

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

**Eightieth Session
February 19, 2019**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 8:32 a.m. on Tuesday, February 19, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, 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/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chair
Assemblyman William McCurdy II, Vice Chair
Assemblyman Alex Assefa
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman Richard Carrillo
Assemblywoman Bea Duran
Assemblyman John Ellison
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Melissa Hardy
Assemblyman Glen Leavitt
Assemblywoman Susie Martinez
Assemblywoman Connie Munk

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Asher Killian, Committee Counsel
Connie Jo Smith, Committee Secretary
Trinity Thom, Committee Assistant

OTHERS PRESENT:

Dylan Shaver, Director of Policy and Strategy, City of Reno
Sabra Newby, City Manager, City of Reno
David Cochran, Fire Chief, Reno Fire Department
Javier Trujillo, Director, Government and Public Affairs, City of Henderson
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Michael Pelham, Director of Government and Community Affairs, Nevada Taxpayers Association
Mendy Elliott, representing Reno Sparks Chamber of Commerce
Brian Wachter, Senior Vice President, Retail Association of Nevada
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce
Chase Whittemore, representing Nevada Builders Alliance
Jenny Reese, representing Nevada Association of Realtors
Mike Brown, representing Truckee Meadows Fire Protection District
Jamie Rodriguez, Government Affairs Manager, Office of the County Manager, Washoe County
Dagny Stapleton, Executive Director, Nevada Association of Counties
Kathy Clewett, Legislative Liaison, City of Sparks

Chair Flores:

[Roll was taken. Committee rules and protocol were explained.] We are going to have a presentation and a bill hearing, and we are going to take it in that order, both by the City of Reno. Committee members, please refrain from asking any questions pertaining to the bill until we get to the bill hearing itself.

Dylan Shaver, Director of Policy and Strategy, City of Reno:

With me today is our city manager, Sabra Newby, who is going to tell you a little bit about what "The Biggest Little City" in Nevada has to offer.

Sabra Newby, City Manager, City of Reno:

It is a pleasure to be here with you today and talk about "The Biggest Little City." I have a three-part presentation to tell you the story of the City of Reno. First, I will tell you a little about the vibrant community that a quarter of a million Nevadans call home; second, about the responsive government that manages the services that we all need; and third, about the future that we all share and what we look forward to in the county.

Looking at Reno by the numbers [page 3, ([Exhibit C](#))]: the date of incorporation was 1903. We have a geographical area of 106 square miles. We are oriented long and skinny in our shape, which has its own unique challenges in terms of service provision. Our city population is now is 248,000, which is verging on the official category of a large city in the United States. It is the third-largest in Nevada. We are a full-service city. We provide both police and fire, and for that we have 14 fire stations, a police station, and a regional public safety training facility that we share with our other jurisdictions. In terms of education, although the City of Reno is not responsible for the education system, I have listed the number of schools just as a description for you. Parks and recreation [page 4] are very important to us. We have 87 city-maintained parks, 1,900 acres of open space, 8 community centers, and 4 public swimming pools. Outdoor activities are very important to the City of Reno residents. You can often see residents priding themselves on their great outdoor activities like running, biking, hiking, and skiing. It is something that we take very seriously and we find is an attraction for both residents and visitors in our area.

Another thing we find important to us and that we value very much is art and culture [page 5]. One of the things I have learned and has become special to me in being the City Manager of Reno, is just how much art and culture means to our City Council and how much they support those. We have a Reno Arts and Culture Commission that is made up of citizens who are various types of artists and architects that work with us on our offerings. If you have not been to Artown, it is really amazing. It is an entire month of arts and culture activities in July. Most are free to the public. We are also the home of the Nevada Museum of Art, which is a cultural hub in downtown Reno. If you go through downtown Reno, and I would invite you to do that, we have a number of murals and art installations that I think you will find really special, as our citizens do.

Reno also has a number of important sports teams that bring the community together, whether it be the Reno Aces, the 1868 Football Club soccer team, or the Barracuda Championship Golf Tournament. Bowling brings a number of conferences periodically, and who could forget the Nevada Wolf Pack, a nationally ranked basketball team [page 6].

Sustainability is also one of the things that the City of Reno and our City Council really supports. We are always interested in improving our efforts in that area. In August 2017 we accepted the U.S. Department of Energy's Better Buildings Challenge [page 7]. We have been working toward those goals to help reduce energy and water use in existing buildings by 20 percent in a ten-year period. It is something that we pride ourselves on and have put a lot of resources to. We submitted to the STAR Communities index as well to get a rating on the STAR index [page 8, ([Exhibit C](#))], which includes a lot of areas of sustainability, but also areas of arts and community health and safety provisions for seniors. We were frankly pretty surprised. We ranked really high for a city our size, at three stars out of five.

Let us go on to part two, our government, now that you know a little bit about our community. Our government structure, like most cities in Nevada, is a council-manager form of government [page 10]. We have a city charter in the *Nevada Revised Statutes* (NRS) that was adopted in 1971. Also, the City Council has a redevelopment agency for which they

act as the board. We have seven people on our council—a mayor and six council members. We are transitioning to a ward-representation system, which will be fully complete in 2024. You may have heard that we just received a new council person, and that at-large council person was named only last Friday. His name is Devon Reese.

Here is a listing of our municipal services [page 11]. I will not read through all of them for you, but these are some of the major areas of service provision that we have. As I mentioned, we are a full-service city, including both police services under the Reno Police Department and fire services.

Like all local governments, the Great Recession hit Nevada hard and Reno as well. You can see from this graph the dip and a bit of recovery [page 12]. We are now at about where we were back in fiscal year (FY) 2008, and we continue to look towards recovery. Our general fund revenue this year is \$189.6 million. You can see the breakdown of the sources of those funds [page 13]. Property taxes comprise only 27 percent, the largest group being consolidated tax distribution, followed by licenses, permits, and franchise fees.

As a source of revenue, property tax has seen a lot of movement and some responsive recovery coming out of the Great Recession [page 14, [Exhibit C](#)]. Although property taxes have grown significantly since the floor in 2014, the caps stopped or slowed that growth. Although it looks like today's property taxes are the same as in FY2010, if you adjust for inflation, they would be about \$9 million less than they were 10 years ago.

The general fund expenditures [page 15] track very similarly to the changes in our revenues. We have been growing tremendously over the last four years. We cut massively in 2013, about 10 percent, and we continue to look towards recovery going forward. Like most local governments, our budget is heavily rooted in personnel costs [page 16]. We are a service organization. We do not make widgets or sell shoes. We deliver service, and we do that through people. As you can see through the general fund expenditures graph, people comprise about 80 percent of our total budget. We have 1,175 employees right now, and about 1,080 are represented by some sort of collective bargaining unit.

