

**BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY, NEVADA**

TUESDAY

1:00 P.M.

JANUARY 26, 2018

PRESENT:

Marsha Berkgigler, Chair
Kitty Jung, Vice Chair
Bob Lucey, Commissioner*
Vaughn Hartung, Commissioner

Nancy Parent, County Clerk
John Slaughter, County Manager
Paul Lipparelli, Legal Counsel

ABSENT:

Jeanne Herman, Commissioner

The Washoe County Board of Commissioners convened at 1:11 p.m. in special session at the Reno Town Mall, 4001 S. Virginia Street, Reno Sparks Convention and Visitors Authority Administrative Offices/Board Room, Reno, Nevada. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

18-0092 **AGENDA ITEM 3** Public Comment.

Mr. William T. Steward stated public safety was the most paramount service provided by Washoe County. He stressed the importance of an automatic vehicle location system and urged the Board to continue discussions with the Cities of Reno and Sparks as well as with the airport. He said there needed to be a single point answering system for dispatch to avoid the degradation of services.

18-0093 **AGENDA ITEM 4** Discussion of the FY16-18 Washoe County Strategic Plan including but not limited to:

- Discussion on vision and regional leadership
- Identification of emerging regional trends, opportunities and challenges
- Presentation of regional priorities
- Initial discussion of possible FY19 Goals
- Discussion of the FY18 Budget and outlook for FY19

Chair Berkgigler noted it was an important year during which the Board intended to complete the regional master plan which was required by Nevada Revised Statute. She stressed the importance of working with regional partners equitably and of the Washoe County Economic Development and Conservation Act. She announced there was a lands bill for Pershing County which included the first environmentally-protected

area in northern Nevada under the current administration, and she was curious whether it would be approved. She mentioned working with regional partners to address the growth of the community and tackling regional issues like dispatch and Automatic Vehicle Location (AVL). She pointed out the County's partners included the Washoe County School District (WCSD), the airport, and other municipal governments. She noted the Board would discuss what regional leadership meant to the Commissioners and suggested they could work together to address issues specific to each Commission District.

County Manager John Slaughter introduced Ms. Erica Olson from OnStrategy who would facilitate the meeting. He agreed with Chair Berkbigler's observation that it was an important year and said County staff was up to the challenge.

Ms. Olsen conducted a PowerPoint presentation, a copy of which was placed on file with the Clerk, and reviewed slides with the following titles: Setting the Stage; Discussion Flow; Discussion Guidelines; and Strategic Direction. She explained emerging issues were those that primarily came up through Commissioner requests. She noted the strategic goal teams would provide short updates on their forecast for existing County goals. She added that was discussed extensively in July and it was not her intent to redo that work. She said the discussions could provide the opportunity to bring new priorities to the surface. She mentioned Assistant County Manager Christine Vuletich would provide an overview of the budget before the Board decided whether to add any new priorities. She noted the Commissioners could provide direction as to how much time to allocate for certain discussions.

Ms. Olsen reviewed the materials provided to the Board and the supporting visuals that were hung on the walls, pictures of which were placed on file with the Clerk. Among the visuals were the strategic goals for the current fiscal year and the supporting initiatives that were being worked on by cross-functional goal teams. She stated the PowerPoint presentation was the core content material through which they would work during the meeting. She remarked the additional materials provided were merely drafts and their purpose was to initiate discussion. She commented they would take feedback from anyone in the room who wished to speak. She underscored the importance of the County's decision to have six or fewer goals.

Mr. Slaughter commented regional planning and cooperation were themes that continued to come up during discussions with Commissioners and staff. He was interested in hearing each Commissioner's thoughts about what regional leadership meant for Washoe County. Ms. Olsen added after discussing regional expectations they would discuss how the Board felt the County was doing with those goals. The Commissioners would give their opinions first and then she would open it up to others in the room.

Chair Berkbigler felt regional leadership involved assisting their partners and she provided an example of all agencies being engineers driving a train. She said the County as the regional government had a responsibility to work with their partners.

Commissioner Hartung remarked it was Washoe County's position to lead the discussion on the sustainability of the region. He noted when growth began to plateau the County would need to examine its regional model because it was responsible for the detention facility, wildland fires, and a wastewater utility. He said a regional model worked more efficiently and added it would be the County's biggest downfall if they did not consider wastewater from a regional perspective. He listed the health department, human services, and homelessness as areas where he felt the County should lead the conversation. He emphasized the importance of strong infrastructure to maintain the County as a hub of the western region.

