we have made significant progress in this program. When this program is completed at the end of this calendar year, we will have an online, 24-hour a day, 7-day a week licensing program. It is customer-centric and integrates all of our regional databases. It reduces duplication between all our jurisdictions, the Washoe County Health District, Washoe County, Reno, and Sparks. If you are doing business with those agencies, you can go online and conduct your business. It also leverages our current technology. It is another form of regional collaboration. I know we are tagged quite often with not working well with our partners, but this is one example of just how well we work together.

The next slide [page 17, ([Exhibit C](#))] talks about our regional water consolidation. In 2007, the Legislature required that the local governments review the issue of consolidating a number of services. One of those was water. Over the years, in the outlying areas of Washoe County, there were small private water companies that were formed to serve four to ten homes. Over time, that did not prove economically viable for that company. The county was then in the situation of having to step in and take over the water company. Over time, that amounted to about 94,000 water customers Washoe County was serving, either directly through our Washoe County Community Services Department or through South Truckee Meadows General Improvement District. Through this evaluation process required by the Legislature, as of December 31, 2014, Truckee Meadows Water Authority (TMWA) is now the

sole purveyor for all those water customers. Our number has increased to about 120,000 water customers. What does that do? It brings the management of all of those water resources together, being managed by one organization with more efficient infrastructure, utilization, and development, improved customer service, and long-term efficiencies. Water, as you know, is a very precious commodity. As noted on the bottom of the slide, there were no employee layoffs during that consolidation because either TMWA was able to absorb the employees that were moving over from the county, or the county was able to redistribute those employees into the organization.

I wanted to end with two of the achievements that the Legislature has watched over the years. Hopefully, there will be many more to come that we can report to you.

The next slide [page 18, ([Exhibit C](#))] is contact information for our legislative team. I have already introduced Liane Lee, who recently joined us. We also have several other members of our organization. As I mentioned earlier, because of the nature of being a Dillon's Rule state and not being a Home Rule state, the Legislature has a major impact on how we conduct business. We consider you partners, we are here during this session, and will have staff at the ready any time to provide assistance, information, and testimony when needed.

Chairman Ellison:

It looks like you are turning things around based on the economy, so you have done a great job. Are there any questions from the Committee?

Assemblywoman Spiegel:

I found it interesting that you said your medical examiner provides services to other jurisdictions, both in Nevada and California. I am guessing you get some revenue from that. Will you explain how that works and if it is part of your budget process, and if those funds are then used for extras?

John Slaughter:

Those are conducted with agreements we have with other jurisdictions. It does come with a cost to those jurisdictions. That revenue goes into our general fund and is used to offset the costs at that office.

Assemblywoman Spiegel:

Do you budget for that as anticipated revenue when you go through your revenue and budgeting process?

John Slaughter:

Yes, we do. Many times those are longer-term contracts. It is a known quantity, so we do know what will be going into our budget session.

Chairman Ellison:

How many constables are there in your agency?

John Slaughter:

In Washoe County, we are now down to just one constable in Incline Village. Because of the remoteness of that area, there are days when it is difficult to get up there. Our constable in Incline Village provides services to the justice courts, such as serving papers, transporting prisoners, and other services.

Assemblyman Stewart:

You have my sympathy for declining revenues and increased services. One of the areas I am concerned about are the election machines and the fact that they are getting older. I know we received those machines originally with federal funds and now those federal funds have been cut. Do you have a plan to replace those machines?

John Slaughter:

No, we do not have a plan at the moment. We know what the issue is, and we have staff who are very capable of fixing problems as they arise. We are in discussions with the Office of the Secretary of State regarding this issue. It is a statewide issue, so I believe the discussion will be a statewide discussion.

Assemblyman Stewart:

Do you have any figures on how much money you have saved through consolidating various programs? If you do not, I would be interested if you could produce those figures in the future.

John Slaughter:

We will get those figures for you. I do not have them with me, but we do have various compiled numbers we have put together over the years.

Assemblywoman Neal:

I was going through what you presented last biennium. You grew by roughly 8,000 people. In 2013, you had 428,761 people in the county, and now you have 436,797. I was looking at the services that you are offering. You had annual jail bookings at 21,000, which is lower now. You grew in the area of children and legal custody. Adoptions were lower. You have the number of senior citizens served, and I am assuming that means meals. You have them identified differently. I am trying to figure out what the increased services

were, specifically. Secondly, I do not see your total property assessed value. I would like to know what that figure is for 2015.

John Slaughter:

Many of those numbers we will get to you. I will have to check on the senior citizen meals program.

Assemblywoman Neal:

I am doing a comparison from last session. You had the number of senior citizens served as 5,237 in 2013. In your presentation today [page 3, ([Exhibit C](#))], you have senior meals delivered as 213,000. What I am trying to determine from comparing now to then is what were you serving in 2013? Are you minimizing the services? I am trying to figure out what was in that category and what is the increased service. It is vague, and I am trying to get clarification.

Kevin Schiller, Assistant County Manager, Washoe County:

During the recession over the last two years, we saw a significant decrease in grants for senior services. As a consequence, we saw a significant decrease in those services. We instituted a master plan process, and we prioritized where the service needs were. To answer your question directly, we actually combined our senior services with our social services department. We are in the process of addressing the code issue. We have actually increased meals. We highlighted that specifically because it is the number-one-rated issue for seniors in our community. It is not that we decreased services; we actually increased meals through consolidation. Where before we had meals dependent on federal grants, we have actually taken social services dollars and indigent dollars to help address the issue for indigent seniors. We will get that documentation to you.

