

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

**Seventy-Ninth Session
February 28, 2017**

The Committee on Government Affairs was called to order by Chairman Edgar Flores at 8:32 a.m. on Tuesday, February 28, 2017, 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/App/NELIS/REL/79th2017.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chairman
Assemblywoman Dina Neal, Vice Chairwoman
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman Chris Brooks
Assemblyman Richard Carrillo
Assemblyman Skip Daly
Assemblyman John Ellison
Assemblywoman Amber Joiner
Assemblyman Al Kramer
Assemblyman Jim Marchant
Assemblyman Richard McArthur
Assemblyman William McCurdy II
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Jim Penrose, Committee Counsel
Carol Myers, Committee Secretary
Cheryl Williams, Committee Assistant



OTHERS PRESENT:

Geno Martini, Mayor, City of Sparks
Bob Crowell, Mayor, Carson City
John J. Lee, Mayor, City of North Las Vegas
Ed Lawson, Council Member Ward 2, City of Sparks
Stephen W. Driscoll, City Manager, City of Sparks
David Bobzien, Council Member At-Large, City of Reno
Bill Thomas, Assistant City Manager, City of Reno
Hillary L. Schieve, Mayor, City of Reno
Scott F. Gilles, Legislative Relations Program Manager, City of Reno
Andrew Diss, representing City of Reno Charter Committee
Holly Welborn, Policy Director, American Civil Liberties Union of Nevada
Stacey Shinn, Policy Director, Progressive Leadership Alliance of Nevada
John Sande IV, Private Citizen, Reno, Nevada
Wayne Thorley, Deputy Secretary for Elections, Office of the Secretary of State

Chairman Flores:

[Roll was called. Committee rules and protocol were explained.] We have three presentations and one bill. Today is Mayor's Day at the Legislature, and it is the Committee's honor to have them present. Mayors, please come forward.

Geno Martini, Mayor, City of Sparks:

I was born and raised in the City of Sparks and have been the mayor since 2005. Mayor's Day is a great time for the mayors to meet with the Legislature to discuss our cities. I would like to introduce Mayor Bob Crowell of Carson City.

Bob Crowell, Mayor, Carson City:

I am chairman of the Council of Mayors for the Nevada League of Cities and Municipalities. I was raised in Tonopah, served 11 years on the Carson City School District School Board, and this is my third term as mayor.

Carson City, like much of Nevada, has weathered the downturn of the economy. A lot of infrastructure improvements were postponed because there were not enough funds. The challenge for mayors and local governments is to manage the backlog of projects. Carson City began its Carson Street Mixed-Use District Master Plan, which is designed to make Carson City pedestrian-friendly. Additionally, our sales tax revenue is increasing.

We live by Dillon's Rule in Nevada. Dillon's Rule is used to interpret law if there is a question concerning local government power. The cooperation between local governments and the Legislature is paramount. The mayors are here to help the Legislature in any way we can for the betterment of Nevada.

On behalf of the Nevada League of Cities and Municipalities, and as the mayor of Carson City, I would like to thank the Committee for all you do and welcome you to your state capital.

John J. Lee, Mayor, City of North Las Vegas:

I held the position of Vice Chairman of the Assembly Committee on Government Affairs and Chairman of the Senate Committee on Government Affairs. Being mayor is one of the most fun jobs I have ever held.

As mayor of North Las Vegas, my goal is to diversify the value of southern Nevada and diversify the incomes of North Las Vegas families. A wife may be working in tourism, gaming, or hospitality, and the husband might be employed by a factory. That is a win for North Las Vegas because their home is maintained and the water payments are paid.

As a mayor, I realize the effect our cities have on the Legislature and vice versa. If we look at all the assets above the ground—commercial, residential, and industrial properties; street lights; fire hydrants; curbs and gutters—then go below the ground and see the sewers, piping for flood control, and fire hydrants, we are running a \$20 billion business. Mayors have the power to move a city in one direction or another financially.

The Legislature becomes a mayor's best friend by helping us attract and build the future for the residents of our communities. Mayors recognize that our cities cannot continue to grow without the help of the Legislature. Our residents are your residents, and we appreciate our relationship and partnership.

Assemblyman Ellison:

I would like to ask that every mayor please stand. These are the hearts and blood of our state. Thank you for your service as Nevada mayors.

Bob Crowell:

The mayors are here to be part of moving Nevada forward and to carry out the vision the Legislature has for Nevada.

Chairman Flores:

The City of Sparks, please come forward for your presentation.

Ed Lawson, Council Member Ward 2, City of Sparks:

The City of Sparks is the fifth largest city in Nevada. It is located in the Truckee Meadows area, along with other regional governmental agencies including Washoe County and the City of Reno. As of July 1, 2016, the Nevada State Demographer estimated Spark's population at 95,726. Sparks was incorporated in 1905 and became a charter city in 1975 [page 2, ([Exhibit C](#))].

The city utilizes the council-manager form of government. Our elected officials are one mayor, five council members, one city attorney, and two municipal judges. The Sparks City Council appoints the City Manager, assistant manager, and department directors [page 4, ([Exhibit C](#))]. I will turn the presentation over to Steve Driscoll, our City Manager.

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

Sparks has five legislative districts made up of three members of the Assembly and members of the Senate [page 5, ([Exhibit C](#))].

The Sparks lobby team is composed of myself as the chief lobbyist, Mr. Mayberry our Community Relations Manager, and Carrara Nevada—consisting of Mr. Rocky Finseth and Ms. Jenny Reese [page 6, ([Exhibit C](#))]. Mr. Finseth, Ms. Reese, and Mr. Mayberry meet with the Legislature on a regular basis and report back to our elected officials.

Our strategic plan schedule is five to seven years. The schematic on the screen is the visual effect of our strategic goals for the fiscal year (FY) 2017 through FY 2022 [page 7, ([Exhibit C](#))]. The middle of the circle states the council's vision, "Be the City of Choice for Residents, Businesses and Visitors." Our daily decisions are made based on this vision.

The Sparks City Council has two internal goals: financial and fiscal stability, and employee relations. Financial and fiscal stability defines living within our means. The recession of 2008 through 2009 was difficult for Sparks, and we are still trying to ensure our expenses stay well within revenues received. Sparks is a service organization; our staff and necessary equipment provide services that our citizens expect from their taxpayer dollars.

The Sparks City Council has four operational goals, located on the outside of the schematic's circle. First, is public safety, which includes law enforcement, fire safety, rescue, and medical. Second, is infrastructure and technology. Mayor Crowell mentioned the challenge of starting infrastructure projects during the recession, and Sparks is in the process of getting caught up on ours. Sparks uses technology wherever possible to become more efficient, effective, and user-friendly. Our new program for permits and licensing allows a resident to sit at their kitchen table on the weekend and do business with their city 24 hours a day.

The third of our operational goals is economic development. We partner with the Economic Development Authority of Western Nevada (EDAWN), and they partner with the Office of Economic Development, Office of the Governor. There is a hub of activity within the Tahoe-Reno Industrial Center. Sparks is hoping people will select us as the city of choice for their housing needs.

The last of our operational goals is citizen engagement. Local jurisdictions and this body know when a not-in-my-backyard issue arises, it is not hard to fill the chambers of the Legislature or City Hall.