Commissioner Jung remarked since the County represented all residents in Washoe County and not just those in the cities, it was the County's job to ensure all voices were heard. She mentioned homelessness was being addressed by many entities with different perspectives but there was no regional repository. She felt the County should take charge of the homelessness issue in the entire region. She requested bringing in a man who helped a town in Arizona predict what resources an expanding town would need to advise the Board. She indicated regional planning could be at the helm of determining the needs of both old and new residents. She wondered how to keep the region's economy from busting, noting there was no safety net for the County itself. She wanted to restore the parks department to the level it was at before the cuts made during the past recession as well as to work to protect the County in the next recession.

Mr. Slaughter noted the County performed many roles and stressed the importance of the County helping others understand the specific task they were executing at any given time. He reiterated the Commissioners should be aware they represented and were responsible for the entire population of Washoe County, even when they were concentrating on a specific population or geographic area.

Ms. Olsen invited to the podium anyone in the room who wished to speak.

***1:38 p.m. Commissioner Lucey arrived.**

Chair Berkbigler summarized the discussion and prompted Commissioner Lucey to provide his input. Commissioner Lucey recalled one of the messages emphasized at a recent Economic Development Authority of Western Nevada meeting was how far the region had grown in the prior six years. He stated homelessness, water, utilities, roads, and the policies of the multiple municipalities were all regional challenges the County faced. He opined addressing those concerns regionally would be beneficial.

Commissioner Lucey pointed out Nevada was able to acquire funding for many projects when Senator Harry Reid was the Senate majority leader. Without that visibility or senior leadership, the County had to go through the same requesting process as other entities. He noted Nevada's tax structure incentivized people to move to the area but it limited local governments' ability to excel. He commented it would take a concerted effort by all municipalities to fund projects spurred by the exponential growth in the region. He brought up Commissioner Jung's suggestion of driving the creation of a

regional plan for homelessness through the Western Nevada Development District (WNDD). He stated issues such as police service, dispatch, fire service, human services, and the court system should all be addressed regionally, adding that each entity trying to solve problems alone never proved beneficial for anyone, especially citizens.

Commissioner Lucey said the Sheriff's Office (SO), the Coroner's Office, District Courts, and the District Attorney's (DA) Office all contended with the opioid issue, though the County was most impacted by the issue. He felt the County should work with the Cities of Reno and Sparks to address the matter. He indicated the County would be more efficient with tax dollars if it could regionalize strategically. He mentioned many citizens in the northern part of the County did not have access to County services and it was the County's job to solve that problem. He felt the answer was not raising taxes but finding efficiencies in the current system.

Chair Berkbigler reiterated the importance of sustainability, which would protect the County from losing staff in times of economic downturn. She felt local government needed to take responsibility for homelessness and agreed the County should have discussions with Reno and Sparks about the opioid crisis. She highlighted the need for infrastructure, including transportation services, as vital to the community.

Commissioner Lucey mentioned the economy of the region was based on tourism and said when discussing the annexation of County lands into the municipalities the County needed to take a leadership role with issues such as roads, schools, and water. He mentioned the County did not discuss stormwater and wastewater at a County level; those issues were handled by the municipalities and the South Truckee Meadows Water Reclamation Facility (STMWRF). He wondered why the County was not involved in those conversations, given that tourism was a major factor in the region. He brought up challenges with roads in the unincorporated County that were owned by private citizens and said it would take policy direction and flexibility by the Board to fulfill their responsibilities to those citizens. He suggested requiring the City of Reno to adhere to County standards with lands they annexed or the County would take them back.

Chair Berkbigler and the Commissioners recognized some of the regional partners that were present at the meeting.

Commissioner Hartung stated the economy had been based on housing and contrasted it with the economy of New York City, which was a high-rise economy based on tearing things down and rebuilding. He stressed the importance of having discussions with the municipalities and Storey County regarding growth and developing symbiotic relationships.

Chair Berkbigler wondered how the County could participate in the development of better workforce housing.

Assistant County Manager Dave Solaro pointed out leadership sometimes involved knowing which role to assume and said staff struggled with trying to do too

many things. He appreciated the Board's recognition that the County should not be driving regional economic development. He added it would help staff to know areas in which the County would be staying more on the sidelines.

Assistant County Manager Christine Vuletich highlighted the theme of sustainability and said they would address that more from a resource point of view later in the discussion.

Assistant County Manager Kate Thomas noted she recently attended a meeting of the three regional partners to discuss homelessness and said a number of groups were trying to fill the role of leader in the discussion. She agreed with Mr. Solaro's point that leadership was defined not necessarily by who took the lead on an issue but by recognizing who should be involved in that issue.

Ms. Olsen said one goal for the day was to determine where the County should expend more effort and where it should stay more on the sidelines. She summarized some of the suggestions made by the Commissioners.

Commissioner Jung noted she and the District Health Officer were appointed to the Governor's statewide task force regarding the opioid epidemic. She added this was unrelated to the lawsuits against the pharmaceutical industry; it was about getting people help.

