



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: October 22, 2024

DATE: August 20, 2024

TO: Board of County Commissioners

FROM: David Solaro, Assistant County Manager, dsolaro@washoecounty.gov

THROUGH: Eric Brown, County Manager

SUBJECT: Recommendation to provide direction to Washoe County staff related to a request to gift funds[in the amount of \$87,000.00] to Sky Tavern, a non-profit 501(c)(3) corporation, from the General Fund to the Utility Fund, that operates as an enterprise fund, to cover Sky Tavern's sewer utility connection fees. Sky Tavern seeks to connect its property, located at 21130 Mt. Rose Highway, to the Washoe County South Truckee Meadows Water Reclamation Facility for Sky Tavern's sewer system upgrade project. Pursuant to Nevada Revised Statute 244.1505, the Board of County Commissioners may expend money for any purpose that provides a substantial benefit to the county. Accordingly, it is recommended that the Board of County Commissioners finds that the general fund gift will provide a substantial benefit by fostering community well-being and recreational development and direct staff to bring an item back to the Board to make the appropriate cross-fund or cross-functional adjustments necessary to implement the Board direction. Manager. (Commission District 1.)

SUMMARY

Staff is requesting that the Board of County Commissioners (Board) approve a \$87,000 gift to Sky Tavern from the Washoe County general funds to cover Sky Tavern's sewer utility connection fees in the amount of \$87,000. Sky Tavern, a City of Reno property, seeks to connect to the Washoe County South Truckee Meadows Water Reclamation Facility (STMWRF). The Utility Fund is an enterprise fund therefore, a direct waiver of the sewer utility connection fees is not appropriate because that would subsidize the Sky Tavern sewer utility connection fee among all utility rate payers. Accordingly, a gift from the Washoe County general fund is appropriate because the general fund is raised through taxes, not user fees.

The Board is authorized to expend money for any purpose which will provide a substantial benefit to Washoe County residents per NRS 244.1505. Therefore, it is recommended that the Board finds that gifting the funds will provide a substantial benefit to Washoe County residents by fostering community well-being and recreational development through the Sky Tavern Junior Ski Program, which serves thousands of local children.

AGENDA ITEM # _____

This report outlines the necessity of connecting Sky Tavern to the STMWRF, emphasizing the public benefits such as enhanced recreational opportunities and community engagement. The request aligns with Washoe County's strategic objective of promoting economic impacts and meeting the needs of the growing community. The report also addresses potential justification for using general funds for a City of Reno property and the long-term benefits to Washoe County residents.

Washoe County Strategic Objective supported by this item: Economic Impacts: Meet the needs of our growing community.

PREVIOUS ACTION

May 28, 2024: Agenda Item: Public Hearing: Appeal of the Washoe County Board of Adjustment approval of special use permit case number WSUP23-0016 (Sky Tavern Junior Ski Program Expansion).

Action: The Board considered the appeal based on the record on appeal and any additional evidence submitted at the Board public hearing. The Board affirmed the Board of Adjustment decision.

Voting Results: On motion by Commissioner Andriola, seconded by Commissioner Vice Chair Herman, the motion carried on a 5-0 vote to uphold the decision of the Board of Adjustment.

April 27, 2021: Agenda Item: Public hearing pursuant to NRS 533.550 for possible action to adopt Resolution R21-003 approving a Water Rights Lease between Sky Tavern, a Nevada non-profit corporation, and Washoe County for approximately 4.5972 acre-feet of water rights associated with the Browns Creek Decree (Washoe County one-half interest in Proof of Vested Right V-02748) for the purpose of snow making in support of the Sky Tavern Junior Ski Program.

Action: The Board approved the Water Rights Lease with Sky Tavern.

Voting Results: The motion to adopt the resolution was made by Commissioner Bob Lucey and seconded by Commissioner Jeanne Herman. The vote carried unanimously.

BACKGROUND

Sky Tavern, a historic ski resort located approximately 10 miles south of Reno, has been a significant community asset since its establishment in 1948. Initially operated by the City of Reno, the Sky Tavern Junior Ski Program, a non-profit organization, took over operations in 1991. The program is renowned as the oldest and largest non-profit ski and snowboard program in the United States, providing affordable skiing opportunities to the community, particularly for youth.

The current request involves Sky Tavern seeking financial assistance from Washoe County to cover utility connection fees amounting to \$87,000. This funding is necessary to connect Sky Tavern, a City of Reno property, to STMWRF. Transitioning from a septic system to a city sewer system is expected to enhance environmental stewardship by reducing contamination risks and improving waste management efficiency. The City of Reno is donating the cost of the infrastructure, approximately \$207,000, to convert the facility from a commercial septic system to municipal sewer, but not enough to cover the cost of the \$87,000 Washoe County utility connection fee.

Historically, the Board has supported similar initiatives, recognizing the public benefits of such projects. For instance, on April 27, 2021, the Board approved a water rights lease

with Sky Tavern to support snowmaking efforts, highlighting the County's commitment to fostering recreational opportunities. The current request continues this tradition by aiming to further enhance the infrastructure supporting Sky Tavern's operations.