The Sparks City Council's goal is to engage on a daily basis and avoid the firebrand inspired by controversy. We work with our police department on outreach with faith- and organizational-based groups. We want these groups to understand what we do, why we do it, and how we do it. The City of Sparks considers these groups partners to solve important city issues.

As Council Member Ed Lawson mentioned, Sparks is a charter city, chartered on May 16, 1975. This page describes the various elected officials and their terms. The Sparks City Council has five council members elected using a primary election in the ward and a general election for the city at large. The Committee will hear a Sparks charter bill triggered by the *Public Integrity Alliance, Inc. v. City of Tucson*, [805 F.3d 876 (9th Cir. 2015)] litigation. Sparks is interested in a ward-only voting system for both the primary and general elections [page 8, ([Exhibit C](#))].

Sparks has a council-manager form of government. The City Manager is appointed by the Sparks City Council. The primary job duty is to accomplish all of the duties dictated by the policymakers. Additional staff is appointed top senior-level positions and professional staff in the midlevel management. There are seven labor groups operating under *Nevada Revised Statutes* Chapter 288. The labor groups require collective bargaining units and a city civil servant system. Five other employee groups are under pay resolutions but not part of the collective bargaining rules. The City Manager's Office coordinates all the activities with the 12 employee organizations [page 9, ([Exhibit C](#))].

The City of Sparks Charter Committee reviews the city charter every year to present recommendations to the Legislature on behalf of the city and in compliance with Dillon's Rule. The Charter Committee consists of 11 members. Six are city elected officials, including the mayor, and five are elected state legislators. The Sparks Charter Committee engages in the bill draft process, and one of the Sparks Charter Committee legislative members will sponsor the bill on behalf of the Sparks Charter Committee [page 10, ([Exhibit C](#))].

The Sparks charter bill was introduced last Wednesday in the Senate by Senator Ratti, a former member of the Sparks City Council. The bill requests language changes in three areas. The first change is to employ ward-only voting for the primary and general elections. Second, in the primary election if a candidate receives the majority vote—defined by this Committee as 50 percent plus one—they are automatically declared the winner, and there will be no general election. This is similar to over 50 percent of the elected jurisdictions in this state.

Third, the Sparks Municipal Court is a court of record and a trial court. Currently, there is no requirement for a judge to be a lawyer in good standing with the State Bar of Nevada.

The community feels because the court is a court of record and has the authority of removing civil liberties through offenses like driving while intoxicated and domestic violence, it is prudent to have a strong legal function with lawyers as judges [page 11, ([Exhibit C](#))].

This page is the organizational structure of Sparks [page 12, ([Exhibit C](#))].

This page shows a graph of our general fund revenues [page 13, ([Exhibit C](#))]. It is not dissimilar from any other county, city, general improvement district, or other jurisdiction. Consolidated and fair share taxes; property taxes; and licenses and permits—which includes franchise fees from telecommunications, utilities, and cable companies—are our big three general fund revenues. The big three represent between 91 to 94 percent of all the revenues that the city receives in the general fund. Most of the allocations are predefined by the Legislature.

This page shows a graph of our general fund expenses [page 14, ([Exhibit C](#))]. Seventy-four percent of the city's total general fund expenditures are salaries, wages, and employee benefits. The rest of the expenditures are nondiscretionary expenses for services we must pay, such as utilities. There is a very small percentage of discretionary expenses. The contingency fund is where cash can be transferred from one fund to another if an emergency occurs. We have had nine Truckee River events since December 2016 where the Vista gauge has been above the 12- to 13-foot level. The City of Sparks and its two partners were able to minimize damage in our industrial areas.

Sparks has several emerging issues [page 15, ([Exhibit C](#))]. Sparks partners with EDAWN to work with businesses that are relocating or expanding in our region. As the mayor mentioned, it does not really matter where in the Truckee Meadows the business ends up, all jurisdictions benefit.

Property tax is specific to the footprint of the property, but everything else is based on an algorithm that was designed by the Legislature. As an example, it does not matter if a person buys a car in Reno, Sparks, or the unincorporated county, Sparks receives 12.5 percent of every sales tax dollar collected by Washoe County.

Our partnership with EDAWN requires a membership fee. Eighty percent of the time, if a business's senior staff visit the Truckee Meadows, the deal is closed. Our partnership with EDAWN and our surrounding cities is critical, and we do not worry about city lines.

Operational efficiencies are getting the best bang for our buck from our taxation system and the expenses incurred to provide resident services. Sparks is a full-service city; we provide police, fire, public works, and utilities. Sparks runs the sewer plant with the assistance of the City of Reno for the Truckee Meadows Water Reclamation Facility. The budget process is via policy-driven budget initiatives driven by the Sparks City Council. The Sparks City Council's six initiatives are the ending fund balance; labor costs; contingency fund; stabilization fund; capital improvement projects and technology; and postemployee benefits.

The ending fund balance has a goal of maintaining a maximum amount of spendable money with enough cash in reserve for bills. As this Committee knows, 8.3 percent of the total budget is one month of expenses. If Sparks does not have the cash reserve, we run the risk of an inability to pay employee salaries and vendors. Sparks stayed above 4 percent of the total budget during the recession.

Sparks keeps its labor costs at less than 78 percent, which provides enough funds to pay our utility bills; ensure our law enforcement function has new and updated cars, radios, and personal protective equipment; and our fire trucks have the right medical equipment. Eighty percent of the fire department's responses are medical calls. Sparks is currently upgrading to the paramedic level similar to other jurisdictions in Nevada.

Our contingency fund maintains a spending authority of up to \$1 million. We utilize cash from other funds, and if contingency monies are needed, they are available. Based on the rules, we could maintain a larger fund, but for cash management purposes it is the most equitable and allows for a quick response. The January floods are an example of when we used contingency monies.

The stabilization fund has a cap of \$6 million and allows us to shelter our cash, but it is not available for a downturn in revenues or a disaster. Currently, there is \$400,000 in the fund. It was drained during the 2008 and 2009 recession, and it is being built back up.

For capital improvement projects and maintaining technology, monies are transferred from our general fund. Usually, 2.5 percent of total expenses is allotted. The figure will be 1 to 1.5 percent this year in order to balance our budget this year.

Our last initiative, postemployee benefits, is made up of postretirement health care, workers' compensation, and heart and lung bills. Sparks has not accumulated the cash necessary to fund all of our potential liabilities, but that is not dissimilar to other organizations. We have had minimal heart and lung claims and are on the down curve. But claims could rise next year and subsequent years. Sparks is in a healthy position, and that is the reason the Sparks City Council drives the budget with the six initiatives [page 15, ([Exhibit C](#))].

That is a quick look at the City of Sparks and how we operate. [page 16, ([Exhibit C](#))].

Assemblyman Ellison:

Are there any preparations for when the snowpack melts?

Stephen W. Driscoll:

The Sparks industrial area has had sandbags in place since early January. We have performed a lot of mitigation work over the last 10 to 12 years. There is still more to do but with the work that has been done, we have experienced only \$210,000 worth of damage since February 9. Sparks is still in a state of emergency because of the snowmelt risk. We rely on the National Weather Service, National Oceanic and Atmospheric Administration

and their gauge projections located on the river. We warn businesses as soon as we are notified. The businesses are quick to respond, and we are hoping to keep the river below the banks just a few more times this year.

