

CARSON CITY BOARD OF SUPERVISORS
Minutes of the May 18, 2009 Meeting
Page 1

A meeting of the Carson City Board of Supervisors was scheduled for 12:00 p.m. on Monday, May 18, 2009 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Mayor Robert Crowell
Supervisor Robin Williamson, Ward 1
Supervisor Shelly Aldean, Ward 2
Supervisor Pete Livermore, Ward 3
Supervisor Molly Walt, Ward 4

STAFF: Larry Werner, City Manager
Alan Glover, Clerk - Recorder
Nick Providenti, Finance Department Director
Andrew Burnham, Public Works Department Director
Melanie Bruketta, Chief Deputy District Attorney
Kathleen King, Recording Secretary

NOTE: A recording of these proceedings, the Board's agenda materials, and any written comments or documentation provided to the Clerk during the meeting are public record. These materials are on file in the Clerk-Recorder's Office and available for review during regular business hours.

1 - 3. CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE (12:02:51) - Mayor Crowell called the meeting to order at 12:02 p.m. Roll was called; a quorum was present. Mr. Glover led the pledge of allegiance.

4. ADOPTION OF THE AGENDA (12:03:29) - At Mr. Werner's request, Mayor Crowell modified the agenda to address item 11 following item 5. Mayor Crowell further modified the agenda to address items 7 - 9 following item 14.

5. PUBLIC COMMENTS AND DISCUSSION (12:04:17) - Mayor Crowell opened this item to public comment; however, none was forthcoming.

6. RECESS BOARD OF SUPERVISORS (1:13:20) - Mayor Crowell recessed the Board of Supervisors at 1:13 p.m.

REDEVELOPMENT AUTHORITY

7. CALL TO ORDER AND ROLL CALL (1:13:24) - Chairperson Williamson called the Redevelopment Authority to order at 1:13 p.m. All members were present constituting a quorum.

8. ACTION TO APPROVE THE CARSON CITY REDEVELOPMENT AUTHORITY TENTATIVE BUDGET AS THE FINAL BUDGET FOR FISCAL YEAR 2009 - 10 (1:13:33) - Chairperson Williamson introduced this item. Mr. Providenti reminded the Redevelopment Authority that the tentative budget "would be with the adjusted new tax rate because we are going to have to rework this tax rate as well for the \$0.18 amount." He responded to questions regarding the method by which the budget figures will be recalculated in consideration of SB312. He offered to provide the new calculations to the Redevelopment Authority members later in the day. Discussion took place regarding the possible effect, on the redevelopment authority budget, of AB468.

CARSON CITY BOARD OF SUPERVISORS
Minutes of the May 18, 2009 Meeting
Page 2

Member Livermore suggested giving consideration to re-directing redevelopment incentive funding to the capital projects listed in the budget materials. Chairperson Williamson expressed concern over not having provided sufficient public notice. Discussion followed, and Chairperson Williamson suggested agendaing an item for a future Redevelopment Authority meeting and / or before the Redevelopment Authority Citizens Committee. Chairperson Williamson entertained a motion. **Member Crowell moved to approve the Carson City Redevelopment Authority tentative budget as the final budget for the year 2009 - 2010, with the exception that the tax rate be readjusted by removing the \$0.18 increase in property tax. Member Walt seconded the motion.** Chairperson Williamson called for public comment and, when none was forthcoming, a vote on the pending motion. **Motion carried 5-0.**

9. ACTION TO ADJOURN THE REDEVELOPMENT AUTHORITY (1:19:26) - Chairperson Williamson adjourned the Redevelopment Authority meeting at 1:19 p.m.

10. RECONVENE BOARD OF SUPERVISORS (1:19:28) - Mayor Crowell reconvened the Board of Supervisors.

11. ACTION TO APPROVE THE CARSON CITY TENTATIVE BUDGET AS THE FINAL BUDGET FOR FISCAL YEAR 2009 - 2010 (12:04:31) - Mr. Werner referred to presentation of the tentative budget at the May 7th Board of Supervisors meeting. Based on the Board's direction at said meeting, the budget was modified to eliminate the proposed increase in franchise fees, to reduce the cost of living adjustment for the unclassified City employees to 1.75 percent, and to increase the salary ranges of the juvenile probation / detention department employees. Mr. Werner expressed the understanding there had been subsequent discussion regarding the recommended property tax rate presented as part of the tentative budget on May 7th. He advised that any revision to the previously presented property tax rate increase would require recalculation of all associated budgets for the general fund and redevelopment authority.