When prompted for additional input, Mr. William Steward said groups working together did a better job than those working separately. He said public safety was important to him especially given the growth in the area. He suggested having a monthly fire meeting with fire agencies from the Truckee Meadows Fire Protection District, the Cities of Reno and Sparks, North Lake Tahoe, and the Airport Authority. He suggested ways in which they could work together, including buying equipment together, working on dispatch, and utilizing AVL.

Ms. Olsen referenced the regional priorities infographic and pointed out the agencies with which the County held regional priorities were in bold. The graphic showed where there were shared themes, where the County had priorities that they were working on alone, and where other jurisdictions had priorities not shared by the County. She noted the County sponsored putting the chart together. Mr. Slaughter added he wanted to put something together like that for years and felt it would be a great resource. Commissioner Jung praised the chart and said it would help all regional partners.

Ms. Olsen mentioned there were many projects and plans in motion within the various departments that were not memorialized on any specific plan. She planned to send out a revised draft after some of the elements were shifted around. She reviewed the different groupings of categories, clarifying that smart growth was more than just land planning. She pointed out the County did not focus on arts and culture or workforce development and education, but it was the only jurisdiction that prioritized marijuana.

She said every jurisdiction had employee-engagement goals that were not listed on the chart due to size and readability concerns.

Commissioner Hartung stated a regional stormwater utility should be considered as a resource and cited counties in Arizona as examples of using it as such. He remarked flooding needed to be considered not only near the river but it should be managed from a regional perspective.

Commissioner Lucey questioned why the County's goal was merely to sustain a healthy community when they could be leaders amongst governments. He felt the County should be more aggressive in finding innovative ways to move forward and thought the County could develop new ways to reutilize water within closed basins. He asked why the County did not have a regional fire board and why the coroner was not involved in discussions about regional safety. He commented how the region had a tier 1 university and said he felt the County's priority should shift from sustaining to innovating. He wanted agencies at the state and federal level to ask Washoe County how it was doing things, noting the County led the charge in both marijuana and human services.

Commissioner Jung affirmed Washoe County was the first in the state to develop recreational marijuana code amendments. While she felt the topic of a fire board should be considered, she noted there was an emergency management services advisory board comprised of fire chiefs, the Regional Emergency Medical Services Authority, and the Health District Officer. She suggested someone at the County could update other jurisdiction's elected officials about achievements and some of the issues that were discussed. She acknowledged AVL was challenging due to boundaries and politics but stressed victims who needed help did not care about jurisdictions. She emphasized the importance of AVL because people's lives depended on it and said it had been discussed and reviewed for more than ten years. She suggested vetting candidates to make sure they would work with the County.

Commissioner Hartung maintained the County needed to work regionally on issues like the jail because they were not sustainable from a tax perspective. He said everything one entity did affected other entities. Regarding wastewater he said STMWRF was nearly at capacity. He noted Reno depended on Washoe County to handle the wastewater that would be created by their proposed StoneGate development. He listed other organizations that worked well on a regional level.

Ms. Olsen emphasized she wanted direction from the Commissioners about areas they wanted to focus on. She stated the emerging issues listed in the presentation stemmed from Commissioner requests.

Mr. Solaro reviewed the slide entitled Emerging Issues and stated the Board remained consistent in its desires. Ms. Olsen responded they could spend the rest of the meeting discussing fiscal equity but encouraged the Board to move the meeting

along. Ms. Olsen displayed slides with the following titles: Regional Services Definitions and Funding Summary.

Ms. Vuletich reviewed the two handouts listing County services, copies of which were placed on file with the Clerk. The one with the green header illustrated services provided by the County to all residents regardless of whether they lived within either city's limits. She explained program revenues included service charges paid by users of those services. She indicated the handout with the blue header listed regional services and she reviewed the definition of a regional service. She noted in some circumstances regional services were provided through interlocal agreements and in other circumstances partners paid the County for those services.

Mr. Slaughter pointed out not all County services were represented on the charts. The numbers listed showed the current cost of the programs, not how much each program should cost. Ms. Olsen said the data was to inform the Board so they could give direction about where they wanted to go regarding fiscal equity.

Commissioner Lucey stated it was apparent looking at the charts how much Washoe County provided in regards to fiscal equity. He expressed frustration about criticisms regarding entities not receiving enough value for the services provided by the County.

Commissioner Jung suggested releasing this information to the regional partners through the communications department after it was more thoroughly vetted for any possible corrections or additions. Mr. Slaughter agreed and reiterated the charts were meant as a starting point for discussions.

Chair Berkbigler stressed the importance of not delaying discussions since fiscal equity was key for the County for regional growth and cooperation. She wanted to have a strategy in place before the next County retreat.