Assemblyman Ellison:

Sparks has done a great job with the river flow that has occurred. I wanted to mention how the industrial and commercial areas have grown, bringing in businesses such as Scheels. I think that is impressive.

Assemblyman Kramer:

My son lives in Lockwood, and I am familiar with the area. The Reno-Tahoe Industrial Center is booming with the Tesla Gigafactory. This will bring a large influx of people, and many of them will reside in Sparks. My experience with local government says that commercial growth pays for itself, but residential growth does not necessarily pay for itself. How will the residential growth impact Sparks?

Stephen W. Driscoll:

The Sparks City Council just completed the Sparks Comprehensive Plan. There are industrial, commercial, and housing areas in the plan. The Sparks Galleria Shopping Center, built prior to the recession, is a prime example and has a lot of vacant space. As people move to the area, the retail space is readily available. For housing, the Sparks City Council works with EDawn and their Economic Planning Indicators Committee to determine residential housing for Washoe County. In the Spanish Springs Valley, developers were building approximately 2,000 to 2,500 speculative homes a year prior to the recession. In 2009 and 2010 those figures dropped to zero. Currently, private developers are building 500 to 600 houses on a sell-a-house, build-a-house development model. The demand is being met, but the Sparks City Council does not believe that is enough.

There are seven multifamily projects near completion, completed, or just coming out of the ground. That will be close to 3,500 units located around the city. In downtown Sparks, Victorian Square construction will start on 500 units. The main developer is also working in the Outlets at Sparks area to develop 250 units and 2 more complexes. Those complexes will be a mix of upscale and market-rate apartments creating another 2,500 units.

The Sparks City Council looked at land use in the comprehensive master plan to determine where to infill for multifamily and single-family housing. They worked with the school district to drive the infrastructure support. Sparks requires private developers to build the infrastructure and dedicate it to the city for maintenance. That method pays for itself because there is not a large upfront capital expenditure. The city's ongoing operating expenses are funded by sales and property tax revenue.

Assemblywoman Neal:

In FY 2015 the "transfers in" category was \$1.7 million, but for FY 2017 the "transfers in" is \$1.1 million [page 13, ([Exhibit C](#))]. Why is there a decrease between the fiscal years?

Stephen W. Driscoll:

Typically the "transfers in" relates to excess revenues and expenses located in other funds or funds that have not been expended. It fluctuates every year because the sources vary that come into the general fund. I will research a couple of years and get back to the Committee.

Assemblywoman Neal:

What else besides utilities is in the discretionary services and supplies fund [page 14, ([Exhibit C](#))]?

Stephen W. Driscoll:

The discretionary services and supplies fund is controlled by our managers for their day-to-day operations. It is made up of items such as professional services, supplies, training, conferences, and classes. These are budgetary items used for succession planning such as updating employees' current skill set or preparing them for a new position within the city. The non-discretionary services fund is where utilities and contracts fall. We do not have control over these types of expenses.

The discretionary services and supplies fund provides the ability to tighten our budget. We use zero-based budgeting for training and travel expenses. Every year each department starts from a zero base and must justify the needs and costs using the Sparks City Council strategic planning and budget policy models. The \$4.4 million comprises what the managers consider allowable expenses for the fiscal year.

Assemblywoman Neal:

Property taxes in FY 2015 were \$19 million, and that equaled 34 percent of the general fund. In FY 2017, property taxes are budgeted at \$21.2 million, which will be 33 percent of the general fund. The fiscal year 2015 has less money but a higher percentage than FY 2017. What is happening with the nominal change between 2015 and 2017?

Stephen W. Driscoll:

The percentage varies depending on the other two categories; dollar values, and percentages. Two things are occurring within the City of Sparks. First, more than 60 percent of the current housing population is at or approaching a 50 percent depreciation. Another 25 percent is experiencing depreciation in the 10- to 15-year time period. The 0.2 percent of FY 2017's \$21.2 million is a significant down driver.

Two years ago, Sparks had about 600 houses added to the tax roll of the assessor's office. Last year, the number was around 550. Until some of the downtown properties located on Victorian Square are added, we will not see that number jump up. Sales tax has been strong on the commodities side, and car sales are up in the region, which drives a larger percentage of the general fund revenues total.

Assemblywoman Neal:

Are there any projections for when properties will reach the 50-year mark?

Stephen W. Driscoll:

Our finance department works with the Washoe County Assessor's Office and the Washoe County Treasurer's Office to keep track of that information so it can be used for projection purposes. We look in detail at the current fiscal year and project two years forward. The potential growth, the capping of property values based on depreciation, and like property values based on parcel type affect our operating expenses. This process is done on a regular basis.

Assemblyman Daly:

A shout-out to my friends from Sparks and District 31. I wanted to mention that not all floods are bad. The Sparks Marina was created in 1997 due to excess water. Hot August Nights, Best in the West Nugget Rib Cookoff, the Great Reno Balloon Race, and the National Championship Air Races are events happening in Sparks and the surrounding area. I would like to invite the members of this Committee to attend.

Chairman Flores:

City of Reno, please come forward for your presentation.

David Bobzien, Council Member At-Large, City of Reno:

I would like to send regards from Mayor Hillary Schieve. She is on her way, but in respect of your time, we will begin the presentation. I am excited to be here and introduce our acting City Manager Bill Thomas. He will provide an overview of "The Biggest Little City in the World" to the Committee. The Reno City Council is fond of saying, "Reno is going places." The City of Reno has gained international attention as an amazing outdoor mecca, an incredible place to do business, and with a vibrant arts and events scene, Reno is finally being recognized as an outstanding community. The presentation includes some of our exciting highlights.

Bill Thomas, Assistant City Manager, City of Reno:

We have quite a contingent from the City of Reno present today: Reno City Council Members Paul McKenzie, Jenny Brekhus, and Naomi Duerr; Assistant City Manager Kate Thomas; Director of Finance, Robert Chisel; our legislative team consisting of Scott Gilles, Legislative Relations Program Manager; Daniel Hanson, University of Nevada, Las Vegas, William S. Boyd School of Law extern; and John Griffin, the City of Reno's contract lobbyist.

The presentation covers who the City of Reno is, the directions of the city, and the city challenges. The City of Reno is a fairly old city within the history of Nevada. It was incorporated in 1903. Reno is the third-largest city in Nevada, the largest urban center in northern Nevada, and is geographically located next to the City of Sparks. The two cities have a combined population of about 250,000 people [page 2, ([Exhibit D](#))].

Reno operates a council-manager form of government. The seven members who lead the City of Reno consist of the mayor and six council members. Five of the council members are by wards, and one is at-large. The Reno City Council serves as the redevelopment agency.

Reno has a regional transportation commission, a district health board, and a water board that operates as a quasi-governmental entity [page 3, ([Exhibit D](#))].

This graphic shows the physical and geographic layout of our council wards. The wards were amended in 2011 based on the 2010 census [page 4, ([Exhibit D](#))]. There is a bill from the City of Reno Charter Committee that relates to some ward adjustments and voting. Scott Gilles will present that information.