Assemblywoman Neal:

I was looking at your general fund expenditures pie chart [page 11, ([Exhibit C](#))]. In 2013, you had general fund expenditures for general government at 21 percent. In 2015, your general fund expenditures for general government are 18 percent. What is the reason for the decline?

Kevin Schiller:

The decline is because we used dedicated indigent funding through the social services department, which does not really impact the general fund. Some of the decrease is directly correlated to how we shifted funding to senior services. I can get the documentation to you so you have those specifics. When you look at the decreased funding, in Washoe County they have a dedicated penny value to support senior services. What has happened

over the course of the recession is we have seen the reduction, but we have actually increased services by crossing it over. When you look at the indigent medical expenses for mental health and senior services, that is where we are utilizing those dollars.

Assemblywoman Neal:

Regarding public safety, last biennium you were at 34 percent. In 2015, you have increased that budget by 4 percent. What specific issue increased?

Kevin Schiller:

Public safety is directly correlated. There is the jail, which is one single component. The other piece is funding deputies specific to the communities. What happened in the recession is there was a decrease of officers on the street, so the public safety funding increase came directly through the increased staffing.

John Slaughter:

As we came out of the recession, and over the last year, public safety was a priority. The first staff that we added back to Washoe County were all in the area of public safety. Not only additional deputies, but in the medical examiner's office and in the district attorney's office. There were only 14 employees last year and 8 employees the year before. The numbers are not that high, but when you look at the percentage, it starts increasing.

Assemblywoman Joiner:

I believe my colleagues asked most of my questions. I do have one comment, however. It is disappointing to those of us who live in Washoe County to see the 50 percent cut over the last few years in parks and recreation specifically. I would like to give kudos to your staff, specifically regarding Rancho San Rafael Regional Park. I remember being helped by Bill Carlos, who made sure my Girl Scout troop had all the brochures we needed. It was disappointing that he did not have the staff to give us the tours we really wanted. I am glad to hear you say that in the future the budget is looking toward reinstating some of those hours for staff. I believe we have some incredible resources and places where children can learn in a safe environment. Currently, funding is just not available for staff to be there. However, they did a great job of making sure I had the brochures and could give the tour. I appreciate everything they did. I do believe their resources need to be improved in that way.

Chairman Ellison:

Are there any further questions from the Committee? [There were none.]

At this point, we need to introduce two bill draft requests today. The first one is BDR 18-550. I will entertain a motion.

BDR 18-550—Revises the qualifications for appointment to the Nevada Commission for Women. (Later introduced as [Assembly Bill 134](#).)

ASSEMBLYMAN STEWART MOVED FOR COMMITTEE
INTRODUCTION OF BDR 18-550.

ASSEMBLYMAN TROWBRIDGE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Ellison:

I will entertain a motion to introduce BDR 19-547.

BDR 19-547—Revises provisions relating to schedules for the retention and disposal of official state records. (Later introduced as [Assembly Bill 135](#).)

ASSEMBLYMAN SILBERKRAUS MOVED FOR COMMITTEE
INTRODUCTION OF BDR 19-547.

ASSEMBLYMAN MOORE SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Ellison:

The next presentation is from the City of Sparks.

Geno Martini, Mayor, City of Sparks:

I have with me today Mr. Driscoll and Adam Mayberry. I will turn it over to Mr. Driscoll for the presentation.

Stephen W. Driscoll, City Manager, City of Sparks:

I have been involved with the legislative process since 1995 in one capacity or another for the City of Sparks. I have a short presentation to introduce you to the city for any of those who do not know who we are. For those of you who do, we would like to share some of the new and exciting things going on.

We are the fifth-largest city in the state. Because of the tax structure, we suffered early and we are continuing to come back very slowly. I would like to explain some of those things as we go through the presentation.

The first slide [page 2, ([Exhibit D](#))] gives a geographic point of view. We are just east of Reno and about 30 miles north of Carson City. We are fairly close to Sacramento and San Francisco. While everyone thinks Sparks and Reno are next to Las Vegas, we are actually separated by a short drive, that keeps getting shorter as we increase our road quality. We are fairly close to Los Angeles and Salt Lake City. There are three major business hubs fairly close to the Reno/Sparks and Washoe County area.

Our tag line for the city for the last several years is, "It's happening here!" [page 3, ([Exhibit D](#))]. Why that is important to us is because we have been involved in engaging our community in various things, which have turned into special events and other community activities. We currently have well over 200 days during the calendar year where there is an event going on that engages the community to be involved with something on public or private property within the city limits.

We get a lot of acknowledgement for the major events, including Hot August Nights, the Best in the West Nugget Rib Cook-Off, Sparks Hometowne Christmas and Star Spangled Sparks for the 4th of July. While those bring in a lot of people and it works out well for us from the tourism aspect, it really helps the local businesses more than it helps anyone else. We really have worked hard at making downtown Sparks the living room of our community, and we invite visitors. There are more than a half a million people that come through Sparks just over Labor Day Weekend for the Rib Cook-Off. The Sparks Nugget has been a great sponsor of the Rib Cook-Off for more than 20 years.

Those events are constantly changing. We work with private production companies, but the city produces some of those events. The idea is to attract tourism, to bring people in, and to engage the community, as well. We are looking for one more night's stay in a hotel and a couple of more meals in a restaurant, which equals economic vitality.