Ms. Olsen reviewed the slide entitled FY18 County Goals and the process by which the strategic objective teams would present their updates and make requests to the Board. She clarified the point was not to present these for approval as the initiatives were already underway. She reminded the Board to keep in mind the potential for possible shifts or changes to strategic objectives. Mr. Slaughter added staff was nervous about some of the answers they might receive regarding their requests but encouraged honest conversation.

Communications Director Nancy Leuenhagen reviewed slides with the following titles: Unified Team; FY18-19 Focus; and Ask of the BCC. She indicated her strategic plan committee was made up of a cross-section of the entire County and participation had increased over the prior year. She felt it was important to incorporate input from the courts, the DA, the SO, and the committee itself into the new employee orientation program and she hoped to provide something to Human Resources by year's end. She offered to coordinate with each Commissioner a time to attend one of the

committee's monthly meetings and said attending would give them a broader sense of what the group was doing.

Commissioner Lucey mentioned he was with this project since it started and he praised the work they had done. He observed things had changed for the better because of the ability of people to identify commonalities amongst the different departments. He said the orientation program would give new employees the sense of being a part of something bigger than just their own departments. He urged the Commissioners to participate in a meeting to see how engaged all departments were with the program.

Director of Human Services Amber Howell reviewed slides with the following titles: Vulnerable Populations; FY18-19 Focus; and Ask of the BCC. She pointed out the objective had changed from focusing on seniors to all vulnerable populations. She noted while housing options for vulnerable populations increased, the challenges were becoming more urgent every day. She mentioned there were delays getting children who had experienced sexual abuse into counseling so they implemented an initiative for child mental health services. She confirmed Washoe County was taking a leadership role in addressing the issue of homelessness. Among the additions to senior programming were an increased focus on meals, social engagement, and Alzheimer's and dementia work. She noted she had significant support from the Board and listed programs that had opened over the prior year: Sober 24, the Temporary Assistance to Displaced Seniors program, a new family engagement center, and a new child welfare family Crossroads center. These sites and programs were implemented to address the problems of homelessness and substance abuse while keeping families together.

Commissioner Hartung praised the Crossroads and Sober 24 programs and wished to see comparable programs in the City of Sparks.

Chair Berkbigler thanked Ms. Howell for her work in Incline Village as that was an important community from a tax perspective. She voiced her appreciation for the work done with seniors but expressed concern that the objective was not being driven by the appointed Commissioner as closely as it should be. She noted Commissioner Lucey asked to be appointed to the objective, which Ms. Howell accepted.

Commissioner Lucey said the combination of all vulnerable citizens into one group impacted the courts and many other departments. He listed several things that were crucial to helping vulnerable populations including infrastructure, the building of a community center in Incline Village, and the Business Improvement District in the downtown region. He said he had the skillset to help staff moving forward.

Commissioner Jung commented it would be important to have the Human Services Agency educate all first responders, including those from fire agencies and the SO, about best practices. She claimed most 911 calls were for mental health.

Division Director of Planning and Building Mojra Hauenstein and Mr. Solaro reviewed slides with the following titles: Economic Impacts; FY18-19 Focus; and Ask of the BCC. In reference to revising fee structures, she noted they were starting with the Community Services Department and would proceed with the rest of the County to reconcile what they were charging versus what they could charge. She mentioned the Gerlach Economic Development Plan was a smaller-scale version of what they were trying to achieve. She said the desire to merge the Economic Impact objective with the Infrastructure goal was spurred by the fact they were always discussed together; merging the goals would streamline the process.

Mr. Solaro admitted the committee's request of the Board was difficult, but it would facilitate staff's ability to be stewards of the neighborhood regarding the master plan and area plan. He emphasized staff spent a great deal of time and energy on master plans and their effects on regional entities. He remarked many projects found their way to the BCC because citizens simply did not want them in their backyard, making it difficult for the County to fulfill its job of trying to grow appropriately and sustainably.

Chair Berkbigler praised merging the infrastructure and economic impact objectives because they were essentially the same. While she thought the request was reasonable, she expressed concern that customer service was no longer a top priority and felt that needed to be reconsidered.

Commissioner Hartung stated the public did not want to see their open space disappear even if proper findings were made for a development. He pointed out open space was always someone's private property and they had the right under code to develop that property. He disagreed with the current belief that something was not allowable if the code did not specifically address it. He felt there should be a process by which the BCC could decide whether something should be an allowed use. He provided two examples of a bale house and a solar farm. He posed that housing developments and the planning process would be different in the 21st century than they were previously. He suggested the County needed to incentivize certain things and felt homeowner's associations should maintain open spaces. Ms. Olsen responded this could be revisited when discussing priorities in 2019.