Reno is not a full-service city, but we do have the key functions that most larger cities offer. These are police, fire, public works, and specific functions in terms of parks and recreational areas. Our arts and culture program has grown significantly over the last few years, and it will be presented later on. Lastly, Reno has a municipal court providing court services in support of our city laws [page 5, ([Exhibit D](#))].

The City of Reno's annual budget is displayed in this graphic. Forty-three percent of our budget is the general fund, which is the fund we have the most ability to influence or change. Enterprise funds are focused on a particular service where fees are collected. The City of Reno has a sewer enterprise building fund [page 6, ([Exhibit D](#))].

This graphic illustrates our sources of funding. Property taxes and the consolidated tax make up more than 60 percent of our revenue. Reno's property tax portion has been steadily declining over the years, we are down to 26.6 percent [page 7, ([Exhibit D](#))]. Reno receives about \$13 million from federal funding sources. These sources consist of the U.S. Department of Housing and Urban Development, U.S. Department of Transportation, U.S. Department of Homeland Security, and U.S. Department of Justice grants [page 8, ([Exhibit D](#))].

This graphic depicts the general fund expenditures. The categories of salaries and wages and services and supplies are 75 percent of our expenditures. Like most local governments the City of Reno is labor-intensive. Most of our services are not automated and must be provided by employees. The categories of salaries and wages and services and supplies drive our operating decisions [page 9, ([Exhibit D](#))].

The current Reno City Council inherited some pretty challenging situations in terms of debt. I am presenting this graphic to show the Reno City Council is very focused on retiring debt and getting Reno into a better financial situation. The debt has been reduced by more than 28 percent and the graphic shows we are working strategically and consistently to reduce the debt [page 10, ([Exhibit D](#))].

Reno's annual budget is \$453 million, and slightly more than \$190 million makes up the general fund. Seven percent of our budget for FY 2017 falls into the ending fund balance. The City of Sparks made this comment, and it bears repeating. A city must have a certain

percentage of the general fund in order for checks to clear. Reno's requires 7 percent because we do not have the ability to apply for a line of credit and our tax income fluctuates. The ideal is 8.3 percent, but we feel we can afford a target of 7 percent.

As I mentioned, the City of Reno is very much labor-intensive in terms of the services provided to our residents. In FY 2005, Reno employed 7.14 full-time equivalents (FTE) per 1,000 residents, compared to FY 2017 figures of 4.95 FTEs per 1,000 residents. This challenge makes it hard to keep up with the demands of a growing community and limits our ability to provide services to our residents through our employees [page 11, ([Exhibit D](#))].

The vision for the City of Reno is to be a "vibrant university town known for our outdoor activities, special events, arts and culture, and innovative industries." This vision drives all of the Reno City Council decisions. Our vision statement has five pillars that the Reno City Council and staff use to evaluate our actions. This ensures our spending is for a purpose and targeted at our strategic initiatives [page 12, ([Exhibit D](#))].

Last year, Reno began updating its 20-year-old community master plan, a state-driven requirement. We are very proud to have had participation from close to 6,000 people. Often a city is lucky to receive 600 to 700 responses; we consider this to be an overwhelming success. The message we received from these 6,000 respondents is very resounding and important in terms of how Reno moves forward [page 13, ([Exhibit D](#))].

The vision of Reno's citizens incorporates four elements: a base for outdoor activities, an arts and culture center, a university town, and a technology center. Reno has a significant number of opportunities for outdoor activities such as winter skiing, snowshoeing, jet skiing in the summer, hunting, and fishing. Reno's community responded that activities related to the outdoors were most important. That drives everything the Reno City Council pursues in terms of providing service.

Second is the desire to become an arts and culture center. The phenomenal growth of Burning Man, which draws people from all over the world, puts Reno at the front door of Black Rock City. The people who attend Burning Man are very focused on arts and culture. The last two elements of the community vision are a university town and a technology center. Our residents are interested in creating a knowledge-based community. Historically, Reno has been tied to entertainment as a regional destination for tourism and gaming. Our strategic location provides a large distribution and warehousing sector of our economy, which continues today. But the community would like Reno to move toward a knowledge-based economy, one that celebrates and focuses on education, creativity, and innovation [page 14, ([Exhibit D](#))].

The City of Reno's highlights are depicted in this graphic [page 15, ([Exhibit D](#))]. They are physical demonstrations of our future plans. The next few pages describe a few of these highlights. The photograph on the left is an abandoned hotel. It was open for about three years and sat vacant for 30-plus years. Reno tried unsuccessfully through code enforcement

and citations to open the facility. Last year, a contractor from southern Nevada bought the property, renovated it into 94 units, and opened it for leasing about three months ago. We are very proud of that project and believe it is a reflection of what is happening in our community [page 16, ([Exhibit D](#))].

Reno's downtown post office is a historical building, but for many years only 10 percent of it has been utilized. The City of Reno worked with a private developer and the U.S. Postal Service. The post office was relocated to a city-owned facility, and the building was transferred to private ownership. As a result of that transfer, West Elm, a very significant nationally known furniture store, moved into the ground floor.

The basement of the building has been renovated as a retail and food marketplace appropriately named, The Basement. It has an eclectic and dynamic atmosphere appealing to millennials and younger people. The City of Reno facilitated the transfer, but after the transfer was complete, the private individuals and entrepreneurs made it what it is today. It is a reflection of where the city is moving [page 17, ([Exhibit D](#))].

More recently is the Patagonia retail store that opened kitty-corner to West Elm. Patagonia has had a distribution facility and outlet store in Reno for quite some time. The outlet facility was located in an industrial area and removed from the flow of traffic and people. Patagonia believed in Reno's vision for a strong downtown and moved their retail store into that location. Bringing people downtown through retail, residential, and other activities will revitalize Reno's downtown corridor [page 18, ([Exhibit D](#))].

This is a picture of the original Virginia Street bridge [page 19, ([Exhibit D](#))] which was rated as one of the worst bridges in terms of structural integrity and flood risk. Reno's Regional Transportation Commission, the State of Nevada, and the Federal Highway Administration, U.S. Department of Transportation worked together to rebuild the bridge. The new bridge is pictured below and illustrates the clearance during a flood event. I am very proud of that bridge and the community working together to fix the bridge.

Reno's motel industry has been hit hard by gaming located outside of Nevada and our region. Bay Area travelers have multiple gaming opportunities on the way to Reno. The motel industry was not able to compete with the lesser demand for rooms. Reno had a couple of blocks with motels that sat vacant for close to ten years. The Reno City Council created a program initiated by the blight effort to loan money to a developer to remove old motels. In exchange, Reno filed a lien on the property to protect our investment. After the removal of several buildings, Reno worked with the private party to bring seven pieces of art from Burning Man. The abandoned buildings became an art park and a reason for tourists and locals to come downtown and celebrate our arts and culture vision [page 20, ([Exhibit D](#))].

