



MAYOR  
Ron Smith

CITY COUNCIL  
Donald Abbott, Ward I  
Ed Lawson, Ward II  
Paul Anderson, Ward III  
Charlene Bybee, Ward IV  
Kristopher Dahir, Ward V

CITY ATTORNEY  
Chet Adams

CITY MANAGER  
Neil C Krutz, ICMA-CM

## SPARKS CITY COUNCIL AND SPARKS PLANNING COMMISSION JOINT WORKSHOP

### LAND USE, FISCAL IMPACT, ANALYSIS, AND CITY FISCAL HEALTH

#### MEETING MINUTES FOR

MONDAY, SEPTEMBER 23, 2019

1. **Call to Order**

The Workshop was called to order by Mayor Ron Smith at 11:33 a.m.

2. **Roll Call**

**PRESENT. City Council:** Mayor Ron Smith, Council Members Donald Abbott, Ed Lawson, Paul Anderson, Charlene Bybee, Kristopher Dahir, City Manager Neil Krutz, and City Clerk Lisa Hunderman. **Planning Commission:** Commission Chair Scott Carey, Vice-Chair Shelley Read, Commissioner David Blaco, Commissioner James Fewins, Commissioner Evan Pritsos, Commissioner Dian VanderWell. Acting City Attorney Shirle Eiting, Assistant City Attorney Alyson McCormick, Assistant Community Services Director Armando Ornelas. **ABSENT:** Planning Commissioner Frank Peterson.

3. **Pledge of Allegiance**

The Pledge of Allegiance was led by Assistant City Manager John Martini

4. **Public Comment**

None

5. **Agenda**

**5.1 Approval of the Agenda (FOR POSSIBLE ACTION)**

Consideration of taking items out of sequence, deleting items and adding items which require action upon a finding that an emergency exists.

**Motion:** Move to approve the agenda as submitted.

**Moved by:** Council Member Bybee

**Seconded by:** Council Member Abbott

**Yes:** Council Members Abbott, Lawson, Anderson, Bybee, Dahir

**No:** None

**Abstain:** None

**Vote:** Motion passed unanimously, 5-0.

**Motion:** Move to approve the agenda as submitted.  
**Moved by:** Commissioner VanderWell  
**Seconded by:** Commissioner Read  
**Yes:** Commission Chair Scott Carey, Vice-Chair Shelley Read, Commissioner David Blaco, Commissioner James Fewins, Commissioner Evan Pritsos, Commissioner Dian VanderWell.  
**No:** None  
**Abstain:** None  
**Vote:** Motion passed unanimously, 6-0.

**6. Consideration and discussion of reports on Land Use, Fiscal Impact Analysis, and City Fiscal Health; possible acceptance of the Long-Term Fiscal Health Analysis report; and possible direction to the City Manager regarding adoption of Fiscal Impact Analysis Guidelines and identifying potential Comprehensive Plan changes. (FOR POSSIBLE ACTION)**

Assistant Community Services Director Armando Ornelas provided an overview of the Land Use, Fiscal Impact Analysis, and City Fiscal Health. This process grew from the Ignite Sparks project which resulted in the adoption of guidelines and the requirement of a fiscal analysis submittal with Land Use applications and the management of fiscal impact in the future. There is a need for greater consistency in the application process.

Chief Financial Officer Jeff Cronk provided an explanation of how new development impacts city financials. The General Fund consists of property tax, consolidated tax, and licenses and permit fees and comprise more than 90% of the City's revenue. Mr. Cronk commented on direct impacts to our funds. Consolidated tax (C-Tax) and Fare Share tax is primarily sales tax. There is a direct correlation of these taxes to the overall economy. He also provided an overview of the Road Fund and Capital Projects Fund, where there is no cost recovery.

Property tax also has a direct tie to the economy. A new development will drive up the assessed valuation. Property tax is calculated by the assessed valuation multiplied by the property tax rate, which is restricted by depreciation or property tax caps, currently 2-3% for owner occupied and up to 8% for all other property. New development is exempt from caps for the first year. The City gets an influx of revenue for new development the first year, when the house is built and then at the end of the first year, the tax caps are implemented.

Mr. Cronk also reviewed the General Fund expenses and how the costs are captured. With new development comes the need for new services including nondiscretionary services, about 80% of our General Fund expenses are personnel related. Expenses were broken down by department level. Police and Fire services are the largest expenses from the General Fund. New development increases the need for additional Police and Fire services. One new subdivision may require an additional fire station. Other General Fund expenses include Financial Services and Management Services (IT, Human Resources, City Manager, City Clerk). The increase of these expenses does not have as big of an impact to the General Fund as Police and Fire.