Mayor Crowell advised of having received e-mail correspondence from, and of having talked with, several of the citizens present in the meeting room. He expressed the understanding that the proposed property tax rate increase applies to new construction, and explained the difference between property tax rates as applicable to existing and new construction. Mr. Providenti provided additional clarification of the 3% property tax cap. In response to a question, he advised that the increase proposed in the tentative budget would result in \$9,000 to \$10,000 in general fund revenues. He reiterated that the redevelopment authority budget would also be affected. He acknowledged that the Board of Supervisors has increased property tax rates to the "allowed amount" since 2006. In reference to a history of property tax, which was displayed in the meeting room, he explained that the Board did not levy the allowed amount in 2005 in an effort to be "fiscally conservative." "We were about \$0.24 under the allowed amount ... During the 2005 Legislature, for the 2006 budget year, that's when they enacted the ... cap. ... That took away our ability to raise property taxes ... and that \$0.24 cost us ... \$2.7 million in the general fund and it's that amount every year coming forward." Mr. Providenti discussed the possibility of the legislature capping taxes again. "We just wanted to be at the allowed rate just in case something happens." Mr. Werner acknowledged that the "same issue" presented itself in the late 1970s / early 1980s "when they did the first tax roll back and it was about a thirty percent reduction to the general fund." Mr. Providenti provided additional review of the history of property tax which was displayed in the meeting room. Mayor Crowell summarized the issue for the Board's consideration was whether to increase the property tax rate as well as "on the appraised value side for new construction."

CARSON CITY BOARD OF SUPERVISORS
Minutes of the May 18, 2009 Meeting
Page 3

In response to a question, Mr. Providenti advised that the “allowed amount” is that which has been levied in the current fiscal year. In response to a further question, he explained that levying the allowed amount next year would be dependent upon the SCCRT number. Supervisor Walt reviewed taxes which she had researched for various properties in the community, and Mr. Providenti responded to corresponding questions. He reiterated that the proposed property tax rate increase would apply to houses which would be new on the tax roll in 2010. He explained, “That’s a State of Nevada issue. It’s just the way that they want to tax property.” He expressed understanding for the issues pertinent to the construction community. “We’re just trying to levy the tax that the Department of Taxation is allowing us to levy.” Mr. Providenti reiterated concern over the legislature imposing an additional cap. In response to a question, Mr. Werner explained that the Board’s decision over the property tax rate will impact the City’s allowed rate in future years. He reiterated that the impact to the general fund, in the next budget year, will be \$9,000 to \$10,000. “The issue becomes what happens to the rate itself, if there’s an issue from the legislature ..., where we’ve not gone to the allowed rate and then there’s a cap placed on the rate that is then artificially lowered because we weren’t at the allowed rate. That’s the concern.” Mr. Providenti referred again to the history of property tax in Carson City, and provided additional clarification.

Supervisor Aldean thanked Mr. Providenti for the information he provided relative to the property tax rate in various jurisdictions throughout the state. Mr. Providenti acknowledged the anticipation of a property tax rate increase for Carson City is based on preliminary projections. He further acknowledged that most other jurisdictions have levied the “allowed amount.” Supervisor Aldean reviewed the tax rates in adjacent counties. In response to a question, Mr. Providenti advised that adding square footage would be considered new construction. He expressed the belief that there should be no affect to property tax rates for a remodel, as long as no square footage is added. He suggested inquiring of the Assessor. Supervisor Aldean noted that sales tax receipts are declining and the construction industry is “under assault.” She discussed the dilemma associated with whether “exercising forbearance” will result in a stimulating effect on building new homes in Carson City “in such a way that it will offset any loss in revenues ... from sales tax declines.” Mr. Providenti acknowledged that “the number in the make-up revenues is not guaranteed ... and there’s no way we can recapture” the difference. He further acknowledged “this is an opportunity that will not be repeated.”

Mayor Crowell opened this item to public comment. (12:26:30) Mark Turner, representing Silver Oak Development Company, advised of having sent the Board members e-mail correspondence outlining his “thoughts about the tax increase.” He expressed understanding over the community’s financial situation, and Mr. Werner’s requirement to balance the budget and maintain City services. Mr. Turner discussed problems associated with selling new homes “because of the big disparity in between the tax rate on an older home and the tax rate on a new home.” He requested the Board to consider “a little bit of breathing time ... for our industry to recover ...” as “ultimately beneficial to the City and the tax revenues” generated from the purchase of building products, etc. He expressed the opinion “anything that can be done to help stimulate new construction in Carson City ... will have a very quick payback for the City.” At Mayor Crowell’s request, Mr. Turner discussed the effect of the difference in appraised value on new construction as a result of the 2005 legislation. Mr. Providenti expressed the belief that the tax cap isn’t necessarily the issue. “Even before the tax cap, an older house in Nevada was paying less than a new house. It’s just the way they assess the properties based on depreciation ... 1.5 percent per year based on its age.” Mr. Providenti explained that “it doesn’t matter if we leave the tax rate the same or if it goes up by \$0.18. ... It’s going to be about \$180 different. It’s not going to be a \$3,000 difference just because of that tax rate. It’s just the way that property is appraised in Nevada.” Mayor Crowell discussed the Board’s desire to avoid doing anything to forestall economic recovery while still being fiscally prudent. He agreed with Mr. Turner that there is an inequity built into the method by which the property tax cap is implemented.