Lastly, Reno is working with the University of Nevada, Reno (UNR) to harness the positive economic influences of the university's growth and to reactivate some of the downtown dead spaces. The next two pages show our vision. The corner of Virginia Street and 8th Street is an off-ramp for Interstate 80 (I-80). This picture is the first impression parents

bringing their child to UNR might see as they exit the freeway. The bottom picture is our vision. The graphic is a representation of a transit hub combined with a university building. This brings people through Reno on Virginia Street and provides the students access to downtown and Midtown. Midtown is one of Reno's burgeoning and thriving areas where entrepreneurs are revitalizing the area [page 21, ([Exhibit D](#))].

Just east of Center Street is a transportation system. The vision is to create a pedestrian plaza [page 22, ([Exhibit D](#))]. The buildings in the rendering are campus buildings, and the idea is to bring the university campus right down to the I-80 corridor. Reno is working with the university to have a visual presence in terms of Reno being a university town. Also, it helps to catalyze northern downtown which needs assistance to draw the kinds of economic activity associated with a large university, student, housing, retail, et cetera. Reno is very thankful for the university administration's involvement.

Our last project is the Reno Works program generated by the Reno City Council and a partnership with the Volunteers of America Northern California and Northern Nevada. Volunteers of America Northern California and Northern Nevada is Reno's contract provider for services to the homeless, and they operate the Community Assistance Center [page 23, ([Exhibit D](#))].

The Reno Works program involves the Volunteers of America working with 10 to 12 residents of the homeless center and their interest to move into gainful employment. The Reno Works program is a 10-week program providing two things, training and employment. They learn to create resumés and things necessary for an individual to find a job and, in addition, they are given work [page 24, ([Exhibit D](#))].

A typical week is two days of in-house employee training and three days of community work. Eighty-two percent of the graduates do not return to the Community Assistance Center. Reno Works provides housing and meets the other needs that are necessary to get back into society. Our success led a couple fairly new to Reno to donate \$25,000 to the program. The public is very excited about Reno Works, and I think it fits in with the community's expectations to help those in need. There have been 37 graduates, and the program is rapidly growing [page 24, ([Exhibit D](#))].

Arts and culture are the cornerstone of Reno as a city. This past year, Reno opened the new Rotary Club of Reno Sculpture Park at Bicentennial Park, a project partnered with the Rotary Club of Reno. The important connection is that Reno built the platform for the art. The park is like a museum where pieces change over time, except it is outside with very large art pieces. The community can enjoy the art and revisit because it is changed out frequently to remain fresh and new. Reno has a Playa Art Park which is a gateway project to Burning Man. There are seven art pieces where the old motels were. Reno has 190 art pieces and over 280 special events every year. Arts and culture are very much a part of Reno; not only the physical arts but the cultural music festivals and events [page 25, ([Exhibit D](#))].

Reno receives 26 percent of the property tax distribution from its residents [page 26, ([Exhibit D](#))].

This graphic [page 27, ([Exhibit D](#))] demonstrates the historical flow of Reno's property taxes. Not surprisingly after the recession and the reevaluation of many businesses, there was a significant drop in property tax. Today as we sit in the recovery of the recession, Reno is still well below its peak in 2010. Reno struggles with this revenue source becoming smaller and smaller because property taxes have not returned to their peak.

This graphic [page 28, ([Exhibit D](#))] is an important one in terms of the dynamic occurring. These two homes have exactly the same value, \$600,000. The Old Southwest Reno home is 40 years old, located in one of the most desirable areas of the city, and incurs \$1,600 in property taxes. The Damonte Ranch home is a fairly new subdivision and incurs \$7,000 in property taxes. A very big disparity in terms of the taxes paid but the service demands are the same. In some cases, the older neighborhoods have a greater service demand. This creates a backward situation because the older areas of Reno have quite a few old homes with high property values. The challenge is a newer home is paying a much higher rate in taxes than the older home.

This chart [page 29, ([Exhibit D](#))] shows Reno's general fund expenditures. Seventy-five percent of Reno's cost are employees. Employee costs are fixed based on labor contracts that define the benefits and wages paid. Our employee costs are constantly rising along with the price of fuel, materials, or supplies that are needed. Reno's only control over expenditures is to reduce our workforce, which is contrary to the direction Reno would like to head.

The red line on this page [page 30, ([Exhibit D](#))] is the population growth for Reno. The blue bars are the full-time equivalent hours per thousand residents. The divergence of the two occurred in FY 2012 and had been consistently rising. Reno's economy is picking up, businesses and people are moving here, but our ability to provide the employees to support that growth is not keeping up. Our challenge moving forward is how to deal with the increased demand for services such as police and fire.

Property taxes are a key fiscal challenge for Reno. The consolidated tax is an important revenue, but the formula is dependent on the overall state revenue. Property tax is solely focused on the City of Reno. In order to provide the demand for services, Reno has shuffled employee resources and deferred the maintenance of some of our facilities. Last year, a pool roof failed, and we had to find money in our budget because we were not able to set money aside for building maintenance. The preventative maintenance side, which is the best and most efficient way to take care of our infrastructure, is the area most affected. The City of Reno and previous Reno City Councils have been forced with the decision of keeping an employee or paying for a building's infrastructure. Unfortunately, Reno has not been able to address our needs in terms of facilities [page 31, ([Exhibit D](#))].

In closing, Reno is two months out from hiring our City Manager. That person should be on board prior to the end of the 79th Legislative Session and will likely come down to speak with this Committee. I will make myself and the team available for any questions the Committee might have. Scott Gilles will be presenting our charter bill, Assembly Bill 36. Also, at a later date, we will be presenting Assembly Bill 80, which is related to Reno's redevelopment district.

Assemblyman Brooks:

Does Reno receive any funds from the U.S. Immigration and Customs Enforcement programs, such as the Delegation of Immigration Authority Section 287(g) Immigration and Nationality Act program or other agreements for housing prisoners?

Bill Thomas:

No.

Assemblyman Ellison:

Last session the Legislature worked with Reno on interlocal agreements and room tax. How is the interlocal agreement working?

David Bobzien:

Here is a little background for the Committee. The last legislative session we had a fairly contentious issue concerning fire service provided by the Truckee Meadows Fire Protection District and the Reno Fire Department. Following the session, we were able to negotiate an automatic aid agreement. It is in place and working. There is an ongoing concern on the part of the Reno City Council where tension may be placed on that agreement due to population and housing growth. Reno is grateful for the Legislature's assistance with developing a working relationship with Washoe County concerning fire services.

Chairman Flores:

In terms of marketing, I want to approach it from two different lenses: investors and tourism. What is Reno doing to bring in new investments? What is Reno doing to attract people to the area to spend their money?

Bill Thomas:

Reno does not have many resources for marketing to external communities. That is provided by the Reno-Sparks Convention and Visitors Authority (RSCVA), and they receive monies from the room tax. Historically, the RSCVA has been focused on gaming and hotel rooms, not necessarily aligned with Reno's vision. The Reno City Council will meet with the RSCVA and discuss how we can position our community as a destination place. Most people typically choose a place or destination to go on vacation rather than a particular activity. As Reno grows we want to draw people to Reno, similar to the international draw of Las Vegas.

In terms of investment, Reno has a very strong interest, and there is a lot of capital flowing into our community. Reno's scale is a challenge because we are a geographically small city.