Commissioner Hartung wondered how to ensure projects moved through the system quickly. He thought it was important to recognize the needs of economic growth in the future and to get to a place where people saw change as a good thing.

Commissioner Jung stated she did not believe in developing residential housing in the unincorporated County as it contributed to sprawl. She suggested hiring someone to ensure developers met every condition imposed on them. Mr. Solaro responded engineering and building staff made sure all requirements were met and he would make it a priority to share the relevant reports with the BCC.

Ms. Olsen said the question remained whether the Economic Impact and Infrastructure objectives should be combined.

Division Director of Engineering and Capital Projects Dwayne Smith reviewed the second request on this topic. He stated he would divide infrastructure into two categories. He indicated existing infrastructure, that which was constructed by and operated by the County, was financially difficult to maintain. New infrastructure, that which was built by new development, was added to County inventory and maintained as such. He noted the more rural areas of Washoe County were becoming more urban and it was a challenge to upgrade existing infrastructure to meet new demands. While the County put conditions on new development and they had some ability to address issues with regional roads, he noted there were gaps in the system. He mentioned the County had difficulty addressing certain roadways that did not qualify as regional roads, and in situations where two developers had a shared floodplain. He reviewed the slide entitled Ask of the BCC and requested direction from the BCC on how to incorporate the infrastructure element into the economic impact goal.

Prompted by Commissioner Hartung's query, Mr. Smith clarified the gaps he mentioned were in off-site areas between where two different entities operated. He stated the County could condition developers to make improvements in their plans but there were areas with no planned development. Commissioner Hartung asked whether the request was for the Board to allow development agreements with a greater ability to condition impacts farther out than the proposed project. Mr. Smith responded he wanted to develop the process to consider the infrastructure gaps, which could result in changes to the development code.

Commissioner Hartung said the issue of wastewater was not handled on a regional basis and he expressed concern that some collector roads in areas of new development were not properly sized. He urged discussions about a regional wastewater facility and felt the Truckee Meadows Water Authority should control all aspects of water regionally. He expected that would be a 10 to 20-year goal. When asked by Ms. Olsen for clarification, Commissioner Hartung explained the County should lead the conversation regionally about utilizing water in a circular economy.

Commissioner Lucey added most development that began in the County was acquired by the municipalities, so setting regional standards would eliminate the issue of infrastructure needing to be added later. Commissioner Hartung agreed and reiterated the importance of moving to a recycled water system.

Chair Berkgler agreed with the requests but said the BCC needed staff to guide them since they usually led the Board in the correct direction. Mr. Solaro pointed out this item did not involve only Washoe County but other partners as well.

Ms. Olsen confirmed the Board's direction was to lead the conversation around stormwater and wastewater, and they also agreed to combine the objectives of Infrastructure and Economic Impacts.

3:17 p.m. The Board recessed.

3:31 p.m. The Board reconvened with Commissioner Lucey not absent.

Management Analyst Sarah Tone and Mr. Solaro reviewed slides with the following titles: Marijuana; FY18-19 Focus; and Ask of the BCC. Ms. Tone mentioned there were forty divisions participating in the program and much progress had been made since their August update. She anticipated bringing regulations to the Board on March 27 which would reflect the State's regulation process. Delays were caused because the County was waiting on the State as they developed their codes. Another project the team worked on was determining how income would be taken in and distributed. Mr. Solaro reviewed the requests being made of the Board.

Commissioner Jung disagreed with prior direction that the County should not look into marijuana lounges. She had been asked by many casino and hotel operators to provide lounges for their guests and mentioned casino operators were concerned about losing their gaming licenses. She said it was the County's responsibility to be responsive to the tourism industry and she did not want to wait until the 2019 legislative session.

Mr. Solaro responded the County launched a survey on January 25 to obtain public opinion about lounges, adding they neglected to do this when medical marijuana was discussed. He noted the survey was on the Ask Washoe website and it was sent to the community, the industry, and to regional partners. He indicated he would send a copy to Commissioner Jung.

Commissioner Jung felt another voter initiative was unnecessary because voters passed it at the polls. She expressed interest in becoming more engaged with the strategic objective team.

Commissioner Hartung expressed concern with intoxicated drivers, saying casinos had alcohol-awareness programs that allowed them to make decisions about serving intoxicated patrons. He claimed there was no way to determine someone's impairment level with marijuana and traces of it could stay in the system for days. Commissioner Jung remarked that would be up to law enforcement, a point Commissioner Hartung disagreed with. Commissioner Jung directed staff to address lounges before the 2019 Legislature. Mr. Solaro confirmed those topics were being addressed by the marijuana team as part of the process.

Ms. Olsen suggested keeping this as a goal until the rest of the policy items were put into regulation and became operational. Chair Berkbigler agreed and said it was an emerging industry that could be impacted by decisions made on a federal level.