One of our main goals has been to manage the bond debt [page 17]. There were a number of projects that were taken on in the 1990s and early 2000s in Reno, including the ReTRAC [Reno Transportation Rail Access Corridor] project. It was a project that took the trains which used to run through downtown and essentially undergrounded them or made them below street level to allow for better traffic and connectivity in downtown. All those functions of that project were bonded for. Other projects include the downtown Reno Ballroom and the Reno Events Center, as well as the National Bowling Stadium. Over the years, the City of Reno has been focused on reducing that bond debt and paying it down, more recently through restructuring some of that bond debt. There was an increase in 2018 primarily because we restructured a bond debt. My finance director, who has a much more sophisticated understanding of the bonds that we refinanced, is here. Essentially, we took a number of bonds that were structured such that we were not paying on them or could not pay sufficiently on them and rolled them into the base. You will see an increase there, but

overall it actually led to us being on a much more sound financial footing and getting larger increases in our bond ratings.

In property tax distribution [page 18], this is very similar to what you have seen from the other local governments. Cities, like the City of Reno, received 13 percent of the property tax distribution. Currently the abatement on the property taxes is worth about \$9.4 million annually. However, like all local governments, we continue to do more with less. That is our charge, and we do it pretty well. In terms of police [page 19], we have 1.3 officers per 1,000 residents. You will see it compared to a national average of 1.87. In fire protection, we have 0.87 personnel per 1,000 residents, compared to 1.28 as a national average; and in parks, we have one park per 2,860 residents, which is actually not too bad compared to the national average of 1 per 2,114 residents.

Let us talk about the future and what we are looking forward to. The City of Reno Strategic Vision that was established by the City Council several years before I came on board set out a number of strategic priorities including, as you can see on this page [page 21], vibrant neighborhoods and public places, well-managed growth, a thriving downtown and university district—we really pride ourselves on being a university town—a strong financial condition, and an efficient and dependable business environment. These are really the guiding principles that we use when we consider policies and procedures and new programs going forward. Our vision for ourselves, not just as a city government but as a community, really is that base of outdoor activities that I talked about before, that art and culture center, and becoming that university town, and technology center. These things are the vision that we seek to take into the future as we reenergize and rebrand and have a renaissance in Reno.

Late last year, our council sat down and looked at—more than strategic priorities—actual goals for this coming year. You will see on this page [page 23, ([Exhibit C](#))] the results of those activities. The overarching goals are providing public safety and financial stability and reducing our debt. However, there are more specific goals in our Tier 1 priorities and Tier 2 priorities. In Tier 1, priorities include identifying new revenues to pay for those services as we expand and grow, along with restructuring property tax. Other goals are affordable housing and homelessness. We are making great progress on that in a regional manner. The sewer plan is also really important. You would not think that a sewer provision would be the crux of what we need to do or one of our No. 1 goals. As it turns out, the growth in Reno and in some of our neighboring entities is hampered by the provision of sewer. We are hard at work on expanding our sewer capacity and sewer facilities; and where we put the effluent is also expanding as we think about that more completely.

In Tier 2, we are going through a zoning code update; streamlining planning and building is very important to us as we are going through this period of growth. We have a downtown action plan that also speaks to some of those goals, as well as improving the efficiency of our council meetings. As you all sit here, you probably have a good understanding of how great it can be when a meeting is run more efficiently and is run well, as this one is. We are working to get there too. Finally, the Truckee River is a real asset for us. Making that

a destination and improving services along that river is certainly a goal of our council. Mr. Shaver will talk about our legislative priorities.

Dylan Shaver:

The City of Reno gets two bill introductions of its own [page 24]. The first, Assembly Bill 4, has generated a little bit of a stir. It is not intended to do that. Under NRS Chapter 244, counties in this state have the authority to create a fire protection district. This takes that same authority and wraps it into NRS Chapter 268 so cities can do the same. Before everybody behind me starts throwing things, I would indicate that we do know that those two chapters do not translate directly into one another. Please be a little patient with us. We are heeding your concerns.

Senate Bill 25 is a technical bill. If you go back and look at the hearing for Senate Bill 176 of the 79th Session from last session, we saw then-Senator Ford who was asked if the bill was meant to imply certain things like training the officers how to use those body-worn cameras and using that funding, for example, to maintain the storage of that footage and honoring public record requests for that footage. He was asked about that and replied that yes, it should apply to that. We went to apply for some funds as a city to be reimbursed for some of those costs, and we were told the law does not allow it. We are looking to make a technical correction there. That bill is on the Senate side tomorrow. Hopefully, we will have that to you as soon as possible.

Senate Joint Resolution 14 of the 79th Session, allowing for property taxes depreciation to reset at a home's point of sale, is a vital issue for local governments across the state. We are funded primarily, whether it is a city or a county, through these property tax revenues. I am not ashamed to say that I live in an older home in a very nice neighborhood, and my property taxes are lower than somebody's whose home was just built, maybe 1,500 square feet on a tiny little lot. That depreciation is really hamstringing any local government's ability to provide services. We are keeping a close eye on that. We understand that property taxes are very complex and a difficult message to carry home to the electorate, but property taxes are very critical to the services that all of our constituents manage every single day.

In the City of Reno and across the state, affordable housing is an issue. We are in a special place in Reno. We are in such a special place that the supply of housing cannot keep up with the demand. This has caused home values to rise incredibly. We have done many things as a city to try to address that within the options in our toolbox—for example, using code enforcement to get into weekly motels and apartments and to make sure that living conditions are matching the rents some of these companies are trying to charge. Realistically, cities cannot do this alone. There are bills moving through the process right now that will allow the state and the Housing Division of the Department of Business and Industry more tools, and Senate Bill 103, which aims to give municipalities more tools as well, should enable us to provide the quality of life that our citizens insist upon, while at the same time making sure they have somewhere to live.

We have reached the conclusion of our presentation. If you have any questions, we are here—we have our fire chief here, we have our finance director here, and we have Ms. Newby, our city manager, who is a wealth of information.

Chair Flores:

Thank you for that presentation. We have a few questions.

Assemblywoman Bilbray-Axelrod:

Ms. Newby, we miss you in Clark County. Reno is lucky to have you. One of your tier priorities is homelessness. Many cities have struggled with this, so this is not an attack on Reno. I want to discuss Operation Downtown. How is that affecting your homelessness issue in the downtown area, including the gentrification? What are you doing, and what do you see in your long-term plan of the larger homelessness issue?

Sabra Newby:

We had a group with representatives from each jurisdiction: one from Sparks, one from Washoe County, and one from Reno. We recently expanded the membership of that to two representatives from each jurisdiction and created a new committee, which is the Community Homelessness Advisory Board (CHAB). We are really trying to attack this from a regional perspective. Although there is a lot of homelessness in the downtown area, there is also a lot of camping throughout the region and on the river. This group, with the two representatives from each jurisdiction, has been getting together. We applied for a grant from the U.S. Department of Housing and Urban Development (HUD) and are undergoing that study right now. We received \$100,000 from HUD to conduct a study on the provision of homeless services in Reno and the surrounding areas. We should receive that report back within the next couple of weeks. That report will go to CHAB for the recommendations.