Legal and Regulatory References

The request to gift general funds to cover utility connection fees must comply with several legal and regulatory frameworks. According to NRS 244.1505, a Board may expend money for any purpose that provides a substantial benefit to the inhabitants of the county and may grant money to a non-profit organization for religious, charitable, or educational purposes. For these reasons, it is recommended that the Board find the gift is for a substantial public benefit.

The gift must come from the Washoe County general fund because STMWRF resides in the Utility Fund as an enterprise fund. The intent of enterprise funds is for the users of services to pay for the cost of services through user charges, thus the fees due to the enterprise fund should not be waived. The Washoe County general fund is used for a wide range of county services and operations, including public safety, health services, and general government operations so it permits flexibility to pay for this gift.

Master Plans and Strategic References

The request aligns with several strategic objectives and master plans of Washoe County. The Washoe County Strategic Objective of promoting economic impacts and meeting the needs of the growing community is directly supported by this project. By enhancing the infrastructure at Sky Tavern, the project contributes to the County's goals of fostering recreational opportunities and supporting community well-being.

The project also aligns with the Envision Washoe 2040 Master Plan, which emphasizes the importance of preserving and enhancing access to open space, recreation, and natural resources. The plan identifies recreational opportunities as a key aspect of the area's character and a significant factor in resident retention and attraction. By supporting Sky Tavern's infrastructure improvements, the County is investing in a valuable community asset that aligns with these long-term strategic goals.

FISCAL IMPACT

Overview

The request from Sky Tavern involves gifting \$87,000 from Washoe County general funds to cover the utility connection fees for connecting Sky Tavern, a City of Reno property, to the Washoe County South Truckee Meadows Water Reclamation Facility (STMWRF). This request requires the Board to determine that such a gift will provide a substantial public benefit so the money can be expended.

Potential Source of Funds

The Washoe County general fund is used for a wide range of county services and operations, including public safety, health services, and general government operations. The use of these funds for covering utility connection fees would require a reallocation from other potential uses within the general fund.

Financial Strategy and Budget Considerations

1. **General Fund Allocation:** The allocation of \$87,000 from the General Fund would need to be justified as serving a substantial public benefit under NRS 244.1505. This involves demonstrating how the connection of Sky Tavern to the STMWRF aligns with broader county objectives, such as environmental stewardship, public health, and community development.

2. **Enterprise Fund Constraints:** As the utility operates as an enterprise fund pursuant to NRS 354.517, it is designed to be self-sustaining through user fees and charges. The intent of an enterprise fund is for the users of services to pay for the cost of services through user charges, thus the fees due to the enterprise fund should not be waived because the money would have to be recovered through increased user charges.
3. **Impact on Budget:** The fiscal impact of reallocating \$87,000.00 from the general fund would need to be assessed in the context of the overall county budget. This includes evaluating the opportunity cost of not using these funds for other county services or projects. The general fund's contingency or commissioner discretionary funds might be utilized for this purpose, as seen in other instances where the Board has approved the use of general funds for specific community benefits.
4. **Public Purpose Justification:** To authorize the use of general funds under NRS 244.1505, the Board would need to articulate the public benefits of connecting Sky Tavern to the STMWRF. This could include improved environmental outcomes, enhanced public health through better waste management, and increased recreational opportunities for county residents.

Conclusion

The financial implications of gifting \$87,000 from the Washoe County General Fund to cover utility connection fees for Sky Tavern involves careful consideration of budget priorities, legal justifications, and the demonstration of substantial public benefits. The Board must ensure that this allocation aligns with broader county objectives and provides a clear public purpose to justify the use of general funds for this specific need. The Board should give direction to staff what currently budgeted priority projects, programs, or funds would be utilized to accommodate the requested granting of funds. Depending on the Board direction staff will work with the budget division, Comptroller, and others necessary to effectuate the direction of the board. Staff has not identified the source of funds, other than possibly the Contingency, or District Special Funds for this purpose. If one of these sources are identified by the Board an additional action request will be brought to the Board for any necessary cross-fund or cross-functional budget appropriation transfer may be necessary in accordance with County Code and State Statute.

RECOMMENDATION

It is recommended that the Board provide direction to staff for the requested gift [\$87,000] to Sky Tavern, a domestic non-profit corporation, from Washoe County general fund to the Utility Fund to cover Sky Tavern's Utility Connection Fees to connect to the Washoe County South Truckee Meadows Water Reclamation Facility.

POSSIBLE MOTION

Move to direct Washoe County Staff to prepare Washoe County's gift [\$87,000] to Sky Tavern, a domestic non-profit corporation, from Washoe County General Fund to cover Sky Tavern's Utility Connection Fees to connect to the Washoe County South Truckee Meadows Water Reclamation Facility because the general fund gift will provide a substantial benefit by fostering community well-being and recreational development. Further, I move to direct staff to bring this item back to the Board to make the appropriate cross-fund or cross-functional adjustments necessary to implement the Board direction.