

**Carson City  
Agenda Report**

**Date Submitted:** March 9, 2011

**Agenda Date Requested:** March 17, 2011

**Time Requested:** 15 minutes

**To:** Mayor and Supervisors

**From:** City Manager

**Subject Title:** Discussion and action with respect to BDR S-646 which concerns the permissible use of proceeds of certain local sales and use tax by Carson City by modifying the City's Charter.

**Staff Summary:** BDR S-646 proposes a change to the City's Charter which would limit the Board's ability to expend funds collected under "Quality of Life". The proposed modifications state: The proceeds from the tax imposed pursuant to this article and the interest and other income earned on the proceeds of the tax must not be: (a) Used to pay any administrative costs, regardless of whether those administrative costs are associated with an activity described in subsection 2. (b) Deposited or transferred into any fund of Carson City other than the fund created pursuant to section 8A.12.

As drafted, this legislation would prohibit the assessment of indirect costs to the Quality of Life funds. As a part of the City's Fiscal policy, a Full Cost Allocation Plan (Plan) is prepared annually and approved by the Board of Supervisors. For the last several years, the firm of Mahoney Associates Consulting, LLC has prepared the City's cost allocation plan. The Plan for FY 11/12 was completed on January 26, 2011 and adopted by the Board on February 3, 2011.

**Type of Action Requested:** (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

**Does This Action Require A Business Impact Statement:**  Yes  No

**Recommended Board Action:** I move that the Board of Supervisors send a communication to the bill sponsor respectfully requesting that such legislation not be introduced or processed for the reasons stated in the Explanation of Recommended Board Action below.

**Explanation for Recommended Board Action:** This legislation, if adopted, will have a significant negative impact on the City's General Fund and on bonds issued under the Quality of Life program. Currently the Quality of Life Fund supports a portion of the General Government activities through an indirect allocation charge of \$135,333. The charges are shown on the Plan's

Summary Page 7, included herein. In addition, portions of the salary of the administrative staff of the Parks and Recreation Department are charged to the Quality of Life fund as direct costs in support of the goals of the fund. The budgeted amount of Parks and Recreation administrative charges are \$145,033. Should this legislation pass, then these administrative costs, \$280,366, would have to be absorbed by the General Fund.

Second, the bill would prohibit the transfer of the make-up maintenance costs to the General Fund to support the Aquatic Center. Under the City's current policy, the cost of the Aquatic Center is made up of user fees, General Fund and the Quality of Life fund. The General Fund pays half the expenses, the user fees and the Quality of Life funds are used for the balance. Again, should this legislation pass, the General Fund would be responsible for 100% of the difference between actual expenses and user fees for the Aquatic Center which has been approximately \$70,000 per year.

Third, and probably most important, is that the City is required to pay its debt service from the single debt service fund. The funds to service the Quality of Life Bonds are transferred from the Quality of Life Fund to the City's Debt Service Fund. This bill, as drafted, would prohibit the transfer.

The proposed amendment to Carson City's Charter was not presented to or considered by the City's Charter Review Committee this past year.

**Applicable Statute, Code, Policy, Rule or Regulation:** Bill Draft BDR S-646

**Fiscal Impact:** \$280,366 plus additional Aquatic Center Charges of approximately \$70,000.

**Explanation of Impact:** If the above funds are not available from the Quality of Life funds then they will need to be absorbed in the General Fund or expenses in the Parks and Recreation Department reduced accordingly.

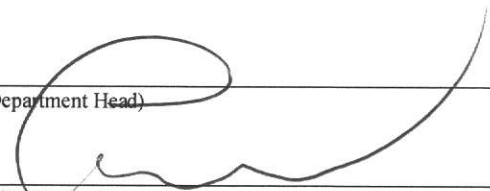
**Funding Source:** General Fund, Parks and Recreation Budget

**Alternatives:** If the bill does not pass, then the funding remains as budgeted.

**Supporting Material:** Carson City Charter Chapter 8A, Carson City Full Cost Allocation Plan Summary Page 7, Park Bond Official Statement

**Prepared By:** Lawrence A. Werner, P.E., P.L.S.

**Reviewed By:**

  
\_\_\_\_\_  
(Department Head)


Date: \_\_\_\_\_

  
\_\_\_\_\_  
(City Manager)

Date: 3/9/11

  
\_\_\_\_\_  
(District Attorney)

Date: 3/9/11

  
\_\_\_\_\_  
(Finance Director)

Date: 3/9/11

**Board Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

Aye/Nay

2) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

SUMMARY—Clarifies permissible use of proceeds of certain local sales and use taxes by Carson City. (BDR S-646)

FISCAL NOTE: Effect on Local Government: No.

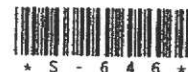
Effect on the State: No.

AN ACT relating to Carson City; clarifying the permissible use of the proceeds of certain local sales and use taxes by the City; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law authorizes the Board of Supervisors of Carson City to impose by ordinance a local sales and use tax for the acquisition, development, construction, equipping, operation, maintenance, improvement and management of open spaces, parks, trails and recreational facilities located within Carson City, and creates a fund for the use of the proceeds from that tax. (Carson City Charter §§ 8A.070, 8A.120) The Board of Supervisors of Carson City has adopted an ordinance to impose the tax. (Carson City Municipal Code § 21.07.020) This bill clarifies that the proceeds from the tax must not be: (1) used to pay administrative costs of any kind; and (2) deposited or transferred into any fund of Carson City other than the fund specifically created for the use of the proceeds from the tax.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Section 8A.070 of the Charter of Carson City, being chapter 16, Statutes of Nevada 1997, at page 42, is hereby amended to read as follows:

Sec. 8A.070 Imposition of tax; use of proceeds.

1. The Board may enact an ordinance imposing a local sales and use tax for the acquisition, development, construction, equipping, operation, maintenance, improvement and management of open spaces, parks, trails and recreational facilities located within Carson City.

2. The proceeds from the tax imposed pursuant to this article and the interest and other income earned on the proceeds of the tax must be used *only* as follows:

(a) Forty percent of the proceeds of the tax, including interest and other income, ~~may~~ *must* be used for the acquisition, development, construction, equipping, improvement, maintenance and management of real property for open spaces.

(b) Except as otherwise provided in paragraph (e), 40 percent of the proceeds of the tax, including interest and other income, ~~may~~ *must* be used for the acquisition, development, construction, equipping and improvement of parks, trails and recreational facilities.