One of the things not shown in this picture is the Golden Eagle Regional Park. Sparks has the largest natural turf sports facility in the United States, just under 1 million square feet. That one facility has six championship softball fields. We get more night stays, more restaurant traffic, and more tourism into that park than all the other special events combined. We run several national and international tournaments. We have also had corporate offices from California

bringing in large numbers of teens to play softball tournaments. They use our facilities, as well as facilities in Clark County. I believe all of us are using recreation as a big part of what we do in the state.

The next slide [page 4, ([Exhibit D](#))] shows the mayor and five elected councilpersons. We have a city manager-council form of government. In addition to this, we have elected municipal court judges and an elected city attorney, one of only two in the state. We are a member of the Nevada League of Cities and Municipalities and have been for a long time, and Mayor Martini is currently on the executive board.

We do have five Legislators who specifically support the geographical area within the Sparks municipal boundaries [page 5, ([Exhibit D](#))]. In the Senate, we have Senator Smith from District No. 13 and Senator Gustavson from District No. 14. In the Assembly, we have Assemblyman Sprinkle from District No. 30, Assemblywoman Dickman from District No. 31, and Assemblyman Hansen from District No. 32. We work with those Legislators on an ongoing basis. We also work a lot with them in the interim. We actually brief them on a regular basis as to what is going on, share details with them, and we are certainly there to answer their questions, as we are here to answer the questions of this Committee.

Our legislative team [page 6, ([Exhibit D](#))] has two pieces. Our council, several years ago, decided to change to a legislative platform. There is actually a document produced, updated, and shared with this body that looks at the major issues for the City of Sparks as we see them, and what we believe are upcoming issues that may come before this body, either with this Committee or the Legislature as a whole. The council allows two members, in this case Mayor Martini and Councilwoman Ratti, the power to work within the legislative platform for the purposes of answering questions for the legislative body during the 120-day session. They are able to get answers back and forth fairly quickly, and they utilize the staff team to do the detail work and answer your questions. The team you will see the most at the Legislature are pictured here, including myself, as the leader from an operational standpoint, along with Mr. Mayberry, who deals with community affairs and relations, both state and federal. He works very heavily on both sides. You will also see Mr. Finseth and Ms. Reese, both with Carrara Nevada as our outside contract lobbyists, on a frequent basis. You will not have our elected officials here very often unless you invite them or if there is an issue of significant importance. They will typically be talking to you elected official to elected official.

As I mentioned, there is a lot we have to do as the fifth-largest city in Nevada, and a lot of things we continue to do because we also have a small town feel.

We have been working with a strategic plan [page 7, ([Exhibit D](#))] very actively under the guidance and policy decisions of the council for numerous years. This pictorial is actually the front cover of that document. It is about 6 pages long, and then there are about 100 pages of detail out in the departments with all of the services we provide and how they affect us.

I would like to go through this visual because I think it is important to understand how we work. It is not just similar to what other organizations do, but we really focus on this. This is how we decide to do our day-to-day work, it is how we budget, and it is how we engage our community.

If you look in the middle, you will see two things: our logo, which is a logo we have updated ourselves, and underneath that you will see the words, "Be the City of Choice for Residents, Businesses and Visitors." That is the vision of the council. This is looked at every year, and it is tweaked from time to time. The most important part is that we are a city of choice. What the council is trying to do with the policies of the operations they direct through me and through the staff, is to have people want to be in the City of Sparks; either want to live there in a residence where they feel safe, where they have good schools, and they have systems that work, or whether they want to operate a business there, either as their primary business or as a secondary location inside the region.

We also have a lot of visitors. They do not all stay in the City of Sparks, but an awful lot of them come through, and they enjoy our special events. They are visiting the businesses in our valley, but are also now working down the canyon to everything that is going on in the Tahoe-Reno Industrial Center. It is very important that we have open and welcoming arms so people will choose Sparks.

The way we are doing that, through our strategic plan, is by moving into the inside circle with the blue arrows. Those are the things, through corporate policy from the elected officials, where we are really focused on doing a good job. This is the internal operations. If we are not doing a good job internally, we cannot provide the services to the outside world.

We start with fiscal stability [page 7, ([Exhibit D](#))]. It is very important for us to have a stable budget. As we mentioned earlier, and as you heard from the previous presentation, revenues dropped a lot during the recession. We lost over 37 percent of our staff because we lost over 37 percent of our revenues. That is rising again very slowly. We have had to change the way we do business because fiscal stability is very important. You will see later how salaries and benefits are the largest costs, so we spend a lot of time and focus getting out detailed financial information to all of our employees, particularly to

their leadership in the bargaining units. It is important for us to understand that without the people, we cannot provide services.

The second part, which is also very important, is employee relations. We need them to provide the services. They are the face of the city in almost all instances. There is very little contact on a proportion basis with the elected officials or the management officials, but there is daily contact with our people in the field, whether they are repairing streets, streetlights, mowing parks, or planting flowers. The relationship between the policymakers and the people who are doing the work is very critical. We have general benefits, as most of our organizations do in this state. It is very important for us to have the right benefits so people feel welcome and look forward to coming to work.

The third thing we need to do a very good job with is infrastructure and technology. Because of the recession, all of us had to spend a lot of our discretionary dollars on our people in order to provide services, and our infrastructure took its toll. Our roadways, waterways, and sewer systems are things where we did as minimal amount of maintenance as we could and we worked our way forward. Now with the budgets coming back, they will be our focus. We have very little resources to put toward them, but at least we are doing something.