We have also been working very closely with Washoe County regarding our homeless shelter. There is one shelter within Reno. Unlike southern Nevada, where you have service provision from multiple different nonprofits, in Reno there is one main shelter that was established and now serves all of the different populations. In this particular shelter, you have men, you have women, you have postpartum women, and you have families with children all in the same area. The idea is looking at best practices now to not have one hub with all of those populations mixed in together, but to separate those populations into service provisions and areas where they can be better served with services that are targeted towards them. I applaud Washoe County for taking the lead on that—on the women and children and some of the families and moving some of those service provisions in this coming year to the Northern Nevada Adult Mental Health Services campus. We are working with them in terms of funding to make that happen. We will then be looking at another contract for service provisions for men, likely going forward into this coming year. I know that is rather a lot; we are trying to sum it up. We have a funded report that we will be getting, and we will be looking at the recommendations coming out of that and working with our regional partners on those service provisions.

Assemblywoman Bilbray-Axelrod:

That is fascinating about the shelter. Can you tell me about the capacity of that shelter, and are you also sheltering victims of domestic violence in that shelter? I would imagine that you are, which is mind-blowing to think that you would have victims of domestic violence housed in the same area as possibly even the person who inflicted the domestic violence.

Sabra Newby:

Yes, there are victims of domestic violence in that particular shelter. We recognize that it is an issue because of that. As I recall, there were spaces for 60 women, about 200 men, and I forget how many families—I can get you all of that information. In particular, one of the issues is that there are families there with small children, and while the family area is delightful, it is problematic to sometimes have kids in the same area as registered sex offenders who are also homeless. These are things that we are working to do. At the time when the Community Assistance Center was established—it is currently operated by Volunteers of America as the contractor through the City of Reno but funded by all the jurisdictions—it was groundbreaking for this area to create a shelter to do all of these things. Since that time, though, we have learned more about better policy, and policies from HUD have changed since that time. We are working to change with the times. There are health services that are provided in that building by Community Health Alliance. There are a number of other services in there. It was conceived as a one-stop shop, and we are now rethinking that and to transform it into something that serves the community better.

Assemblyman Leavitt:

My question also revolves around the tier priorities. I see items B and C [Tier 1] on that page often working against each other [page 23, ([Exhibit C](#))]. As people are looking for affordable housing, they often have to look at older homes because those are the only homes which are both affordable and suitable for their needs. With a depreciation reset, those homes may become unattainable for them at that point. How are you dealing with the odds that might create between your two priorities? The property tax restructuring of that page is above the affordable housing in Tier 1. Are those tiered in order of importance, or are they in random order?

Sabra Newby:

The tier priorities are not in any particular order within Tier 1 and Tier 2. To your question about the affordable housing and the tax restructuring and depreciation, the City of Reno is a little bit unique in that some of the most desirable neighborhoods within the City of Reno with some of the higher prices are actually the older neighborhoods. If you look at the neighborhood that we call the Old Southwest in Reno, it is a beautiful neighborhood with a lot of older homes built in the '30s, '40s, and before then. It is not uncommon these days to see properties—and Zillow reminds me of these things as it likes to alert me whenever anything comes on sale—in that area under 2,000 square feet going for over \$600,000 because it is a desirable community. While I tend to agree with you that some of the older homes in Reno can be more affordable, for a good part of the city, that is the opposite. Because those homes are so old and yet valued so much, they are fully depreciated.

Assemblyman Leavitt:

We are not going to be seeing Senate Bill 25 in this Committee, so I am going to speak to it. Although your argument is probably a sound one, I think that property tax value increase would affect the wealthy neighborhoods and the lower-income neighborhoods alike, although someone who is willing to buy a \$600,000 home may be okay with paying a little more property tax because they are perhaps in a situation where they can afford to do so. If you are looking at a place in a lower-market neighborhood where there are older homes, although buyers can afford a \$150,000 house that would be previously valued at \$50,000, they are going to have to pay the \$150,000 tax bill. That could be prohibitive to some. Although your argument is sound, it affects that neighborhood and other neighborhoods alike. That is why I have a little bit of an issue with it, not knowing exactly the details of what you are proposing.

Dylan Shaver:

Assemblyman Leavitt, it is important for us to keep in mind that while Senate Bill 103 gives us an additional tool to increase the housing supply for affordable housing, it is geared more towards new development. The reality on the ground in the City of Reno is that we are down below three months of supply for the demand that we have right now. This continues to push prices up. What we are looking for is broader authority to approve new developments for affordable housing. Those developments, in being newly constructed, would not be depreciated at all; nevertheless, we as a city cannot go in and build the units ourselves. There has to be a developer who wants to build them. It is more about incentivizing folks who want to come in and help create that supply for us.

Chair Flores:

We are going to close out the presentation and talk about those bills later on. We will move on to the bill hearing on Assembly Bill 4.

**Assembly Bill 4: Authorizes cities to create a district for a city fire department.
(BDR 21-459)**

Dylan Shaver, Director of Policy and Strategy, City of Reno:

With me is Fire Chief David Cochran, who is here to talk about how Assembly Bill 4 is going to affect the fire department on the ground and give us a picture of what life is like at the Reno Fire Department. In my four weeks and two days, I have learned quite a bit about the City of Reno and the services we provide in "The Biggest Little City," but there is still a long way to go. For example, our Reno Fire Department is an all-risk fire department [page 2, (Exhibit D)] that responds to all kinds of emergencies and disasters. An interesting thing I learned about our fire department is that we have a unit dedicated to rescuing people from the river. Chief, will you talk more about what it means to be "all-risk" and the mission that you serve in the community?

David Cochran, Fire Chief, Reno Fire Department:

We are an all-risk department. When you call 9-1-1 and there is a problem, whether it is a hazmat issue, a water call, a fire call, medical emergency, automobile accident, or technical

rescue, we handle all of those. What I tell people is, when they call 9-1-1, they are going to get asked, police, medical, or fire? Police and medical are self-evident; if they do not know who to send, they send us. We need to be ready for everything, to mitigate whatever happens out there on the ground.

Dylan Shaver:

The Reno Fire Department is the largest and most active department in the region [page 3, ([Exhibit D](#))]. In 2017, from our latest report, it fielded more than 42,000 calls, which is a 12 percent increase from the year before. As we continue to respond to growth in the region, and as more and more people move to Reno, those numbers are only going to increase. To respond to all of those, the fire department is only operating at about 257 total personnel, 219 of whom are in emergency operations. When we put those numbers into some kind of context, those are the same staffing levels that our fire department saw in 1999 [page 4]. Somebody born in 1999 would be 20 years old right now. That person, now halfway through college, is seeing the same number of fire and emergency incident responders as they saw the day they were born. Meanwhile, over the course of that same 20 years, our call volume has increased by 300 percent. Obviously, the city has grown. The types of challenges that we face are growing with that. For example, in 2017, the Reno Fire Department responded to 43 rangeland fires in the region and 2 federally declared national disasters [page 5]. These are just new challenges. Whatever the reason, we are seeing that the climate is changing. We are seeing wildfires burn vast swaths of Nevada. We had one fire last summer that took out a land area roughly equivalent to the state of Rhode Island. These are serious challenges, and these are challenges for which every nearby agency is tasked to respond. There are new demands on our fire department, but again, no new revenues to support them.