Land may be difficult for investors to locate to build their facility. Reno has a lot of vacant buildings that have been vacant for a long time. How do we motivate private landholders who have the resources needed to rebuild our downtown? Without that input we will not get the output of a new building, be it a hotel or new student housing project. That is our struggle right now.

Chairman Flores:

Our distinguished guest just arrived. Please feel free to comment.

Hillary L. Schieve, Mayor, City of Reno:

I would like to address tourism, marketing, and branding. It is something I am very passionate about, and it truly drives Reno's economic impact. As mayor, I sit on the RSCVA board of directors. I am excited to announce that tourism is up, the highest it has been in seven years. I believe that is because of our vision. Gaming is essential to Reno, but we are fortunate to be an incredible outdoor mecca. People are finding they can live, work, and play in Reno.

We are getting ready to roll out a huge marketing and branding initiative through the RSCVA. I am very proud of Reno's economic team and our communications outreach team. Reno's State of the City event was attended by over 600 citizens. We invite the Committee to come to Reno, and we will show you around.

Chairman Flores:

The RSCVA leadership position was vacant for about a year, and that can hinder the effectiveness of an organization. What is the dynamic between the RSCVA and Reno?

Hillary L. Schieve:

Reno and RSCVA's relationship has never been stronger. Phil DeLone was just brought in as the President and Chief Executive Officer (CEO). Phil was the CEO of Safari Club International and was responsible for bringing that convention to Reno. Councilman Bobzien is hoping to have the Outdoor Retailer Show change its venue to Reno. Reno's food scene is changing dramatically, Burning Man's economic impact is \$70 million, and Reno is partnering with UNR. All of these actions are economic impacts that will help drive Reno's economy. That is good news for the Nevada family.

David Bobzien:

One of the top pillars of Reno's community master plan was to act as a hub for outdoor recreation. That is dependent on our open public spaces in Nevada. We are seeking to bring the Outdoor Retailer Show to Reno. I know southern Nevadans are excited about that possibility as well. For those of you who know me, I measure my quality of life by how many nights a year I can sleep under the stars. Our mayor does a phenomenal job of representing Reno's interest to the RSCVA board. I had a conversation with Mr. DeLone this morning about the case for bringing the Outdoor Retailer Show to Reno.

Reno partners with EDAWN on business development and growing our resident base. We are working together to bring in more direct air service to Reno. That helps our business and business recruitment. In the summer, the Reno-Tahoe International Airport will have a direct flight to Chicago's O'Hare International Airport. Currently, the Reno-Tahoe International Airport has direct flights to New York City. This is a great line of inquiry and a focus of the Reno City Council.

Chairman Flores:

Last session there was a bill for setting aside monies from hotels to bring in additional marketing. Is that working? Is there a strong strategic plan? Please give the Committee Reno's perspective.

Hillary L. Schieve:

One area of focus is the start-up technology scene. Flirtey offers drone delivery service for pizza and pharmaceuticals. The company has raised \$16 million in funding and is headquartered in Reno. Reno is beginning to see the start to a thriving technology sector because of our proximity to the San Francisco Bay Area and Silicon Valley. It is much more affordable to do business in Reno. We see a growth in distribution, manufacturing, and midlevel technology start-ups, companies that have 10 to 25 employees. Also, the innovation from Tesla, Amazon, and Switch have helped to put Reno on the map.

Chairman Flores:

There was a bill we had the last legislative session that former Chairman Ellison was influential in passing [Senate Bill 312 of the 78th Session]. The bill set aside a surcharge of \$2 per night in room taxes with the intent of bringing more marketing to the city. Have you had an opportunity to see that marketing plan? Do you like it? I am interested to hear your perspective on the actual conversations.

Hillary L. Schieve:

It is exciting that RSCVA and gaming are focusing efforts on downtown. We are revitalizing our trench area, the city center, and the National Bowling Stadium. With Phil DeLone coming on board, everyone is on the same page to agree on a brand and move forward. We are looking at bringing in minor league hockey. Our efforts are focused on downtown with the \$2 surcharge.

David Bobzien:

The RSCVA has a renewed focus, and a lot of that comes from last session and the emphasis on strategic planning. Reno-Sparks Convention Visitors Authority could provide a more robust answer on where the marketing plan is headed. It is important to note, and the Mayor brought this up, our partnership with RSCVA is for the operation of some of our downtown facilities. Nonetheless, the City of Reno owns and is responsible for the upkeep of the National Bowling Stadium, the Reno Events Center, the Reno Ballroom, and other facilities. We have a base-level interest in the \$2 surcharge passed by the Legislature in 2011. In conversations with our gaming partners, we ask that they stay away from that base-level \$2 surcharge because it is essential for the upkeep of those public facilities.

Bill Thomas:

Adding on to the comments by the Mayor and Council Member Bobzien, the \$2 surcharge is our lifeline for downtown maintenance and drawing people in. [Provided an annual report to committee members but it was not mentioned ([Exhibit E](#)).]

Chairman Flores:

Thank you for that. Are there any questions from the Committee? [There was none.] I will now open the hearing on Assembly Bill 36.

Assembly Bill 36: Revises the Charter of the City of Reno. (BDR S-448)

Scott F. Gilles, Legislative Relations Program Manager, City of Reno:

I am here with the council members and city staff who were part of the last presentation. There is one member from the City of Reno Charter Committee, Chairman Andrew Diss, and other members arriving that can answer questions on the City of Reno Charter Committee's work and their recommendations.

I would like to begin with a brief background of the City of Reno Charter Committee and their work for the 79th Legislative Session. Their results from meetings culminated in Assembly Bill 36. I will not review each bill section because many of the sections are conforming changes. My intent is to provide an overview of the policy changes in the bill.

The City of Reno Charter Committee was established by Assembly Bill 9 of the 77th Session. The City of Reno Charter Committee is tasked with meeting prior to every legislative session and providing recommendations to the Reno City Charter. The City of Reno Charter Committee is composed of 13 members: Reno's 6 council members, the mayor, and 6 legislative appointments. The legislative appointments include two majority party members from each house and one minority party member from each house.

Prior to the 79th Legislative Session, the City of Reno Charter Committee met 11 times. On average, bimonthly meetings were held, each lasting two to three hours. Several joint meetings were held with Reno City Council to discuss the recommendations and potential changes to Reno's City Charter. City staff and department heads were part of the conversations, and a majority vote was held on the amendments. The Reno City Council accepted the bulk of the recommendations except for two, and I will review those later. The Reno City Council agreed to use one of its bill draft requests for A.B. 36.

The first proposed amendment concerns a ward-only voting system which involves sections 3, 9, and 13. Assembly Bill 36 will change the City of Reno's elections to the ward-only voting system whereby only residents of a ward can vote for a candidate in both the primary and general elections. The current system is referred to as a hybrid system. Council races are voted on by ward residents during the primary but all registered voters of Reno vote in the general elections.

The policy reason for requesting this change is to provide ward residents direct influence over their elected representative. The change will result in a better representation of the ward on the Reno City Council. The City of Reno and the Reno City Council both support this change.