The second part of this section is technology. We know in today's world if we are not using the right tools for the right reasons, then we are not going to meet our customer's needs. As Mr. Slaughter from Washoe County mentioned, a regional project we are doing is intended to have the most online activity as we can so the customer can access us when it is important for them. We are spending a lot of time doing that ourselves. Hand-held devices and iPads have become a work tool. They are not just for social media anymore, at least not in the City of Sparks.

Once we do a good job there and we meet the policies of the council, we work to the outside circle [page 7, ([Exhibit D](#))], which is also a priority. Public safety is the most important part. It continues to be the number one budget criteria for the council and is where they spend the most money. We need to define public safety for you because the meaning varies in different jurisdictions. In our jurisdiction, it is specifically police, fire, and transportation. Without transportation and an effective network to get people around, you are affecting everything else that gets done. While we do not dial 911 very often, most of us drive on streets at least twice a day.

That drops us into economic development. We work in partnership with the Governor's Office on Economic Development. We also work with the

Economic Development Authority of Western Nevada (EDAWN), in addition to our own efforts in trying to be the city of choice and making it so companies can move in and grow, and we can have the retention of those new businesses.

The last thing to discuss is citizen engagement. While it always sounds good and it is what we are really about, it is probably the most difficult thing we do. We have many folks, for one reason or another, who are not engaged in our community. We look at it a little more holistically and we look at it as being much broader. Through our council, and the commissions and boards they are either on themselves or that they appoint, we have a tremendous amount of citizen engagement. Everything from a citizens advisory group, to the charter committee you will hear about later, and other boards and commissions. We have a strong sense of community beyond the political realm. There are faith-based organizations, education-based organizations, and every sport you can think of has a board that we hear from. From a tourism standpoint, we get people who are engaged, and who look forward to coming to Sparks and participating in the activities.

We became a chartered city in 1975 [page 8, ([Exhibit D](#))], after being incorporated in 1905. Our elected officials consist of our mayor, who has a four-year term. He is subject to term limits not because of his voting, as he does not vote on anything, including ties. The only legislative activity he is involved in is a veto. That ability makes him subject to term limits. We have five council members on staggered four-year terms. They are elected in the primary election in their wards, and then they are elected in the general election at-large. Our city attorney is a legal professional who is subject to being a member of the state bar in good standing. He is elected to a four-year term. This professional position is exempted from term limits by the Legislature. Last but not least is our municipal court. While some judges are appointed across the state, ours are elected. They serve staggered six-year terms. They also do not have term limits because they were exempted by the Legislature.

We are a council-manager form of government [page 9, ([Exhibit D](#))]. I am appointed by the mayor. The mayor then asks the council to ratify my appointment, and I serve at the pleasure of the council and the mayor with a one-year contract. The department heads and key management staff are appointed by me and ratified by the council. There are other positions the council has also deemed to be under my purview.

We have seven bargaining units between police, fire, and rank-and-file employees. We have five employee resolutions for non-represented groups. We have a civil service system, which is part of our charter, and that regulates employees who are covered by bargaining units.

We do have a charter committee [page 10, ([Exhibit D](#))], which is different from some organizations. It is represented by eleven members. Six of those are appointed by the elected officials of the city, and five of those are appointed by the members of your body. That group meets prior to every legislative session. They are an autonomous group. They are able to look at what is going on with the city and what is going on inside the state to determine whether there are changes to the exact details of the charter. Since we are a Dillon Rule state, we can only do what you allow us to do. I know you will have future discussions in this body on Home Rule and other matters related to charters.

Based on the size of the City of Sparks, we are allowed one bill draft request per session [page 11, ([Exhibit D](#))]. We are not using that bill draft request this session. We will be involved, both regionally and statewide, on issues that affect municipalities, so you will see us from time to time.

We do have a charter bill that has already been introduced. Senate Bill 118 was originally introduced by Senator Smith and will be brought forward. It is mainly a clean-up bill. We had some discussions about branches of government between the municipal court and the city in general. The questions were of such a serious nature that the Supreme Court of Nevada ended up being the one that made the decision. They determined there were several things that would have been in conflict for the separation of powers. This bill is mainly to clean up some of the language to be consistent with what they see and their decree on the operation of the municipal court versus the operation of the city.

We have been an active member of the Legislature's fiscal working group. We do not currently sit on that board, but we are in the audience at times and do testify regarding specific issues. We are very active in the complexities of the state financial systems.

The next slide [page 12, ([Exhibit D](#))] is our organizational chart. It is small print and not meant to be read from the screen; it details the overall organization of the city. We lost 37 percent of our staff between 2007 and 2010. In order to maintain as many services as we could, we streamlined our organization. We went from nine department heads to six. You are seeing the result of that reorganization. The boxes below some of the titles are the major services we still provide, even though we have reduced our workforce. I am very proud of our organization from that standpoint. We still get an awful lot done with the limited resources available.

How do we do that? We do that through the revenues that are allowed by this body [page 13, ([Exhibit D](#))]. Ninety-four percent of all of the fees and taxes we receive are controlled by the Legislature or the county. It is important for us to

focus on what we see here. The main three include consolidated taxes, which is sales tax; our property taxes, which are regulated and monitored through the county and the Legislature; and licenses and permits, which are the fees we charge to do business or for building activity in our city. Those three represent over 89 percent of our total general fund revenue, so you can see those are very important to us.