David Cochran:

I just want to expand on some of the metrics that Dylan Shaver referred to. At that 42,000 call level—and I can speak to this directly, because 1999 was the year after I started; this basically brackets my career, from then until what we are talking about today—that represented 200 calls per firefighter in the Reno Fire Department. By contrast, the national average is about 125 calls per firefighter. New York City responds to about 120 calls per firefighter. As an example of how busy we are and how we are being taxed, I will reference back to Ms. Newby's metrics from the City of Reno presentation: we have 0.87 firefighters per thousand population; the national average is 1.28. It is fractionalized, but when you start running those out for a population of one quarter of a million people, it turns into a lot of firefighters. Again, we have embraced the attitude of doing more with less, but the demand on us is stretching our resources thinner and thinner. We have a lot of significant infill development that is coming on, and we have a lot of significant development that is being proposed or on the drawing board in the periphery. StoneGate is in the north extremes of Reno with 5,000 new residential units. We have similar projects coming on to the west and to the southeast, so the increase in population is going to enhance the demand on our services. We are going to be stretched geographically, again, with the same number of firefighters—the same number of personnel, essentially—that we had in 1999.

Let me update a couple of numbers: 42,000 calls, that was a record high in 2017. Last year, within a few hundred, we hit the same number. Service levels are not going away. We went to more wildfires this year, 54 wildfires in 7 states. Fire service is a system, not one jurisdiction. Napa, California, could never have handled the situation they were faced with this past year alone. Here in our backyard, in Carson City, the Waterfall Fire drew a lot of resources from out of the area. We need to be prepared as best we can to serve our community, but we are going to be receiving demand from all over the West, if not the nation.

Dylan Shaver:

In looking to solve these problems, we are up against Nevada's property tax system. As it stands, residents in Washoe County pay the legal cap of \$3.64 and a voter-approved burden on top of the cap takes it to \$3.66. We are constrained both in our ability to bring in new revenue and constitutionally. Simply operating in the state of Nevada, you are all very familiar with the constraints placed on government in this state to bring in new revenue. As it stands, the City of Reno gets about 95 cents of our \$3.66 out of the property tax formula. Washoe County gets \$1.37, but Washoe County has the ability to take a region of the county and create a special fire protection district. All the counties have the option to do this. There are many fire protection districts across Nevada.

If you live in unincorporated Washoe County, you are not in Incline Village, you are not in Reno, you are not in Sparks; you are assessed a fee of 54 cents to be in the Truckee Meadows Fire Protection District. To put that in context, for the City of Reno to operate the entire government—police, fire, parks and recreation, public works, the sewer system, whatever else—the property tax is 95 cents. Clearly, as a city, we cannot dedicate that chunk of our budget to our fire district. What we look at moving forward is, Do we have the tools we need as a government to make sure our citizens get the protection that they deserve? We will get into the bill here in a second, but I want to say from the get-go, no part of this bill raises taxes, and if approved, remember, we are in Reno and in Washoe County and we are already at the \$3.64 cap. So if this passes, this is not a solution on the table for us today. Our city council does not desire to implement a fire protection district today. What we are thinking about is tomorrow. The city is growing. It is growing quickly, and there are factors outside of our control that are helping spur that growth.

This body, along with former Governor Sandoval, approved the economic development incentives that brought Tesla and other really exciting technology companies to our region. Reno is feeling the brunt of that. We are lucky to be such a special community where so many people want to be, but the reality is we have problems with affordable housing and things like that. We have to expand the city, we have to build new housing, we have to create new service territory for firefighters and for Chief Cochran here. The challenge that I have gotten from Chief Cochran is he gets very frustrated when he has to do that and expand the geographic territory and the number of homes and people that we are serving without the resources he needs to operate a fire department. Just for the record, this bill does not allow us to raise taxes right away because we are already up against the cap. There would have to be a negotiation down the line, something would have to drop off, whether it

is a library bond or something like that, which would then enable a future city council to do this. It is a tool in their toolbox but, unfortunately, it is a tool in their toolbox where the package is very difficult to open.

In drafting this bill, A.B. 4 takes that language in *Nevada Revised Statutes* (NRS) Chapter 244 that applies to the counties and transports it, perhaps inelegantly, into NRS Chapter 268, which deals with incorporated cities. We are looking for that authority. That authority already exists in Nevada law, so when creating this bill, we said, "Just do the same thing for the city." Cities and counties are governed a little differently, and we acknowledge that, so in the transporting of that language there are some complications that arose. For example, in section 4, we say: "The governing body of a city which creates a district . . . may: 1. Levy a tax for the support of the district and for the payment of the interest and principal . . . incurred for its buildings . . . on all property within the boundaries of the district."

That is really meant to be property taxes. That is how fire protection districts work. Again, that is not new language, nor is it novel under this act, nor are we seeking a taxing authority to address all property. We just took the existing language and moved it into NRS Chapter 244. We are solely looking at property taxes. That is how fire protection districts work and that is existing language.

There were other complications that arose; for example, if part of the city were to de-incorporate, section 3, subsection 2, says they would remain in the fire protection district. Obviously, that is not legally tenable. We would pull out that provision. Just moving this from NRS Chapter 244 to NRS Chapter 268, there were things that arose and were brought to our attention after the hearing was scheduled so we do not have an amendment for you today, but these are concepts that we are interested in moving forward with.

This is about making sure that in the future, our city council and our firefighters would have the ability to serve our citizens as best as possible. We want to ensure that the level of safety our citizens deserve and expect from us can be maintained. You have seen here the challenges that Chief Cochran and our district are working with—major existential challenges to the region—and the tripling of the call volume that he has been able to manage for two decades with the same number of resources. That only works for so long. As the city continues to grow, we want to make sure we have something to supplement those efforts in creating a fire protection district within the city boundaries and ensure that the department has the resources it needs. That concludes my presentation.

Assemblyman Carrillo:

Does the city have a formula for backing out of the current general fund taxes utilized to provide fire department services if they become a fire district with their own taxing authority?

Dylan Shaver:

If I understood your question, would we trade a fire protection district and then back that money out of the general fund that was awarded by the fire protection district and then give it to some other program?

Assemblyman Carrillo:

You are becoming your own fully functioning fire district. As such, you are not getting money from the general fund. Is there a formula you have to back out of that process?

Dylan Shaver:

It would not be our intent to separate the fire district from the general fund and, in fact, if you see the numbers we are talking about in the fire protection districts that are operating as their own entities—Incline, Truckee Meadows—their assessments are 65 and 55 cents, respectively. In operating under the cap, we may be able to get 3 cents or 4 cents somewhere. We would have to continue on with the general fund balance for the fire department.

Assemblyman Carrillo:

As the annexation occurs, does the city feel that they will be able to better serve future annexations if they become a fire district? If so, why?