CARSON CITY BOARD OF SUPERVISORS
Minutes of the May 18, 2009 Meeting
Page 4

(12:35:55) Builders Association of Western Nevada (“BAWN”) President Pat Hon, representing Alpha Homes, advised that 11 building permits had been issued “this first quarter.” She requested the Board to consider public perception in light of the current economic times.

(12:37:01) Don Keith, a local builder, advised of a property owner who recently requested him to submit building plans to the Assessor’s Office to request a cost estimate of taxes on the home prior to beginning construction. The property owner is considering eliminating certain amenities, “anything that might have a tax base to it.” Mr. Keith expressed concern over the proposed tax increase affecting his livelihood and that of others in the construction industry.

(12:38:10) John Wagner expressed concern over “picking on the new homes,” and “raising taxes all the time just because the City thinks they need the money.” He suggested retaining redevelopment funding, and expressed doubt that Sportsman’s Warehouse will ever “move in down there.” He suggested an increase in the property tax rate would be a “negative incentive” for people to move to Carson City, noting the less expensive housing in Lyon County. In response to a question, he suggested that new homes should not be taxed any differently than existing homes.

(12:40:31) BAWN CEO Rick DeMar suggested that figures quoted as part of earlier discussion “kind of trivialize the building industry.” He further suggested that the building industry is the “backbone of the nation’s economy.” He expressed concern over the perception of the construction industry in this community “and the desire of people to live here.” He advised of having lived in Carson City for nearly forty years. Mayor Crowell advised that the figures quoted gave an indication of no new construction in the community. The figures are reviewed in consideration of the budget and should not be construed as trivializing the construction industry. Mr. DeMar expressed appreciation for Mayor Crowell’s earlier statement to avoid doing anything to impede economic recovery and growth in the community. Supervisor Williamson also agreed with Mayor Crowell’s statements, and expressed appreciation for the citizens’ attendance. She disclosed that her family’s business is wholesale plumbing, and expressed understanding for the importance of paying subcontractors, lines of credit, and meeting payrolls. She inquired as to whether BAWN representatives had made similar presentations in Douglas and Lyon Counties. Mr. DeMar advised that the BAWN Government Affairs Director was incapacitated today. He further advised that BAWN represents all three counties, and is interested in economic recovery in all three. Mayor Crowell noted that, in consideration of the tax rates in Douglas and Lyon Counties, Carson City “is on the low end of that.” He suggested considering that, “from a competitive, economic stimulus standpoint, you’d be better off building in Carson than you would in those other counties ...” In response to a question, Mr. DeMar advised of having received a telephone call from a *Nevada Appeal* reporter with regard to the subject item. Following a brief discussion, Supervisor Livermore advised of having been “very vocal about the aspects of transparency and open public discussion” with regard to the City’s budget. He apologized that Mr. DeMar was informed about this agenda item by a reporter. Following additional discussion, Mr. Providenti stated that City staff had informed the Board, on May 7th, about the proposed tax increases. He referred to that portion of the PowerPoint presentation provided as part of the May 7th agenda item. He suggested this may have been the reason the *Nevada Appeal* reporter contacted the BAWN “to ask them about it.” Mr. DeMar requested the Board to avoid impeding economic recovery by implementing more taxes.

(12:50:13) Dwight Millard expressed understanding for the Board’s dilemma, and requested them to differentiate between commercial property taxes at 8 percent and residential property taxes at 3 percent. He advised that apartment complexes are considered as commercial property as are houses which are rented. Once established at eight percent, the rate for a house stays the same even when the owner moves

CARSON CITY BOARD OF SUPERVISORS
Minutes of the May 18, 2009 Meeting
Page 5

into it. Mr. Millard advised of having argued with legislators and the Carson City Assessor, who assured him that Carson City property assessments were never raised to the maximum rate. Mr. Millard reiterated that the higher tax affects apartment complexes. "That disparity just gets bigger and bigger and bigger and the legislature's going to have to fix it some time." Mr. Millard suggested that it is the Board's responsibility to direct the City's lobbyists to work on this issue. He expressed agreement that the property tax rate should be increased, but requested the Board to "defeat the perception" by "coming up with some better language." He cautioned the Board that the increase will be based on the possibility that the cap may be implemented again. Discussion followed, and Supervisor Aldean expressed appreciation for Mr. Millard's comments. From a marketing standpoint, she suggested the construction and real estate industries should focus on the long-term savings associated with the efficiencies of new homes. Mr. Millard expressed the opinion that the tax isn't "necessarily the issue. I think the issue is the declining ... values." He suggested this may be "where the Assessor can help out ..."