We do manage these as best we can. We try to work within the rules and limitations we have, and we maximize them whenever we can. Fees for services are charged wherever we can calculate them. In general, I believe our city has done a good job.

The next slide [page 14, ([Exhibit D](#))] shows our expenses, which we talked briefly about a moment ago. The top two categories are salaries and wages and employee benefits. Those represent almost 76 percent of the total general fund. That number continues to rise and keeps us from some of the other functions we would like to perform. The only way a service gets done in the City of Sparks is for a Sparks employee to provide that service. The salaries and wages will remain high if we are to provide services to our community at the highest level possible.

There are some other expenses there, including the non-discretionary services. Those are contract costs, including utilities and operating costs to keep the fire trucks and the rolling stock functional. You will see there are not a lot of other categories. We are very focused on providing services.

When you look at the two totals, there is about \$57 million in revenues and over \$58 million in expenses, which shows us in the negative. We have been living on our fund balance for the last couple of years under policy of the council. We are hoping the increase in sales tax and property values will get us through that. We have been managing that differential through managed time off when people separate and go forward. We have been able to balance our budget every year.

There are emerging issues from the city [page 15, ([Exhibit D](#))]. Economic development is very important to our region. We play a large part in that, and we play a larger part now since we will be the gateway to the Truckee River Canyon. We do work hand in hand with the Governors' Office on Economic Development and talk to them on a frequent basis. We are working on ongoing projects as much as we can with some of the property we have left. In addition, by design through the Office of the Governor, as well as some work being done regionally through an IBM study called Smarter Regions, we have decided EDAWN will be the one voice the three agencies will use for doing a lot

of the primary work on economic development for our region. We supplement that with help wherever we can.

Functional Home Rule is going to be a large discussion this session. I will not go into detail because it will be testified to later in the day. However, we see that as having the ability to make decisions more quickly. Currently, there are some things we can do only with your permission. There are times we have to wait to ask for your permission. With economic development where it is now, some of those decisions may work better for all of us, the state and the local jurisdictions, if we had that definition changed slightly. I look forward to working with this body when you have that debate.

Additionally, operational efficiencies are something we continue to work on. We share services everywhere we can. Mr. Slaughter talked about the number of services they provide on a regional basis. There are currently over 63 services in the Truckee Meadows Valley where we have some sort of shared service, between fully merged, as with the jail and animal services, to buying the same equipment and working to the same standards when we resurface and maintain our streets. There are three fire departments using the same breathing tanks, so if we run into a situation where we have a lot of trucks on scene, we have to start exchanging air bottles. We have made sure we have monitored and managed that function. That was a large piece of the IBM study, and something we were doing well was the number of shared services in the valley today.

Even before the recession, we continued to look at process improvement. When we were growing quickly, we were having a hard time keeping up, so we had to be smarter. Now that we have had to cut services, we have to be even smarter still. We are using computers where we can. We are eliminating unnecessary processes. We do not fill out paper just to fill out paper anymore. If there is a piece of paper filled out, it is going somewhere, and it is being used for a reason. We are looking at electronic solutions wherever we can. The use of technology is absolutely critical. We are involved in regional issues, as Mr. Slaughter discussed, in our business licenses and building permits. We schedule parks for outside users. We look at our pavement conditions and how we distribute our snow machines when we need to clear roads. That is all coordinated activity, and we use computers to do that.

That is a quick view of the City of Sparks. We are a vibrant community, we enjoy what we are doing, and our elected officials are dedicated to making Sparks the city of choice. We look forward to working with this body, both in this Committee and with the Legislature as a whole. I would be happy to answer any questions.

Chairman Ellison:

I am glad the City of Sparks is going to testify on Home Rule. I think it is important to get as much on the table as we can. It has been a long time getting here, so we need to do what we can do to make some of these changes. When I go through Sparks, it is exciting to see new development. It looks like the commercial development is doing well in Sparks.

Assemblyman Moore:

On the organizational chart [page 12, ([Exhibit D](#))], I see you put the citizens on the very top. I wanted to comment that by doing that, you are showing you truly understand that the citizens are the boss. So many times we see in government at all levels that it is the other way around, with people thinking the government dictates.

Assemblyman Stewart:

Am I correct in saying that a person can serve on the city council for 12 years and then run for mayor because of the fact that he does not vote?

Stephen Driscoll:

Based on a legal case from another jurisdiction in our valley, the mayor's position is its own separate position. The mayor is the head of the executive branch, if you will. They run the meeting, but they do not participate in anything other than the discussion on any legislative act. Only the five councilmembers vote. Therefore, at the end of a councilmember's 12 years, he or she would be eligible to run for the mayor position for an additional 12 years. Under the current rules, as they exist, it has been determined those are two totally different jobs and two totally different functions.

Assemblywoman Neal:

I have two questions. I saw that your licensing and permitting fees grew [page 13, ([Exhibit D](#))]. I would like to know in what areas those grew. Was it business licensing? In fiscal year 2012-13, I believe it was \$9 million. In fiscal year 2015, you grew to \$10.5 million. My second question is regarding charges for services. Did you start charging less for services? In fiscal year 2012-13, you were charging \$3,270,000 for services and this year it is \$2,506,000. Would you give me an explanation?