Dylan Shaver:

Absolutely we would be better served if we were to put these new developments within a fire district. There are a couple of reasons: the largest is one of ramp-up. When new developments reach a certain critical point—and Chief, you could talk more about this—while we have infield development, many of these new developments are going to be far away from our urban core. We have 14 fire stations across the valley. Some of these are so remote that we have to provide a fire station for them. They are paying property taxes and things like that already, but as you know, that money comes in slowly. Putting a new development area in a fire protection district allows us to do that a little more quickly—maybe bond for the construction for new fire stations and staff personnel there as the community grows, rather than waiting until there is a problem and realizing that we need something out there after something potentially disastrous has occurred.

Assemblyman Carrillo:

Regarding the City of Reno, the bill does not mention Reno and there are no population caps. Could this bill be possibly utilized for the City of Henderson? They have growing pains as well. Of course, this is not specific to Reno because it does not give us a population range from 100,000 up to 700,000. Are you working with the City of Henderson, larger cities, and even smaller cities for that matter since there is no population cap of any type?

Dylan Shaver:

We have had discussions within the Nevada League of Cities and with some of the larger municipalities about this bill. The way the bill is drafted, this tool would be available to them. Keep in mind that just as we are up against the cap, our two urban counties are already

up against the cap, so they would also have a need to find cap space to do something like this. It is also worth noting that this bill does not automatically create a fire protection district within a city. The city councils that are elected by the voters in those districts would have to affirmatively set this up, and they respond to the same electoral pressures as any other elected official in that regard.

David Cochran:

Speaking about those outlying areas, I mentioned the geographical strains that are being put on the department. The threshold is about 1,700 homes that we look at when we say we need a fire station out there. Otherwise, it is outside of our acceptable response boundaries. The developments we are looking at—except for that infill, and there is some significant infill—are all outside what I would consider acceptable response times. Having the tools to address those needs would be vital.

Assemblywoman Bilbray-Axelrod:

When you look at the increase in call volume since 1999, 300 percent, it is important to realize that cell phone usage has also increased exponentially in that time. I would imagine many of these, especially when you are talking about wildfires and things like that, are duplicate calls on the same fire. Would that be fair to say?

David Cochran:

Those are all independent, discreet calls. Those are incident numbers, not calls reported.

Assemblywoman Bilbray-Axelrod:

Thank you for that clarification. If this bill is passed and you create this special district, could this be used for anything else other than a fire department?

Dylan Shaver:

By our read of the bill and with our intent of the bill, absolutely not. The funds would have to stay within—they are raised within whatever that fire district is and they must be spent on that fire district.

Assemblywoman Bilbray-Axelrod:

To be clear, how is the fire department in Reno currently funded?

Dylan Shaver:

The fire department is funded primarily via City of Reno general funds, which come in one of two big chunks. The first is the consolidated tax, which is six discreet taxes that are all rolled together. When you look at those six discreet taxes, then the much larger chunk is the property taxes that we collect. The city's piece of that property tax is about 95 cents. Beyond that, fees are charged for certain inspections and things like that, which the Chief will get into.

David Cochran:

A small amount of our budget is accounted for through inspection fees for our fire prevention bureau, inspection planner view, permitting fees, and that sort of thing. We are always active in the grant community; we pursue grants primarily for equipment. We have not recently applied for a grant for personnel; that is probably 1 percent to 2 percent of our budget.

Assemblywoman Gorelow:

As the city expands, what do the developers pay towards fire and other services?

David Cochran:

We are very active in communicating with the developers to get them to contribute their fair share, if I may phrase it that way. It is a very broad term. There has to be a connection, a nexus to the impact they are having on our community and what we are asking of them. Not to be flip or cavalier about it, but my communication with them is typically along the lines of, We are asking you for a capital improvement. It might be a fire engine or something along those lines, but it is one time. You make that one-time contribution and we are deeming that good in terms of what you are contributing to the fire service. But we have 14 fire stations open. When they are staffed with four people—and we have some staffed with more, some less—which is our standard, it costs \$1.8 million per year to operate. The developer contributions, while fair, pale in comparison to the obligation of the city.

Assemblyman Assefa:

How do you designate an area within the city fire protection district? What causes a geographical area to be designated as such? How do you assure residents that the city funds received in this manner would only be applied to the fire department?

David Cochran:

We generally refer to them as districts, not to be confused with a fire protection district. I will say District 1, but that is a geographical designation within the City of Reno where Station 1 responds to. They cover District 1, and that has simply evolved over time. We have that benchmark of six minutes or less. We want to get to every call within that response time. That is the metric we use, and it puts a strain on us when we start looking at expanding outside the core into these peripheral developments. Eventually you are going to hit a breakover point at which even though the station is within a six-minute response time, the call volume is too high. I will go back to District 1 because that is our downtown district. We have three units: an engine, a ladder truck, and a rescue that operate in that unit, and they are maxed out. In the past they have been in the top five busiest stations in the nation. At some point, even within that response time zone, you are going to need more personnel, and that is something that evolved over time. As we experience that demand, we try to increase our level of service correspondingly.

Dylan Shaver:

The answer to part two, how do we ensure that the citizens within that district have the money spent within their district? As I mentioned earlier, first and foremost, our city council is elected by those voters, so they have a direct incentive to do that. The bill requires it.

Section 4, subsection 2, requires the funds we bring in to be kept in a separate account. Those funds are only spent within the boundaries of that district. If there is a particular region or particular area that the fire department and our city council deems as a fire protection district, those resources are generated within that district and they must stay within that district.

Assemblyman Assefa:

In section 4, I did not see language assuring residents of your city that the applicability of those funds is exclusively for the purposes of the fire district.

Assemblyman Hafen:

I wanted to touch on what Assemblywoman Gorelow mentioned in the developer contributions and how those worked. Are those a set impact fee or are they negotiated on a case-by-case basis?

David Cochran:

We do not have impact fees in Reno. We have not imposed those. It has been a topic of conversation over the past few years. Currently, as defined by NRS, we do not have impact fees. The developer contributions are negotiated on a case-by-case basis. That is why there is that floating nexus between what their impact is and what they contribute. Obviously, 5,000 homes are going to have a much bigger impact than 1,200 homes.

Assemblyman Hafen:

I know that part of the cost is the new fire stations and fully equipping them. Has the City of Reno considered implementing an impact fee so those new developments on a per-home basis are paying for those additional capital improvements? I am trying to figure out where growth should be paying for itself. If there are additional fire stations that are needed, then those should be paid for through an impact fee, a development agreement, or other developer contributions. I am curious whether the city has looked at implementing that in any way, shape, or form.

David Cochran:

Yes, we have had those discussions. The challenge for us with impact fees is that they are only available in the area in which they are collected. Impact fees throughout the city need to be spent equitably throughout the city. They are only available for capital improvements. We can build a station with them, but we cannot pay for personnel with them. We cannot pay for equipment with them. There are other options that have also been discussed, and I want to make clear that I know these options have been discussed, but I am not committing the city in any particular direction. Special assessment districts have also been considered. Yes, those conversations have been ongoing and as Dylan Shaver referred to, I think those are potential tools; this is another tool. We are trying to pursue every available alternative.