County Grants Administrator Gabrielle Enfield reviewed slides with the following titles: Employee Engagement; FY18-19 Focus; and Ask of the BCC. She explained the Washoe Leadership Program was established the prior January and they were working to build a foundation for future sustainability. She went over the five

committees of the Washoe Leadership Program: giving and volunteering, employee communication, employee events, recognition, and training, learning and leadership. The focus of the proposed customer service committee would be identifying what customer service was.

Ms. Enfield requested Commissioners increase participation at events like the employee picnic and training events, as well to be more involved with the new customer service committee. When asked by Commissioner Jung if employees wanted the Commissioners present at those events, Ms. Enfield answered they would get more feedback from employees about the programs but she stated employees liked to see Commissioners participate in the activities. Commissioner Jung said she would attend more events.

Chair Berkbigler suggested reassigning Commissioners to the newly-structured objectives. After some discussion, it was determined Commissioner Hartung would helm the joint economic impact and infrastructure objective, Commissioner Jung would stay with the marijuana team, Commissioner Lucey would head vulnerable populations, and Chair Berkbigler would take over the unified team objective. Ms. Olsen stated she would discuss the reassignments offline with Commissioner Herman and noted Mr. Slaughter was the sponsor of the employee engagement objective. Chair Berkbigler offered her assistance on the customer service objective.

Ms. Vuletich reviewed slides with the following titles: Financial Overview and Preliminary FY 19 Budget Outlook; Agenda; FY 2017 Financial Results; General Fund FY 2017 Financial Results; General Fund History; General Fund Changes in Fund Balance; FY 2018 Mid-Year Budget Review; General Fund FY 18 Budget (2 slides); General Fund Mid-Year FY 2018; FY 2019 Preliminary Budget Outlook; Preliminary Budget Trends for FY 19; and Recommendations.

Ms. Vuletich explained the ending fund balance of \$52 million was 16 percent of expenditures, which was within County policy. She noted the County had more revenue than expenditures from 2013 to 2016, enabling them to add to their savings. She added an entity could spend their savings if it was for a good reason but it was not sustainable to do so every year. She clarified the \$4 million shortfall for 2017 did not include the money owed to AT&T. She explained services and supplies included utilities, contracted services, and small equipment.

Ms. Vuletich indicated the County was more optimistic at the start of the fiscal year, but now their status was guarded despite the improvement of the regional economy and a lower unemployment rate. Revenues were just not growing as quickly as costs. She explained the property tax revenue cap was calculated taking into account the consumer price index (CPI) and rolling averages of assessed values. In the past the cap had been at 2.5 percent but she expected it to be at 3 percent for FY 2018. She mentioned the stabilization account was for emergencies but it was currently at zero. She added they submitted reimbursement requests with the Federal Emergency Management Authority

but acknowledged those funds could take a while. Ms. Vuletich stated departments should still make their needs known but she stressed those needs might not get funded.

Budget Manager Lori Cooke reviewed slides with the following titles: Preliminary FY 19 Budget; General Fund Long-term Trend; Revenue Trends; Property Tax; Consolidated Tax; FTE's vs. Population History; Known Cost Increases; Legislative Impacts & Emerging Issues; Capital Needs; Summary; Budget Timeline & Next Steps; and Questions.

Ms. Cooke explained the base budget was comprised of current funds plus approved obligations such as cost of living adjustments (COLAs) and changes to health insurance. She indicated the biggest component of the expenditures was personnel costs while the biggest factor in the revenue was the consolidated tax (C-tax) refund to AT&T. She said the five-year forecast was based on known COLAs, expected growth, market factors, and educated guesses. Assuming a one-time C-tax refund, the budget was not expected to be positive until 2022. Regarding taxable sales she said there was not enough information to make an accurate projection due to the delay in the distribution of the C-tax; forecasting would be more accurate closer to the end of the year.

Ms. Vuletich revealed staff asked the State for a three-year payback period for the \$4.6 million refund but she was not optimistic the County would receive that. While the County could be approved for an 18-month payback period, they forecasted the budget as if they would have to repay it within 12 months. If the County was approved for a longer payback period, they would adjust the projections.

Ms. Cooke stated property tax revenue was the largest source for the general fund. She explained the general tax was collected from things such as rentals and non-residential areas. The general tax cap could be as high as 8 percent but because it was set by doubling the CPI, it was estimated to be 4.2 percent. She mentioned a Request for Proposal for a fee study was submitted to examine cost recovery methodology, the results of which could help the County recoup more revenue.