The City of Sparks City Manager mentioned the Tucson case, *Public Integrity Alliance, Inc. v. City of Tucson*, [805 F.3d 876 (9th Cir. 2015)] in his presentation, and Reno is watching this case closely. Tucson uses a hybrid voting system, and the question of whether it was constitutional was heard in the U.S. Courts of Appeal for the Ninth Circuit. On September 2, 2016, the court held that hybrid voting is constitutional and that decision has been petitioned to the U.S. Supreme Court for review. Dates are not available for when the U.S. Supreme Court will rule. I am happy to work with the Committee's legal counsel and provide background material in these cases.

That litigation colored a lot of the decisions we had on this. It was ultimately a policy decision made by the City of Reno Charter Committee to bring forward this proposed amendment. The Reno Charter Committee felt ward-only voting was appropriate for Reno regardless of the litigation. To be clear this choice was made by the Reno Charter Committee and the Reno City Council. The change would take effect in any upcoming elections and special elections.

The second proposed amendment is to create a sixth ward and eliminate the Reno City Council's at-large position. The change would take effect for the 2024 election cycle and leave the mayor's seat as the only at-large member. Creating the six wards creates smaller geographical wards. The page I provided is an illustration of the City of Reno's wards. You can see they are a little unwieldy in some areas ([Exhibit F](#)).

There are two reasons for the 2024 implementation date. First, the Reno City Charter requires wards to be redrawn after a census—the next one will be in 2020. From the Reno Charter Committee's and the Reno City Council's perspective, it makes sense to wait until after 2020 because we are required to redraw the five wards then. If the bill passes, we can redraw six wards. Additionally, by having the sixth ward effective by the 2024 election, the at-large council member elected in 2020 can serve their full term.

The next amendment is a mandate for the Reno City Council to adopt an ordinance requiring council members to report campaign contributions in nonelection years. The ordinance will determine the frequency of reports. This is in addition to the five reports required over the course of a campaign year by the Legislature. In nonelection years, the council members would have more frequent reporting on contributions received throughout the year as opposed to one annual report. The reports would be filed with the Reno City Clerk's Office. These reports are in addition to the reports required by the state and filed with the Office of the Secretary of State.

The last set of amendments is to remove some potential ambiguities in the Reno City Charter. Section 1 of A.B. 36 clarifies the definition of an "appointive employee." The current

definition defined "appointive employee" in two sections with an "or" clause. There was confusion that this was creating two different standards for an appointive employee. Section 1.090, subsections 4 and 5 of the Reno City Charter, work together to create the definition of an "appointive employee."

Section 6 of A.B. 36 regards the City Manager's appointment authority. The 78th Legislative Session in 2015 codified changes in section 3.020, subsection 4 of the Reno City Charter. This listed four different appointive positions the City Manager could appoint. Section 1.090 of the Reno City Charter is a full list of officers the City Manager can appoint in addition to the appointive employees, and the limits placed on the City Manager.

Section 6 of A.B. 36 as it exists now creates some confusion in that there is a limited subset of employees and positions the City Manager can appoint. We thought it best to remove that language and clarify the City Manager's appointment authority dictated in section 1.090 of the Reno City Charter. Two exceptions are the City Manager and the City Clerk who are appointed by the Reno City Council, not the City Manager.

Section 7 of A.B. 36 clarifies the Reno City Council's limits when dealing with employees. They cannot appoint, suspend, or remove city employees with the exception of the City Clerk and the City Manager. The clarification is needed because it implies this limitation applies to the appointive employees who are a small subset of employees that work for the City of Reno. The limitation applies to all city employees with the exception of the City Manager and the City Clerk.

This section also reworks the language detailing how the Reno City Council shall deal with the City Manager and the subordinates of the City Manager. This section as written used the codified language, "appointive employees", which was a limited subset of the employees of the City of Reno. We wanted to clarify that it applies to all City of Reno employees.

The other sections in A.B. 36 are conforming changes to the policy changes I just discussed, and/or the changes phase in those policy changes over time. I was not planning on going over those sections today, but I am happy to answer any technical questions the Committee might have in those areas.

Assemblyman Carrillo:

Do you have any historical voting data categorized by ward as to how many are represented in each individual ward?

Scott Gilles:

I do not have that information here today. Are you looking for the number of votes cast within each ward?

Assemblyman Carrillo:

I am wondering if the City of Reno suspects some wards will be underrepresented at the polls based on the historical data.

Scott Gilles:

We do not have that concern currently, but I am happy to dig into the numbers of votes cast in the wards to see if it may be a problem going forward. When the wards are redrawn after the 2020 census, the hope is the population density will line up with each ward more accurately. I will follow up with you on this information.

Assemblyman Daly:

I want to clarify for the record that the City Manager is hired by the Reno City Council and runs the day-to-day operations, but the Reno City Council has the ultimate authority in the city.

Scott Gilles:

Correct. That is the way the City of Reno's governing structure is set up. The Reno City Council has the authority to hire and fire the City Manager. The City Manager is Reno's top executive who oversees staff and executes the Reno City Council's policies and strategies put forth.

Assemblyman Daly:

Will the new report be coordinated with the Office of the Secretary of State or submitted to the Reno City Clerk? Will it be available to the public?

Scott Gilles:

Yes, absolutely the reports will be available to the public. The current thought is the report will be filed with the Reno City Clerk. There were some discussions with the Office of the Secretary of State, but their technical infrastructure is not set up for submitting different reporting schedules from various jurisdictions. That would require a change in state law to mandate the Office of the Secretary of State to accept the reports and a full-on information technology project.

The report itself has been contemplated as a contributions-only disclosure. At the end of the year, council members would file their full contributions, and expenses report with the Office of the Secretary of State. Throughout the years of nonelection years, perhaps quarterly, contribution reports would be filed by council members.

Assemblyman Daly:

I wanted to clarify for the record that the Reno City Council and the mayor are nonpartisan, so every voter in the ward regardless of party affiliation is able to vote in the primary. Assuming the ward-only voting passes, if there are two candidates and one receives more than 50 percent in that race, there would be no need for a general election.

Scott Gilles:

That is correct. These are nonpartisan races, and any registered voter within that ward is able to vote in their race. One clarification about the general election is that the Reno City Charter requires the top two candidates move from the primary to the general election regardless of how many votes. I believe the City of Sparks discussed a bill on behalf of

Senator Ratti to award the race to the candidate that receives 50 percent plus one vote in the primary. Assembly Bill 36 does not bring up that change. Reno is one of the few nonpartisan council races that does not include that provision; two candidates will always move to the general election.

Assemblyman Ellison:

Looking at the colors of the chart, which district would be the new ward ([Exhibit E](#))? Is it the yellow at the top?

Scott Gilles:

At this point, we do not know how the wards will be reconfigured. There has been a lot of growth in the north and south of Reno, and those areas could be affected. I cannot tell you for sure that Ward 4, which is yellow, would be the ward that is split into a sixth ward. After the 2020 census data is available, we will look at the overall city and make a determination of where to redraw district boundaries. There are certain constitutional laws and parameters that apply to redistricting political subdivisions, and we have not had time to consider those.

Assemblywoman Neal:

Can you provide an example of section 7 of A.B. 36 and the cause for the changes to the language? Did something happen in regards to a misuse of authority?