Assemblyman Leavitt:

You said you cannot respond outside of the current geographical districts that exist today, is that correct?

David Cochran:

We can and do respond beyond those districts, but it is not within our target response times. For example, at the StoneGate development near Cold Springs, the northern boundary of Reno depending on where you are measuring, it is 9 to 12 minutes beyond our farthest northern fire station. If there is a call out there, we will respond. However, with the exception of a few scattered homes, there is not enough of a community to trigger the need or the justification to build a brand-new fire station to cover that area. As the City of Reno expands, if that development comes in, the demand is going to increase to the point where we are at the 1,700-home threshold and need a fire station out there in order to meet that six-minute target for response times.

Assemblyman Leavitt:

Under your current contract, there are no mutual aid issues that you have. If you have any, how does what you are describing affect your relationships with neighboring cities and counties? How is that reconciled?

David Cochran:

We do have mutual aid agreements with all of our neighboring fire departments, extending to Carson City, even to Douglas County. We have agreements with the federal partners: the Bureau of Land Management within the U.S. Department of the Interior and the Division of Forestry within the State Department of Conservation and Natural Resources—those types of groups. There are two issues that would impact those responses. If it is big enough, we are going to ask for mutual aid. For a significant wildfire, flooding, or those types of things, we will enlist the assistance of our neighboring departments, just as they will ask for us. We get called more than we call.

In terms of responding to Reno serving Reno, we have a labor group with an exclusive right to serve. They cooperate in the provision of service through mutual aid agreements. The other thing we have with the county—and we are essentially surrounded by the county except to the east where we border on Sparks—is we have an automatic aid agreement with the county to respond automatically to any fire.

Let me touch on the difference between automatic and mutual aid: a mutual aid is where there needs to be a request. The Reno Fire Department needs to say, We have this incident happening, and we are requesting aid from the county to assist with that incident. Automatic is just what the name suggests. We do not have to request; they come automatically. In some of those geographic areas we identified, they respond automatically to fires in those areas. There is a reflex time in terms of response. It is not as efficient because we are on different systems, but there is an agreement that is in place. As the City of Reno grows, relying on mutual or automatic aid to serve Reno is going to do a disservice to our city because we are obligated to provide that service, and that is where the need for stations and people comes in.

Dylan Shaver:

I believe also that automatic and mutual aid agreements are no substitute for providing the services that our citizens need, and I think we have representatives here from the Truckee Meadows Fire Protection District and Washoe County who, if we started to rely on them to be a fire service provider for our own neighborhoods, would perhaps object, but I cannot speak for them.

Assemblyman Assefa:

On the automatic and mutually agreed responses, if a county responds to incidents within your city bounds, do you reimburse them in any way for their services?

David Cochran:

Out of the eight automatic aid agreements, no, unless it goes beyond 12 hours; the same with the mutual aid. Depending on the agreement, because we have different agreements with the state and the federal government, it may be 12 or 24 hours, but for the kinds of incidents we are talking about, typically we just call it a wash. We do not try to do the math. We respond to them for free; they respond to us for free unless it breaks that threshold.

Assemblyman Hafen:

Why has the city not hired additional firefighters since 1999? It is my understanding that the city has annexed a large number of acres and expanded the city, so I would assume that as the city expands, the fire department should expand. It does not look like that has occurred. Is there a reason why the city has not hired additional firefighters?

David Cochran:

There is a kind of roller-coaster history that is the answer to that question. That was the staffing level in 1999. In 2000 under a contract for service, we called it a consolidation. It was not a true consolidation with the county, and that number spiked greatly because we were serving the City of Reno and Washoe County in conjunction with the Truckee Meadows Fire Department. The City of Reno administered that service and received payment from the county for doing so. Whatever euphemism you want to use, call it a breakup, in 2012 we deconsolidated. That caused a dramatic decrease in our staffing level, and put it below what it was in 1999. We have been working to rebuild that. A lot of the issues we have discussed here today have been the impediment to building that service level back to where it needs to be and should be.

Assemblyman Hafen:

I am still slightly confused as to why the city has not tried to expand to accommodate the additional land. I see the need. You are growing rapidly, and I just do not think the numbers that are presented are sufficient for the area that you are serving. With 42,000 calls—that is a lot of calls on a per-fireman basis. I would like to see those levels increase in trying to understand why they are at the 1999 level.

David Cochran:

It is a citywide problem, and we are not the only city or even county that has experienced the same challenges in Nevada because, as City Manager Newby demonstrated in her presentation, our police levels are down, fire levels are down, and parks levels are down. We are working as a city to add all those positions, and that is one of the challenges with a general-funded city—you have that flexibility—but you have to decide where you are going to put a limited resource. We have built back some; we are just not back to where we need to be.

Assemblyman McCurdy:

What are some of the ideal areas for this fire protection district? Once I get the response to that, I have two follow-up questions.

David Cochran:

The short answer is citywide. An overlay on the city would be the most effective, equitable application of this provision for this proposed bill.

Assemblyman McCurdy:

So there will not be a specific interest in areas that have high calls that are far out of your response area. Will there be an interest towards looking at those areas, as opposed to just a blanketed district?

David Cochran:

A great question. It leads into something I would like to talk about. I mentioned earlier the fact that the fire service is a system. While we may have geographic challenges to the north and to the southeast, we have call volume challenges downtown. Those challenges expand throughout the city. In fact, there is a ripple effect. You may have seen in the news a number of significant fires lately, but that is not unusual. We have a lot of fires in Reno, and when we send a lot of resources—for example, to south Reno for an apartment fire—we need to backfill and redistribute our resources throughout the city. A significant call in the south has a ripple effect in terms of coverage to the north. That is why I said the overlay would affect and benefit the entire city by handling it that way.

Dylan Shaver:

The fire chief has to look at protecting the entire city; that is his charge. That is what he does. Ultimately, though, this would be a decision in the hands of our city council. While the chief may have a recommendation, and our city manager may have a recommendation, ultimately, as municipal employees, we are reminded that is not up to us at the end of the day. Should the council see a budgetary need in a particular area and not in another, they could do that. As I said at the start of this presentation, without the flexibility and the property tax generally, there would not be a current plan to do any of this. While we understand that our needs are citywide, it would be a little reckless to speculate what that future city council would actually do. It will depend on what the political pressures are at the time, what the fire pressures are at the time. Mendy Elliott is in the audience, and she is

a very proud resident of ours. They could decide to put a fire protection district just over her home.

Assemblyman McCurdy:

In closing, have there been boundaries discussed with members of the council by either yourself or the chief regarding high-target areas, in the high-need, high-risk areas?

Dylan Shaver:

In conferring for a moment with Chief Cochran, not any that we have been involved with. Perhaps council members have their own ideas, but we did not approach this with a particular fire district in mind. What we approached it with was a tool for the day that we need it. That could look like anything on that day.

David Cochran:

We have the tools in place. We have been very aggressive and progressive in terms of data management. We can identify through heat maps and other tools where those applications might be best served, if and when we have those conversations with the council. Dylan Shaver is absolutely right. It is up to them. I can provide a recommendation or a thought, but we have the tools in place to let them make the best decision possible.