The Road Fund revenue is made up of approximately 80% Fuel Tax and the Gas and Electric Franchise Fees. The Road Fund is a capital projects fund, which accounts for approximately one-third of all expenses to the fund; personnel and services/supplies each account for the other two-thirds of the expenses. The expenses can fluctuate per year based on a spike in capital improvement projects. This is not a cost recovery fund and is supported by the end user.

Assistant Community Services Director Armando Ornelas provided further explanation of when the financial modeling is required. He also outlined the application process in detail and what steps staff takes to determine impact to the City, land availability and the capacity for different types of development. Sparks has grown more slowly since 2010 than in previous decades. However, we have added more than 11,000 residents and 3,500 households, leaving our population at approximately 101,000. This is approximately 26% of Washoe County's population growth. Additionally, as a result of the predicted growth, it is estimated that Washoe County will need to add approximately 94,000 jobs over the next 20 years. Since 2010, employment in the area has grown in the areas of construction (7,300 jobs), manufacturing and warehousing, as well as tourism and service. Public Administration jobs are in the negative.

Mr. Ornelas provided an overview of the forecasted demand for land versus what the City has available for each land use designation. Land use can be adjusted to accommodate future needs.

City Engineer Jon Ericson provided an overview of the expenses to maintain City roads. The citywide cost for a 20-year projection to maintain local roads (without RTC or State highways included) is \$89 million or approximately \$4.4m/year. The model provided by the consultant reflects a standard of road maintenance. If the revenue does not support the standard, the maintenance model will change accordingly.

Electric vehicles are changing how the government tracks mileage on highways. With fuel, gallons can be tracked, but electric cars have no tracking mechanism. The Department of Motor Vehicles has a pilot program asking drivers to report odometer readings.

An overview of conclusions was presented by Mr. Ornelas. No one (1) land use will greatly change fiscal conditions. Denser development decreases the cost to the City to maintain civil infrastructure. The cost and impact of maintaining local roadways impacts fiscal health. A balance between employment and residential growth is needed to support fiscal health.

#### **Planning Commission Action:**

**Motion:** Move to accept the Long-Term Fiscal Health Analysis report prepared by Economic and Planning Systems.  
**Moved by:** Commissioner Read  
**Seconded by:** Commissioner Blaco  
**Yes:** Commission Chair Scott Carey, Vice-Chair Shelley Read, Commissioner David Blaco, Commissioner James Fewins, Commissioner Evan Pritsos, Commissioner Dian VanderWell.

**No:** None  
**Abstain:** None  
**Vote:** Motion passed unanimously, 6-0.

**Council Actions:**

**Motion:** Move to accept the Long-Term Fiscal Health Analysis report prepared by Economic and Planning Systems.

**Moved by:** Council Member Bybee

**Seconded by:** Council Member Anderson

**Yes:** Council Members Abbott, Lawson, Anderson, Bybee, Dahir

**No:** None

**Abstain:** None

**Vote:** Motion passed unanimously, 5-0.

**Motion:** Move to direct the City Manager to prepare a future agenda item to provide City Council the opportunity to adopt, by resolution, the Fiscal Impact Guidelines for use by applicants when submitting land use entitlement applications.

**Moved by:** Council Member Dahir

**Seconded by:** Council Member Lawson

**Yes:** Council Members Abbott, Lawson, Anderson, Bybee, Dahir

**No:** None

**Abstain:** None

**Vote:** Motion passed unanimously, 5-0.

**Motion:** Move to direct the City Manager to identify Comprehensive Plan policy and land use map changes based on Long-Term Fiscal Health Analysis conclusions for future Planning Commission and City Council action.

**Moved by:** Council Member Abbott

**Seconded by:** Council Member Dahir

**Yes:** Council Members Abbott, Lawson, Anderson, Bybee, Dahir

**No:** None

**Abstain:** None

**Vote:** Motion passed unanimously, 5-0.

Council Member Lawson asked how the Lands bill that will be introduced next fall could affect the analysis. Mr. Ornelas provided examples of changes that could be made to the Comprehensive Plan. Council member Anderson asked what could trigger a change to the analysis. Mr. Ornelas commented that changes to state law, depreciation modifications for example, could prompt changes to the modeling.

**7. Comments**

**7.1 Comments from the public**

Eugenia Larmore commented on the consistency the guidelines and modeling will provide to development.

**7.2 Comments from the Council and City Manager**

City Manager Krutz announced the Council would have an Attorney-Client meeting immediately following this workshop.

**8. Adjournment**

The workshop was adjourned at 1:35 p.m.

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RONALD E. SMITH, Mayor

ATTEST:

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LISA HUNDERMAN, City Clerk

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SCOTT CAREY, Commission Chair

ATTEST:

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MARILIE SMITH, Commission Secretary

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