Stephen Driscoll:

I will start with licenses and permits first. In 2012, we were barely doing any business improvement or building. We were building fewer than 200 houses and doing very little remodel work. That has been increasing in the past nine to twelve months. We are seeing many people updating their businesses, building new, and going forward. In addition to that, we had a huge decrease in the

number of people who owned businesses and were licensed. We are starting to see those come back around. In addition to that, the businesses that were able to hang on were charged a business license fee based on gross revenues. Even though those are very large categories and it is not a large dollar amount, there has been an increase in business activity. Those are all very positive and the two main reasons that drove those increases.

In charges for services, the main thing that changed from the prior legislative session is the City of Sparks had a contract with other local jurisdictions to maintain their traffic signals. We had to get out of that business and are no longer providing that service. One of the other local jurisdictions is now performing that service. The half a million, more or less, that you are focusing on was that contract.

Chairman Ellison:

Looking at your 2015 general fund expenditures and transfers-out [page 14, ([Exhibit D](#))], it looks like you are at 65 to 70 percent between salaries and wages and employee benefits. That seems a little high. Is it because of all the special events?

Stephen Driscoll:

We have typically been high in salaries and wages and employee benefits for the City of Sparks over the last several years, mainly because that is where the people are who are providing the services. We are spending the minimum we can on infrastructure and maintenance, and we are doing the things that need to be done day to day. We have been able to maintain our police force, fire services, and emergency medical services during the recession. The public works functions are the areas that took the biggest hit. We stopped doing some things. For instance, we do not mow parks once a week anymore, we mow them every 10 to 14 days. The expenses for the people are the same, but the amount they consume through other components is down. While we would certainly like to have those expenses be below 70 percent, to meet the criteria we have and the policies of the council, our goal is to keep it under 78 percent and to work our way down. We do the best we can, but service to the public is our number one goal at this time.

Chairman Ellison:

Are there any further questions from the Committee? [There were none.]

The next presentation is from the City of Henderson.

Jacob Snow, City Manager, City of Henderson:

With me today is Mayor Hafen, who will provide some introductory remarks and share with you the good news and the glamour of the City of Henderson.

Andy A. Hafen, Mayor, City of Henderson:

I want to thank you for giving us this opportunity to talk about our city. [Mr. Hafen continued reading from prepared text ([Exhibit E](#)). Mr. Hafen referred to pages 2 through 6 ([Exhibit F](#)) of his written testimony.]

Jacob Snow:

You have seen pie charts like this before [page 7, ([Exhibit F](#))]. There is no difference here. Our budget is funded from property taxes, consolidated taxes, charges for services, fines, and forfeitures. It is fairly standard to what you have already seen this morning, so I will not spend a lot of time going over the chart.

Our expenditures are similar [page 8, ([Exhibit F](#))]. Public safety is the lion's share of our budget expenditure. When you add parks and recreation and public works to that, we are close to 75 percent of our expenditures on those three, which are key items for our community.

This is a slide I would like to focus on [page 9, ([Exhibit F](#))], showing the property tax rate for the City of Henderson as compared to the other large cities in Nevada. Henderson, at 71 cents per \$100 of assessed valuation, is significantly lower than any of the large cities in Nevada. We have not changed that property tax rate since 1991. We are a bargain by any measure for our taxpayers, especially when we have award-winning parks, trails, and recreation infrastructure. We are in the top ten safest cities in the country.

When you take a closer look at our property tax revenue [page 10, ([Exhibit F](#))], you can see it had fallen off significantly. Fortunately, it has stabilized over the last few years. On the right-hand side of the slide, there is a breakdown of an average taxpayer's property tax and where the money goes. This is a property tax bill for the average valued assessment for a home in Henderson, which is \$175,000. Of that \$1,774 in property tax, the State of Nevada gets a small piece for higher education of \$104. Clark County gets almost as much as the City of Henderson, which is used for regional services. The Clark County School District gets the lion's share of a taxpayer's bill for property tax. The City of Henderson gets a very small portion, about \$435. A separate political jurisdiction, the Henderson Library District, gets a very small share.

Chairman Ellison:

Is the decrease from the 2013 to 2015 due to the slow sale of houses and the economy?

Jacob Snow:

I think that is partially the answer. There has been some lag in the collection of property taxes from the bursting of the real estate bubble. It is finally starting to increase in 2015. It took a while to get down that low and reflects the lowered assessed value of property. I do think it is somewhat reflective of a lack of demand and a reduced number of transactions.

Andy Hafen:

This is a very interesting chart. If you look at the tax caps, what you will see from approximately 2012 until probably forever, unless we see some better growth, is that the cap will remain flat as far as any increase in property tax revenue to the City of Henderson

Jacob Snow:

One of our significant funding sources is the consolidated tax [page 11, ([Exhibit F](#))], which is starting to grow again. Ninety percent of the consolidated tax is sales tax. We are pleased to see growth in that area. We are some distance away, however, from where we were at the peak in 2006.

A number of other cities have presented this information [page 12, ([Exhibit F](#))] to you, but we wanted to present this in a little different way. The dark bars on the bar chart represents our budget, which has decreased from \$617 million in 2009 to \$482 million in our current budget. Every year we have had a lot less revenue to spend, but our population has grown significantly. You cannot see it on this bar chart, but since 2007, we have grown by 15,000 people, which is the population of Boulder City. We have a lot less revenue, but a lot more services to provide for a growing population. We grew by more than 6,000 last year and by more than 8,000 people the year before. We will be in excess of 300,000 people before the end of the decade. We have a lot of growth expectation from the Cadence Development Company's master planned community of 14,000 residential units. Currently the construction on Inspirada is going forward, and they will be adding up to 8,000 residential units. We have a lot of growth coming in the next few years in Henderson.