Assemblyman McCurdy:

As you know, we are all just trying to make sure we help you and make sure we protect our residents.

Assemblyman Ellison:

We had a memorandum of understanding about four or five years ago where we made an agreement between the county and the city. Is that still in place?

David Cochran:

I remember talking with you about that in 2015. Even though that legislation did sunset after two years, we have continued to extend the agreement that we have reached, and it is still in place today.

Assemblyman Ellison:

I think that was very important because of prior history. Mr. Shaver, you said that you exceeded the \$3.64 tax cap and then got a 2-cent override, correct?

Dylan Shaver:

Yes, that was a voter override approved by the residents of Washoe County, though I am at a loss as to what it was for. That went in front of the voters and they agreed to it.

Chair Flores:

We will close the questions. Committee members, I appreciate the vetting process and the thoughtful questions. Is there anyone here in support of this bill?

Javier Trujillo, Director, Government and Public Affairs, City of Henderson:

We are in support of the concept being raised. We believe that we share many of the same challenges in Henderson that are being faced in Reno. We are scheduled to have a presentation before you, I believe next week.

The City of Henderson has grown tremendously over the last 10 to 20 years as many of you are probably aware. Five hundred to 800 residents move into the City of Henderson on a monthly basis. Many of our older areas in Henderson are becoming more difficult for our fire department to provide service to. We have been looking for additional options to include in our tool box to be able to do that. I believe this vehicle is one that we should look at. We are certainly open to working with the City of Reno and all stakeholders to come up with language that makes sense and to be able to provide that service to our fire department personnel. I know we have spent many years and many legislative sessions working on hiring more police officers, who provide a vital service to our constituents. We feel the same way for our firefighters, who provide that same level of service to our community. We would certainly appreciate the opportunity to work with your Committee, Chair Flores, the City of Reno, and all stakeholders to come up with some language that could make this possible.

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:

We, too, support this bill. We think it is important that our cities have as many tools as they can to provide the necessary services for their citizens. Fire protection is one of the most important services that cities provide. This follows a theme that you will be hearing a lot this year: when a county and a city are providing certain services, they should have the same types of authority to do so. We fully support this bill.

Chair Flores:

Is there anyone else wishing to speak in support? [There was no one.] Is there anyone opposed?

Michael Pelham, Director of Government and Community Affairs, Nevada Taxpayers Association:

I am here today to express our opposition to Assembly Bill 4. At this moment, there are too many concerns with this bill to even offer an amendment. Essentially, the bill allows the city to level a tax for a service that residents of the city expect the city to provide in the first place. Residents already pay taxes for fire services, and this is just another way to double tax for that service. This bill gives local governments the ability to level a tax on any property, so this is not limited to real property. It could also be personal property, and it is unclear whether that includes raising an existing tax, creating a new tax, or some combination of both.

It is also unclear if it is only on real property. If they do go to personal property, they could possibly set a sales tax at 50 percent. Chances are that will not happen, but the bill allows that to happen.

Finally, we are concerned with the parameters of the bill that just are not strict enough. There is no cap on the maximum amount that whatever they are going to levy is capped at. It is also worth noting that the City of Reno is at the property tax cap.

Mendy Elliott, representing Reno Sparks Chamber of Commerce:

The Reno Sparks Chamber of Commerce is opposed to A.B. 4 in its current form. The Chamber spent a lot of time creating a public policy platform that supports a strong, sustainable economy, which must be supported by a stable, broad-based, and equitable tax system. As such, the Chamber of Commerce is supporting property and sales tax reform. I want to repeat that: we are supporting a property and sales tax reform.

Assembly Bill 4 would enable a new tax by legislative mandate. I discussed with Mr. Shaver that we have some issues and have offered to participate in a working group if the Chair so desires. We are in support of Senate Joint Resolution 14 of the 79th Session. We are going to work hand in hand, which would create new revenue sources for the city and county as property taxes are reset at the time of sales. Not that we think this is a premature bill, but we think that S.J.R. 14 of the 79th Session, although it will not be the entire solution to an issue of a growing community, is certainly a positive solution. We think that would provide time. Once that bill is passed by the voters, we will work with the cities, counties, the Economic Development Authority of Western Nevada, and all the other organizations within our community to help support that legislation.

Brian Wachter, Senior Vice President, Retail Association of Nevada:

I echo the previous two speakers, but I wanted to address a question from the representative from District 6, when he was talking about how these individual geographic locations are going to be chosen. There is nothing in the bill that would prohibit the city from making the district the entire city boundaries. I think, traditionally, this is a method that counties have used in order to utilize fire services that are outside the traditional area of service. I think there is a difference between a county and a city and how they both receive revenue, the distributions each has for revenue, and where it goes. To be able to take something that we allow counties to do now and apply it to the cities without thinking through why—in particular, counties have that ability and cities do not—I think limits our discussion here. We are very concerned that this would be used to create a district that was citywide and would allow money to be used in that direction. That is a concern we have, as well as the concern on the individual logistics for the tax. We, too, have told the city that we are willing to work with them to see if we can find a solution, and that is at your pleasure, Chair Flores.

Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce:

The Chamber spoke with the bill's sponsor. We appreciate his willingness to work with the business community addressing our concerns. Specifically from the Chamber of Commerce, our concerns are embedded in sections 3.2 and 4.1. Also, you heard some conversations about the boundaries and what the impact may look like. The Chamber has some general concerns regarding section 4, subsection 1, about how the processes work and the mechanics. Over the years, this body has delegated specific taxing authority to the counties and cities

through specific mechanisms. That is a conversation we will continue to have with the bill's sponsor about possible amendments. The Chamber has supported initiatives in the past, such as the "More Cops" tax, but that has been a delegated responsibility from this body to local government, and those are the conversations we will continue to have with the bill's sponsor.

Chase Whittemore, representing Nevada Builders Alliance:

We also share similar concerns as the previous testifiers.

Jenny Reese, representing Nevada Association of Realtors:

We would also like to echo the concerns we have with A.B. 4.

Chair Flores:

Is there anyone else wishing to come up in opposition? Seeing no one, is there anyone wishing to testify in the neutral position?

Mike Brown, representing Truckee Meadows Fire Protection District:

I appreciate the questions from the panel and all the information that was provided by the City of Reno. There are still some vague areas, and I believe work needs to be done on this bill. We are willing to come forward and work in any sessions that may come up to ensure we can get comfortable for what could potentially take place with the City of Reno becoming a fire district. I have been in public safety for the past 37 years, and this is the first time we have thought outside the box. I have to say that the arena to think outside the box to become a city fire district, this is new with areas that we have not had to go into before. I am sure there will be a lot more questions on this and how this will be managed, and also how it will be received from the different jurisdictions that partner with these agencies. The Truckee Meadows Fire Protection District is neutral on this.