(12:56:49) Brad Bonkowski, representing the Sierra Nevada Association of Realtors, expressed support for the previous comments. Mr. Providenti responded to questions regarding previous discussion over the tax rate pertinent to additional square footage. Discussion took place regarding the difference between market and assessed values. Mr. Bonkowski inquired as to whether anyone understands "the consequences of what you're being asked to approve today." He requested "a seat at the table" in order to understand "what it is that you're passing and what the consequences are."

Mayor Crowell called for additional public comment; however, none was forthcoming. He entertained Board discussion or a motion. Supervisor Aldean suggested that the Assessor's reduction of assessed property value will have an impact on the revenue generated through property tax collection. She noted that increasing the property tax rate by \$0.18 would help "if there's going to be a proportionate decrease in the assessed value of the properties." She expressed discomfort making a decision without the Assessor's input. Mr. Providenti advised that 2010 assessed values are established by law as of last December. Supervisor Livermore reiterated concern over a lack of "open public disclosure and public transparency ... in operating a \$60+ million organization." He expressed reluctance to approve anything at this meeting. Mr. Werner reminded the Board members that the proposed property tax rate increase was discussed with them individually prior to any public hearing. Mayor Crowell entertained a motion. Supervisor Williamson noted Carson City's fiscally conservative history, and **moved to approve the Carson City tentative budget, with the reduction of the property tax increase of \$0.18, as the final budget for FY 2009 - 2010. Supervisor Aldean seconded the motion. Motion carried 4-1.**

12. ACTION TO APPROVE THE SIERRA FOREST FIRE PROTECTION DISTRICT TENTATIVE BUDGET AS THE FINAL BUDGET FOR FISCAL YEAR 2009 - 2010 (1:07:02) - Mr. Providenti introduced Nevada Division of Forestry Officer Michael Klug, who provided an overview of the tentative budget which was included in the agenda materials. Mayor Crowell opened this item to public comment and, when none was forthcoming, entertained a motion. Supervisor Williamson moved to approve the Sierra Forest Fire Protection District tentative budget, as the final budget for FY 2009 - 2010. Supervisor Walt seconded the motion. Motion carried 5-0.

13. ACTION TO ADOPT A RESOLUTION SETTING THE TAX RATE FOR COUNTY COOPERATIVE EXTENSION FOR FISCAL YEAR 2009 - 2010 (1:09:05) - Mr. Providenti introduced this item, and reviewed the agenda report. Mayor Crowell opened this item to public comment and, when none was forthcoming, entertained a motion. Mr. Providenti acknowledged that the Cooperative Extension

CARSON CITY BOARD OF SUPERVISORS
Minutes of the May 18, 2009 Meeting
Page 6

“was kept whole during this legislative session.” **Supervisor Aldean moved to adopt Resolution No. 2009-R-23, a resolution setting the tax rate for county cooperative extension for FY 2009 / 2010. Supervisor Livermore seconded the motion. Motion carried 5-0.**

14. ACTION TO DIRECT STAFF TO PUBLISH THE NOTICE OF PUBLIC HEARING SETTING JUNE 4, 2009 AS THE DATE FOR THE REQUIRED PUBLIC HEARING TO PURSUE THE \$2,900,000 CARSON CITY, NEVADA VARIOUS PURPOSE MEDIUM TERM BOND, SERIES 2009 (1:10:07) - Mr. Providenti introduced this item, and reviewed the agenda report. He responded to questions of clarification and provided additional detail from the agenda materials. In response to a further question, he advised of the intent to purchase three ambulances at approximately \$150,000 each. Mr. Providenti acknowledged sufficient funding, in the sewer fund, to cover the added indebtedness. In response to a previous question, he advised that funding for purchase of the ambulances will be allocated from the fleet services fund. The bonds are being pursued to maintain cash flow.

Mayor Crowell entertained public comment and, when none was forthcoming, a motion. **Supervisor Livermore moved to direct staff to publish the Notice of Public Hearing, setting June 4, 2009 as the date for the required public hearing to pursue the \$2.9 million Carson City, Nevada various purpose medium-term bond, series 2009. Supervisor Aldean seconded the motion. Motion carried 5-0.**

15. ACTION TO ADJOURN (1:19:30) - Supervisor Livermore moved to adjourn the meeting at 1:19 p.m. The motion was seconded and carried 5-0.

The Minutes of the May 18, 2009 Carson City Board of Supervisors meeting are so approved this 18th day of June, 2009.

ROBERT L. CROWELL, Mayor

ATTEST:

ALAN GLOVER, Clerk - Recorder