Ms. Cooke pointed out FY 2009 reflected the highest property tax and it did not get back to that level until 2018, an unprecedented 10-year recovery. She disclosed the cumulative total of property tax abatements was \$163 million. While that money helped people in the economic downturn, it was money not available to the County to address some of the needs discussed earlier. She reported the recovery for C-tax revenue was 10 to 12 years. She noted C-tax was a more sensitive indicator of economic conditions than property taxes.

Ms. Cooke stated in 2006 there were 7.5 full-time employees (FTEs) per 1,000 County residents but in 2018 it was 5.9 FTEs per 1,000, or a 21.1 percent reduction. This reduction was managed by the combination of social services into the Human Services Agency and through the Community Service Department's ability to maintain service with reduced staff.

Ms. Cooke praised the Health Benefits team for their work on employee benefits, noting there were no rate increases for the Preferred Provider Organization or the High Deductible plans and only a slight increase on the Health Maintenance Organization plan. Regarding the E911 Ordinance she mentioned there could be a financial impact caused by a lag between the implementation of the program and receiving revenue from it. On the topic of combining crime lab and dispatch she said the consolidation report was in the process of being updated to reflect a standalone option but more information was needed to incorporate that into the analysis. She admitted it was unknown how any revenue from legalized marijuana might offset any regional or County needs. Ms. Vuletich added none of the legislative impacts or emerging issues were included in the base budget projection.

Ms. Cooke anticipated the cost proposal review for the Nevada Shared Radio System would be held around February 13, 2018. She indicated the majority of the capital needs would require debt service and there was no identified long-term revenue source to pay for that debt service.

Ms. Vuletich said the improvement of the regional economy was great but revenue was not keeping up with the County's needs and expenditure growth. She noted the \$4.6 million C-tax refund negated any growth in C-tax the County anticipated. She said there were short-term problems with the C-tax refund to AT&T but there was also a long-term issue to bring the budget back into balance. She laid out several options to alleviate the short-term problem: authorizing a one-time use of fund balance, cutting off encumbrances earlier in the year, enabling cost reductions like freezing non-essential positions, asking departments for reduction plans, and deferring non-essential capital projects.

Ms. Vuletich mentioned longer-term solutions included a strategic review and reprioritization of services and programs. Regarding the discussion around priorities held earlier in the meeting, she suggested the Board could determine if any of the objectives were not as high-priority as they once were. Additionally they could perform a review of regional services to discover additional cost savings and recovery. She commented prior sources of tax revenue that had been given up could be re-evaluated in terms of current value. She recommended securing revenue through a new funding source even if it was an unpopular option, citing the property tax abatement as an example. She discussed the effect of utility districts and special assessment districts on spreading the impact of general tax dollars.

Commissioner Hartung claimed Governor Brian Sandoval recently boasted of a billion dollars in savings. He mentioned the State took \$40 million from Washoe County in 2007 to balance its budget and suggested asking for that money back. He said the \$4.6 million refund was not the fault of the County.

Commissioner Lucey remarked the percentage of the general budget spent on salaries and benefits was normal for an organization like the County. Since fewer employees were servicing more citizens, it would be necessary to find a new source of

revenue to maintain current service levels. He urged the Board to support him in the County initiative to move forward with the Washoe County Economic Development and Conservation Act, referencing the \$1 billion in revenue that the Southern Nevada Public Land Management Act brought to Clark County. He felt this would provide additional revenue without increasing taxes.

Commissioner Lucey stated the County did not have enough employees to act as customer service representatives for other entities. He acknowledged as an organization grew it needed to hire more employees. He stressed fixing property tax issues had to be a priority in every legislative session until it was corrected. He said he did not want to tax residents any more.

Chair Berkbigler stated she did not want any requests for employee cutbacks to go to the departments, saying most County employees were hard-working and overworked. She agreed with Commissioner Lucey about fixing the tax abatement issue and suggested meeting with legislators now to stress the cost of growth in the community. She added the County should make a presentation to the Governor's team since the Governor was driving growth but at an increased cost to all local governments. She stressed growth should not compromise municipal governments' ability to provide quality service to residents.

Commissioner Jung asked whether the Cities of Sparks and Reno had a similar financial outlook since they relied on the same funding sources. Ms. Cooke responded Reno's revenue was comprised of 27 percent property tax and 35 percent C-tax while Sparks' revenue was 34 percent property tax and 42 percent C-tax. Commissioner Jung said the time to talk about fiscal equity was not during a time of emergency like this. She mentioned equity could be addressed when property tax issues were fixed and when depreciation laws were addressed. Regarding additional revenue sources she suggested an excise tax on marijuana lounges. She contended the State gave the County the ability in 2009 to tax citizens through a general services tax. She said they needed to have discussions about providing a good quality of life to every citizen and to address issues that arose as the County became more urban.