Scott Gilles:

Absolutely not. There were no incidents of inappropriate behavior to prompt the language changes. The Reno Charter Committee reviewed these sections and realized the codified version released in mid-2016 had the term "appointive employee" in section 7 and it was defined specifically.

There are two types of appointive staff in the City of Reno. Appointive officers are listed by specific titles, and appointive employees are described by a category. There is a limit on the number of appointive employees, which is in the 38 range right now based on full-time employees. All the other city employees fall under civil service. The language that was codified in this section applied only to appointive employees, and it was not meant to be limited to that middle group of appointive employees as opposed to all city employees.

Assemblywoman Neal:

Did the appointive language change in the 78th Legislative Session in 2015 or the 77th Legislative Session in 2013?

Scott Gilles:

The Reno City Charter was changed in 2015 and 2013. This Committee has seen a lot of charter bills. The changes in 2015 were primarily related to employment status definitions, and the City Manager's flexibility and limitation on the number of appointive staff that can be hired as opposed to the hiring of civil service staff.

Chairman Flores:

Is there anyone wishing to speak in support of A.B. 36?

Andrew Diss, representing City of Reno Charter Committee:

I want to make it clear that this is a consensus bill. The Reno Charter Committee made several recommendations to the Reno City Council, and there was definitely a lot of give and take involved. The Reno City Council did not agree with all the proposed recommendations, but what is before you is a nice consensus bill.

During our meetings, we made a lot of recommendations centered around transparency. One of those is the campaign finance reporting on contributions. The system in Reno is based on the state's legislative system.

Our local government meets every two weeks, and the state legislative system does not line up with the system we use. We felt it was appropriate to have more frequent reporting in off years. Local government is voting on issues every two weeks, and it is important for the public to know where money is coming from in regards to campaigns.

There was another provision that was not included because the Reno City Council made it an ordinance. Reno does not have any type of lobbyist registration system. It was something Mayor Schieve felt strongly about. Prior city councils were not in favor, but since there has been some changes in membership, the Reno City Council opted to use some of the language formulated during our charter meetings and create an ordinance. The Reno City Council and the Reno Charter Committee have been good partners. As a result, we have been able to make this bill smaller for the Committee.

Holly Welborn, Policy Director, American Civil Liberties Union of Nevada:

This has been a long fight to move these hybrid systems to ward-only voting systems. Given the recent U.S. Supreme Court decision and circumstances that occurred in Sparks last election cycle, it is time to move to the ward-only voting system. We are specifically testifying in support of ward-only voting, and we are neutral to all the other provisions in this bill.

The current hybrid system undermines the fundamental principles of representative democracy, specifically the principle of one person, one vote. Those in favor of at-large or hybrid systems believe that certain areas of municipality deserve a greater voice in government because they have higher voter turnout. This is flawed and against constitutional principles. Imagine if we tried to apply that rationale to the Legislature, we would find ourselves with these larger areas, with pockets of Clark County having a larger voting voice if we were to take those elections statewide. That is not how our democracy functions. The *U.S. Constitution* is clear that representation must be based on population and not on voter turnout. Everyone has the same right to equal representation whether he or she votes or not.

Perhaps more pressing is that the hybrid, and at-large systems in many circumstances open themselves up to Section 2 violations under the Voting Rights Act of 1965. Specifically, Reno's Ward 3 is particularly susceptible. Currently, representative Oscar Delgado represents 60 percent of the minority population. Previously, the seat had been held consecutively for 12 years by a white woman, and the minority was not represented on the council. The City of Reno needs to look to Sparks Ward 1 race. I will be here next week for the Sparks City Charter. They are looking at a similar proposal because there are serious violations. A woman ran in the Sparks City Council Ward 1 race and won by 50 percent of the vote in the primary. She lost by less than 500 votes in the general election and faced a lot of discrimination at the door.

I bring that up because they are a neighboring municipality the City of Reno can look to or else they will be facing some serious violations in the future.

Stacey Shinn, Policy Director, Progressive Leadership Alliance of Nevada:

I am here in support of two of the provisions of A.B. 36. The first is the move to a ward-only voting system for the Reno City Council members in the general election. Second, I support creating a sixth ward instead of retaining the at-large seat. We have been involved in this fight for some time. We supported ward-only legislation in 2011 and again in 2013. We had two advisors on the Community Advisory Committee for Reno's ballot question. A citywide campaign creates economic disadvantages and racially inequitable challenges for candidates to win in citywide contests despite having strong support in their own neighborhoods and their own wards. For this reason, we have included ward-only legislation in our Racial Equity Report Card. We applaud the City of Reno for moving forward with these efforts and are excited that they have chosen to implement good democratic policy.

John Sande IV, Private Citizen, Reno, Nevada:

I am here in a personal capacity. I had the pleasure of serving on the Reno Charter Committee, and I would like to provide a flavor of what we did. There was a lot of lively discussions and some disagreements, but with the cooperation between Chairman Diss and others, we came up with a good set of policy proposals for your consideration. Also, I wanted to thank Mr. Gilles and the Reno City Clerk's office. They did a yeoman's job in keeping us organized and on task. As you can imagine, the Reno City Charter has a lot of aspects to it, but they kept us on topic and were able to create language that the city and the Reno City Council would support. Hopefully, the Committee will agree with our recommendations.

Chairman Flores:

Is there anyone wishing to speak in opposition of A.B. 36? [There was no one.] Is there anyone wishing to speak in the neutral position on A.B. 36?

Wayne Thorley, Deputy Secretary for Elections, Office of the Secretary of State:

I am here on behalf of Barbara Cegavske, the Secretary of State. I am here to specifically testify as neutral in the provisions that relate to the ward-only voting issue. Mr. Gilles did an excellent job of giving a summary of the legal landscape. He mentioned the Tucson case,

and based on the recent decision last December by the U.S. Courts of Appeal for the Ninth Circuit; it is the opinion of the Office of the Secretary of State the provisions of A.B. 36 related to ward-only voting is a policy decision. We are neutral in that respect. I am here to answer any questions you might have as to the impact ward-only voting might have on the Office of the Secretary of State.

Scott Gilles:

Thank you for the Committee's time to hear A.B. 36 and to hear the City of Reno's presentation. I will be following up to discuss this bill and our redevelopment bill Assembly Bill 80 with this Committee.

Chairman Flores:

I am closing the hearing on A.B. 36 and will open up for public comment. Is there anyone here wishing to speak for public comment? [There was no one.] This meeting is adjourned [at 10:57 a.m.].

RESPECTFULLY SUBMITTED:

Carol Myers
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chairman

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "City of Sparks," dated February 28, 2017, presented by Stephen W. Driscoll, City Manager, City of Sparks.

[Exhibit D](#) is a PowerPoint presentation titled "City of Reno," dated February 28, 2017, presented by Bill Thomas, Assistant City Manager, City of Reno.

[Exhibit E](#) is a document titled "City of Reno Annual Report 2017," submitted by Bill Thomas, Assistant City Manager, City of Reno.

[Exhibit F](#) is a document titled "AB 36 – Reno City Charter Bill," a proposed amendment to Assembly Bill 36 , presented by Bill Thomas, Assistant City Manager, City of Reno.