Jamie Rodriguez, Government Affairs Manager, Office of the County Manager, Washoe County:

We also appreciate the presentation and some of the clarifications that were put on the record, both through questions from the Committee as well as the bill sponsors. It was mentioned that we are already at the property tax cap, and that currently counties receive a higher rate for those property taxes, but I would also remind the Committee that we have a number of regional services that we as counties are responsible for and cities are not. We believe that if the city wanted to divert current property tax funds to support fire services, that is an authority already granted to cities; the same if they wanted to assess specific fees.

We have some questions as to what the purpose of the bill is. We understand the intent of the bill is to better fund fire service for the city and budgeting for that fire service. We definitely appreciate that. There are currently three models for fire districts within NRS, and we wonder why the bill removes separations that exist within those current models of fire districts. We believe those separations are extremely important for the creation of a fire district and that taxing authority. We would support a mirrored model to what counties have, and we are happy to work with the city in trying to find a more appropriate model to follow.

We appreciate the clarification that section 3, subsection 2 was not intended to allow for de-annexed land to stay within the city fire district; that is a concern for the county, and we appreciate that being clarified. Again, we understand the intent of the bill; however, we wanted to put these questions on the record and are happy to work with the city to address those concerns.

Dagny Stapleton, Executive Director, Nevada Association of Counties:

We are also neutral, but we wanted to put some questions on the record. We reached out to the sponsor as well. From the county perspective, fire districts provide a regional service to generally large areas of unincorporated counties and many rural areas. These are areas that, prior to the creation of fire districts, generally would not have had fire service and would only have had that service provided by volunteers. From the county perspective, that is the purpose.

In reading the bill, the language does not mirror the county authority, so we have some questions. We appreciate the sponsor putting some of that on the record—that they are willing to clarify and work on that more—because we would like to see more specifics and details in terms of how this would work and whether it would affect existing county fire districts.

Kathy Clewett, Legislative Liaison, City of Sparks:

I am here neutral, and we are always in support of enabling legislation. We are happy that the City of Reno brought this forward because we are dealing with the same challenges when we have large swaths of land that are currently within the city's sphere that are now being developed. Frankly, we do not have the money to put up a fire station or police station. However, we are worried about some of the devils in the details on how this would interact with current property tax and how things like that would be rectified. We look forward to working with Mr. Shaver on this. We are sister cities, the city to the east of Reno, and we complement each other. We help each other when it comes to all emergency services. I look forward to sharing some of those things with you on Friday when we present our city.

Chair Flores:

Is there anyone else wishing to testify in the neutral position? Seeing no one, if the bill sponsors would come back to the table. There were a few questions that were asked at the end. I do not know if you could address some of those now.

Dylan Shaver:

We acknowledge there are some technical questions to work out. To some of the concerns that were brought up: the language on taxation and the speculation of a 50 percent tax on sales or anything like that, I do not know if I need to honor that with a response. Fire protection districts are funded with property taxes—that is what NRS Chapter 244 authorizes. That has been in current law for about 30 years or so. That is exactly the same taxation language in section 4, so there is no new authority created by this bill. Taxes are capped legally at 3.64 percent of each \$100 of valuation, and constitutionally at 5 percent should you ever change your mind as to what those limits may be. There are questions we

cannot respond to—technical issues with regard to the various tiers of a fire protection district that we can leave to Chief Cochran.

It is important to remember that we are dealing with an urban issue. While we are trying to port over county authority, we are doing it for a different reason and to achieve a different aim. Unlike counties, we do not have massive swaths of uninhabited land that we are dealing with. We are dealing with the challenges posed which are specific to a burgeoning city. The question at hand is how are we going to prepare ourselves moving forward. We absolutely do have the authority to take some of our property tax dollars and reallocate them through the city's normal budgeting process. That is absolutely the case. The problem is, when we have a city that relies on 95 cents of that and a neighboring fire district relies on 54 cents, if we try to match those levels, we would of course be stripping services from the rest of our city. While it is a legal option for us and is something we could do, it is not something that would allow us to continue to serve our residents in the way that they deserve or the way that they are interested in. At the very least, I think at this point you are very familiar with the conflict between police and fire. If we were to move 54 cents and the police demanded the same thing, we are suddenly at 15 cents over what we can ever collect in the first place. We are trying to address a problem that is slightly different.

As to some of the other specifics, Chief Cochran, do you have anything you would like to respond to or would like to add?

David Cochran:

I would echo some of Dylan Shaver's comments in that there is nothing nefarious or end around that we are trying to suggest or imply. We are trying to mirror what is done in the counties to, hopefully, enhance our fire protection in the city. I was pleased to hear a lot of the comments about being willing to work with us. We are more than willing to address these nuances—probably victims of the law of unintended consequences, some of the language that was in the initial draft—maybe we can amend some of those to address the concerns.

Chair Flores:

We have a follow-up question.

Assemblyman Assefa:

Maybe I am not reading it clearly, but you just stated that in section 4, there is a limit on the tax. When I read it, I do not see a limit at all on the tax. It just states that you can levy a tax. Could you please clarify in section 4 where you stated that there was a cap and guide me to see where that is?

Dylan Shaver:

I cannot cite it chapter and verse but perhaps Mr. Killian or Mr. McDonald would be able to assist me. The cap on property taxes in the state of Nevada is in current Nevada law. It is not contained in this bill. It is at \$3.64.

Asher Killian, Committee Counsel:

I think you are looking at NRS 361.453; that is where the \$3.64 ad valorem tax cap is in NRS right now.

Chair Flores:

Thank you for addressing some of the concerns that were raised. I know that your work with the different stakeholders is to find some middle ground; I believe it is there. It is more of a clarification type of approach than anything else.

I will ask that when you have the stakeholder meetings that you please invite Vice Chair McCurdy and Assemblyman Hafen to those meetings so that they can work together. It is not a subcommittee or anything like that. I just wanted to make that clear. This is just a stakeholder meeting. I would like for them to be involved so that they can let the Committee know how things are moving along. For those of you who testified in opposition, thank you. For those of you who addressed a specific section you are against, that makes it a lot easier for us to know exactly what you are talking about. For those of you who said ditto, thank you for not prolonging and saying the same exact thing over and over. We appreciate that, and we look forward to the Committee operating in that way. When you come up in opposition, if you address a specific section that makes it a lot easier for us to know exactly what you are talking about. Those who testified in the neutral position and asked questions, saying, We just need clarification on that, that is also very helpful to us.

We will close the hearing. Is there anyone here for public comment? [There was no one.] Committee members, before we adjourn, I want to give you some good news. Our agenda has changed from our original intent. I think there is no need for us to start at 8:30. We anticipate that will be a rather short meeting, so we will return at 9 a.m. to this room.

This meeting is adjourned [at 10:15 a.m.].

RESPECTFULLY SUBMITTED:

Connie Jo Smith
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chair

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 Reno," dated February 19, 2019, presented by Sabra Newby, City Manager, City of Reno.

[Exhibit D](#) is a copy of a PowerPoint presentation titled "Assembly Bill 4, Fire Protection Districts," dated February 19, 2019, presented by David Cochran, Fire Chief, Reno Fire Department, City of Reno, and by Dylan Shaver, Director of Policy and Strategy, City of Reno.