Commissioner Lucey felt the Board needed to draft policy that allowed more flexibility with public-private partnership P3 opportunities. When asked by Commissioner Lucey about a response from the cost review committee regarding capital needs, Ms. Cooke stated she expected a response on February 13. Commissioner Lucey stressed it could be a heavy expenditure for the County and said some vendors attempted to diminish the County's ability to make decisions. He felt the County should have a dominant voice in the decision-making process.

Responding to Commissioner Hartung's query about garnering grants through the WNDD, Mr. Slaughter said Ms. Enfield's research concluded the County either did not qualify for the programs or they would not benefit the County. Mr. Slaughter indicated the results would be double-checked.

Mr. Slaughter said this was the first time in his tenure as County Manager he had to present cost-cutting options. He understood Chair Berkbigler's comment about not cutting employees but emphasized the direness of the situation. He reiterated the \$4.6 million tax refund eliminated any growth in the C-tax and the County was paying \$1.2 million in response to flooding issues. He noted in December it was reported revenues would barely be sufficient to sustain known costs, but that had changed since then. He insisted the County would make it through due to past prudence with its ending fund balance, but he stressed the importance of the budget process.

Commissioner Lucey agreed with Commissioner Jung's suggestion of examining a government services tax to ensure continued funding. He stated the County population voted the Commissioners in office to make tough decisions. Despite being an opponent of taxing in general, he said things could be dire in the future if they did not make drastic decisions now.

Ms. Olsen introduced the Strategic or Not Thinking Tool chart and indicated it would help the Board focus on bigger items and how to address them when they emerged.

Mr. Solaro stated the flowchart was a tool to help focus staff in the right direction. He provided two examples to demonstrate the functionality of the chart. He said for issues which affected only one department where the budget already existed to address them, people could discuss those topics with an Assistant County Manager. If there was no budget authority, discussion could take place to determine whether that issue should become a strategic initiative.

Commissioner Lucey asked whether the chart was being distributed to department heads, to which Mr. Solaro said it still needed to be refined. Commissioner Lucey recommended distributing it to all department heads and executives. Commissioner Jung added it should be given to all staff to allow them to take appropriate action on certain requests. Mr. Slaughter agreed there could be minor adjustments to the flow chart but it could have many applications. Ms. Olsen stated the chart was intended to be used more broadly.

Ms. Olsen summarized the list of emerging issues, including homelessness, the opioid epidemic, stormwater and wastewater issues, water innovation, and roads. She asked what the County's role in the affordable housing discussion should be. Commissioner Hartung responded it was tied to homelessness. Chair Berkbigler replied affordable housing was related more to providing housing for people who had jobs but did not have large salaries. Commissioner Lucey added those people had the potential to become a vulnerable population. Chair Berkbigler thought it needed to be at the top of the Board's priority list. Commissioner Hartung mentioned raising rents could lead to homelessness.

Commissioner Jung pointed out the opioid crisis was linked to homelessness and mental illness and felt addressing the underlying issues of mental

illness and substance abuse could lessen the impact of the crisis. Ms. Olsen recommended exploring the idea further to determine how the County could best address it.

Commissioner Lucey said instead of focusing on fiscal equity the County should focus on revenue expansion or fiscal balancing. He suggested the County should work with the Cities of Reno and Sparks to fix revenue streams via legislation. Chair Berkbigler stated in light of the guarded fiscal outlook the County needed to be more sensitive to the broader picture. She thought as a start all entities should work together to address the fiscal issues impacting them all. She acknowledged sometime in the future the issue of fiscal equity would need to be addressed in some areas.

Commissioner Jung stated the end goal of the community in good economic times was for everyone to pay what they were supposed to. She pointed out the regionalization of fire services fell apart when tax revenue fell. She said passing the government services tax would circumvent the conversation about fiscal equity and it would put money into the pockets of those in the fields of the arts or recreation. She claimed the Cities of Reno and Sparks tended to say their budgets were in better shape than they were, and having honest discussions about topics like this allowed the County to be a leader regionally.

There was no public comment or action taken on this item.

18-0094 **AGENDA ITEM 5** Public Comment.

There was no public comment.

18-0095 **AGENDA ITEM 6** Commissioners’/County Manager’s announcements, reports and updates, requests for information or topics for future agendas. (No discussion among Commissioners will take place on this item.)

Commissioner Lucey requested two hours of staff time to consider joining the City of Reno and other entities in the opioid lawsuit.

There was no discussion on this item.

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4:56 p.m. There being no further business to discuss, the meeting was adjourned without objection.

MARSHA BERKBIGLER, Chair
Washoe County Commission

ATTEST:

NANCY PARENT, County Clerk and
Clerk of the Board of County Commissioners

*Minutes Prepared by:
Derek Sonderfan, Deputy County Clerk*