We have been able to keep our costs down [page 13, ([Exhibit F](#))] because we have one of the lowest employee-to-citizen ratios of any of the cities in the state at 6.8 employees per 1,000 citizens.

How have we been able to survive and deal with the challenges of the recession? We have had more than \$127 million cut from our budget [page 14, ([Exhibit F](#))]. We did that by significantly reducing the number of employees and by paying them less. We have reduced staff by more than 16 percent. Our non-represented workforce took cuts in pay between 6 and 11 percent. We also reduced cost of living allocations for our employees over the last five years. Interestingly enough, we do have a unionized workforce. We have a total of seven unions at the city. For all of those unions, we were able to negotiate a 2 percent reduction in overall take-home pay over the last biennium. That has allowed us to continue to provide great services to the community at a time when we have less revenue coming in. We have enjoyed more success than most have in our labor/management relations. The way we have done that is by working hard at it. We share information openly with each other. Our unionized workforce recognized that if there were no concessions made, there would be a lot of jobs cut. They were willing to make those concessions. They have been great partners for us, and I believe they will be great partners going forward because we are willing to put the work, time, and energy into the relationship. All relationships are based upon reciprocity. At a time when the city does not have much to give, our unions have given a tremendous amount. We are very grateful for that relationship.

One of the primary reasons we have been able to survive this is because we slashed our capital budget. Essentially, we do not have a capital budget any longer. We have been deferring what we feel are important, essential capital improvements, such as a new police crime lab and new fire trucks. I am pleased to report to this Committee that last year we closed our books for our operating budget in the black. We have not been able to balance our operating budget for a very long time. We did it by asking the community to help.

The mayor and council appointed a special budget ad hoc committee [page 15, ([Exhibit F](#))] in 2014. They worked for the better part of a year combing through our budget and providing recommendations for not just how to balance our operating deficit, which was a couple of million dollars a year ago, but also to deal with our capital budget. You can see the recommendations they made on this slide, all of which have been implemented except for a property tax increase of up to 20 cents per \$100 of assessed valuation. That committee was a community group consisting of 21 people from the Nevada Taxpayers Association, business interests, and labor interests. They unanimously agreed the City of Henderson needed to have a property tax increase if we were going to keep up with our quality of life and if we were going to be able to replace and maintain our infrastructure.

I would like to build on the segue that Mayor Hafen mentioned about the property tax caps [page 16, ([Exhibit F](#))]. There is a lot of information on this slide, and you have to be smarter than the average city manager to understand it. I have to confess, it took me a while. I want to draw your attention to the bubble at the top right hand of the page that says "Lake Las Vegas." In that bubble you can see a capital P, a capital C, and a capital R. There are four bubbles on this slide, and they each represent different quadrants of the City of Henderson. The "P" stands for the peak property tax to our budget that came from a 2,000 square foot home in Lake Las Vegas in 2009 of \$1,499. The "C" is the current amount of property tax revenue going from that same 2,000 square foot home in Lake Las Vegas to the City of Henderson budget. You can see it is down significantly from \$1,499 to only \$718. That represents a 52 percent drop in property taxes in that quadrant, or a reduction of \$781 per year that is no longer in our budget. You can see how that works through the rest of the quadrants of the city in terms of the impacts. As part of the Lake Las Vegas portion, because the property tax caps are in place, the maximum amount that can go up on the residential land use every year is 3 percent. Assuming that we have a 3 percent increase every year for the next 25 years, which we will not, it would take 25 years to get back to where we were at the peak in 2009. That is the kind of impact the property tax caps have on our budget, which is significant.

Chairman Ellison:

I am going to interrupt you here for some questions.

Assemblywoman Neal:

You are showing what was part of the peak in the bubble [page 16, ([Exhibit F](#))]. At the end of the day, you have adjusted your budget as if the peak is not coming back.

Jacob Snow:

That is correct.

Assemblywoman Neal:

When you show this reduction, and all of the boxes show a reduction, what is the plan going forward in terms of how you plan on dealing with the stagnant rate? That is a reality and it was your reality five years ago. When you say it in this "house is on fire" kind of way, it is not acknowledging that, number one, the money will never come back, and it is something that you put in your budget that is not real. It was not real then. They were false dollars. I need to know what you are doing going forward. You just mentioned you have a master planned community of 14,000 homes being built. What is the projection and the effect of that on your revenue?

Jacob Snow:

I would argue that even though there was an inflated value to those property tax dollars, they were real dollars at the time, and we spent them on services. Those dollars are no longer there. Our plan going forward for how to deal with that is what you see on this slide. I will go over that in more detail if you would like, or if you have further questions, I would be happy to address those.

Assemblywoman Neal:

Basically, in your budget you spent money that was a part of your future projected revenue, and you are still trying to figure out how to get that money back. In 2009, did you allocate money to pay for something in 2016, and now you realize you do not have the money because it was based on that dollar amount?

Jacob Snow:

The answer to that question is no, we did not.

All of the recommendations from the ad hoc budget committee [page 15, ([Exhibit F](#))] have been implemented. We currently charge more for our parks and recreation system. We received feedback from the community that, compared to other jurisdictions, we were giving away our services or not charging enough. We still have a parks and recreation overall rate study that is underway, and we expect to achieve more savings from that as it is completed later this year. We have made service cuts to our parks department. We were the only recreation centers open on Sundays, and we had people from North Las Vegas, Las Vegas, and Boulder City using our recreation centers because we were open on Sundays. We have made changes to that now and will be charging more for out-of-jurisdiction residents, which we feel is fair. We have alternative service delivery methods. The ad hoc committee recommended that in particular areas, such as parks, maintenance, and custodial, we look at contracting services from the private sector. We have done that. We made sure that no one who was an employee of the City of Henderson lost a job as part of that process, but we are going forward with those recommendations from the ad hoc budget committee. The only one that has not been implemented yet is a property tax increase of up to 20 cents per \$100 of assessed valuation.

We recognize, after going out in the community and having hundreds of meetings with our community about this subject, there is a vast spectrum of opinions from our residents about what to do. There are some who say they do not think it is a good idea, and we think you should cut employee salaries and benefits. They do not understand collective bargaining. We have used that as

an opportunity to tell them that is something that is controlled by the State Legislature, and we cannot do that without negotiating with our unions. They think the retirement benefits are too high. We try to explain that is not something in our control. It has been a great opportunity for us to educate our community. We have had many others that tell us they like living in Henderson because of the quality of life, the great parks and trails, the recreation centers, and the public safety. We have had a number of senior citizens at the meetings. Some say they do not want to pay more for police and fire protection. Others ask us not to mess with the police and fire departments because they fell and called 911. Someone came to their aid in a timely manner, took care of that person, and maybe saved that person's life. It comes down to those types of issues.

When the mayor and council received these recommendations, they knew this legislative session would be dealing with issues such as property tax caps, depreciation of property tax caps, and other issues that might have an impact on whether or not we would need to ask for 20 cents or less. We are going to wait and see how that debate goes before we can make an educated decision and go back to our citizens with a recommendation of 9 cents or 7 cents or maybe nothing at all. We are going to have to wait and see to make an educated decision.

The next slide [page 17, ([Exhibit F](#))] reflects our capital budget deficit. This is what we have not been reinvesting for the last several years and is broken down by category, including roads, traffic control, stormwater, our fleet of fire trucks and police vehicles, et cetera, buildings, parks, and information technology services. It is \$17 million per year.

Assuming we were to act on, and our voters were to support, a full 20 cents per \$100 assessed valuation for a property tax increase, that would still make us the lowest of the largest cities in Nevada in terms of our property tax rate.

We appreciate the opportunity to share this information with you. We have a lot of work left to do, but we are pleased that we did close our operating budget in the black, thanks to the recommendations from the public, our ad hoc budget committee, and the sacrifices of our employees. As Mayor Hafen noted, we still have a \$17 million annual capital deficit, and that will be the big challenge for us going forward. We are available for questions.

Chairman Ellison:

How much would the 20-cent increase in property tax generate?

Jacob Snow:

The full 20 cents would be about a \$19 million annual increase to our budget. That would take us from 71 cents to 91 cents per \$100 of assessed valuation.

Chairman Ellison:

Even if you get the 20-cent increase you are hoping to implement, you still indicate you have a deficit of \$17.1 million. Are you going to use that money for the deficit?

Jacob Snow:

All of the revenue from any type of an increase would be devoted only to capital projects and could not go to our operating budget.

Assemblyman Stewart:

I am one of the 99 percent who is satisfied with the good work you are doing in Henderson. I think you have done a great job with increased demand and less revenue. In the future, if we do not have some sort of increased revenue, your options are going to be less and less for providing the services we are used to, as far as roads and other services. Is that correct? We would have to suffer, perhaps, with deteriorating roads and parks. Is that correct?

Jacob Snow:

You are correct. We are already starting to see some unraveling of our roads and some deterioration in our parks, especially in our older parks and our infrastructure. We have concerns about the growth of the city. I cannot project exactly what the revenue situation is going to be like in the future. I know there will be a lot of development. Growth does not pay for growth, in my opinion. There will be continual challenges and even greater challenges in the future if we are not able to deal with our capital deficit. We cannot afford to maintain what we have now, and that will become more and more apparent.

Assemblywoman Spiegel:

For the record, I am also one of that 99 percent who is happy to live in Henderson. I know during the past couple of sessions, various agencies of the state have been able to raise some private funds to apply to the budget. I was wondering if the City of Henderson has that capability, as well. Could there be fundraisers to help replenish the capital budget?

Jacob Snow:

We have the Henderson Community Foundation. A number of private organizations and employees in the City of Henderson donate to that on a regular basis. We use that for both capital improvements and operating assistance for certain services throughout the city. The structure does exist to deal with some of those problems.

Chairman Ellison:

Are there any further questions? [There were none.] You provided a great presentation. Is there any public comment? [There was none.] We are adjourned [at 10:52 a.m.].

RESPECTFULLY SUBMITTED:

Lori McCleary
Committee Secretary

APPROVED BY:

Assemblyman John C. Ellison, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 9, 2015

Time of Meeting: 9:04 a.m.

Bill	Exhibit	Witness /Agency	Description
	A		Agenda
	B		Attendance Roster
	C	John Slaughter / Washoe County	PowerPoint presentation
	D	Stephen Driscoll / City of Sparks	PowerPoint presentation
	E	Andy Hafen / City of Henderson	Prepared testimony
	F	Jacob Snow / City of Henderson	PowerPoint presentation