

**Washoe County response to questions in Sparks staff report for
11/28/11 Sparks City Council Meeting**

Outstanding Questions Related to the Washoe County Board of County Commissioners (WC BCC) budget action on September 27, 2011(Board Agenda Item 7.):

1. If there is a need to reduce the operating budget for Animal Services by the WC BCC ordered 10% budget cuts due to reduced collection of taxation revenues, are the expenditure reduction and the permanent revenue transfer of the \$0.0037 (\$450,000) to the General Fund of the County not a double revenue/expenditure reduction to Animal Services?

A. No. The Animal Services Fund has never been allocated a reduction in the past five years of budget reductions, despite the reductions to all the General Fund departments that provide services to Regional Animal Services (RAS)—fleet management, technology, communications, payroll, HR, finance, etc. For the first time, the RAS operating budget is being reduced by \$454,849 in 2011-2012 pursuant to the 10% operating reductions. The County's General Fund, which has declined by more than 20%, and which supports RAS with a variety of functions, has a reduced capacity to support RAS. Without resizing RAS, that reduced capacity continues to negatively impact the ability to support the service effectively. As an example, every telephone, every computer, every vehicle, every staff member, every square foot of facility, and every piece of equipment at RAS must be supported by a significantly reduced administrative support operation from the General Fund. In order to meet Board-approved sustainability policies, all functions are being resized in this new economy. If approved, the proposal to reduce .37 cents of rate from Animal Services and increase the County's operating rate by .37 cents would not take effect until 2012-2013.

2. Who or what entity determined the Animal Services Special Revenue Fund balance was sufficient to support the activities of Animal Services operations to substantiate the layoff or the removal of employee positions from the Animal Services compliment?

A. Finance Director John Sherman, who is the County Commission's advisor on all financial matters, made the determination following consultation with all appropriate financial and management practices, including such sources as the Government Finance Officers' Association guidelines for fund balances (GFOA recommends 16% fund balances, and the Animal Services Fund Balance is at 119%). By using vacant positions, the need for lay-offs is limited, and again, the proposal for 2012-2013 is to set the service at a sustainable level going forward. This proposal does not result in negative impacts on the RAS operation, as more than adequate fund balances exist to help

support the operation for one year. Accumulated RAS reserves would only be used for RAS operations. As noted in the media, the County maintains the highest bond rating in northern Nevada due to our financial management, and won the Cashman Good Government Award for 2010 for our financial practices.

3. Is it the County's intent to not collect the voter-approved 2002 Animal Shelter Bond and Tax Override in Fiscal Year 2012-2013 but rather add the corresponding amount onto the County's General Fund property tax rate? If so, what verbiage or explanation is going to appear on City of Sparks citizens' tax bill?

A. It is the County's proposal, which has not been approved by the County Commission and will not be considered until Spring of 2012, that a rate of less than 3 cents (as allowed by the ballot question, specifically \$0.0063, increasing back to \$0.0263 in 2013-2014) will be imposed and collected in 2012-2013 in the Animal Services Fund as the Animal Services Tax Rate. The Animal Services tax rate as determined by the County Commission would appear on the tax bills of all Washoe County residents. The County Commission will set all of the County's other rates within the existing overall tax rate for the County with its adoption of the 2012-2013 budget, following many public meetings and a public hearing in May of 2012. Within the overall rate adopted, the Board may choose to allocate increased tax rates and therefore increased revenues to other services, such as Senior Services or Child Protection, which also have voter-approved rates, but which are insufficient to fund adequate service levels and which have been regularly subsidized by the General Fund. Whatever tax rates the Board approves for the various components will be reported as required by law.

As Sparks officials are aware, NRS 354.59811 authorizes local governments to impose tax rate increases without a vote of the people to achieve approximately 106% of the prior year's revenues within the overlapping tax rate, though the County has not exercised this option in the past 16 years. Additionally, the tax rate for the Shelter Bond is set each year to pay the debt service on the bond. In fiscal year 2009-2010, the County had to lower its operating rate by \$0.0017 and increase the Animal Services debt rate due to declines in assessed value. Such adjustments are normal and necessary.

4. Is it the County's intent to continue collecting the voter-approved 2002 Animal Shelter Bond and Tax Override in Fiscal Year 2012-2013 and then transfer the receipts to the County's General Fund? If so, GASB 54 restricts the use of "restricted funds" and under what authority allows for or empowers the County to continue collecting the voter-approved 2002 Animal Shelter Bond and Tax Override while depositing those funds in County's General Fund without violating GASB 54?

A. No, the County will not collect a full three (3) cents of tax rate from Animal Services and then transfer those receipts to the General Fund; that is prohibited by law. We have never deposited receipts from the Animal Services Tax Rate into the General Fund; all these revenues have been deposited into the restricted Special Revenue Fund for RAS. The County has proposed to lower the rate for Animal Services but maintain its overall rate constant in 2012-2013. As the City of Sparks has done in moving rate from debt service to operating rate when debt has been repaid, the County's rates may be reduced in one area, and potentially increased in another, which is entirely within the law and appropriate financial practice.

5. What authority does the County possess to allow for the non-collection of the voter-approved 2002 Animal Shelter Bond and Tax Override?

A. The ballot question, which is attached to your staff report, allows for the imposition of up to three cents. That provides the legal authority to impose less than or equal to three cents, but no more than three cents.

6. If the County is choosing to temporarily not collect the two cents for Animal Services, why is the money being transferred to the County's General Fund versus being offered back to the city from which it came, as the transfer was to be designated for funding Animal Services per the 2002 Animal Shelter Bond and Tax Override ballot question and requisite interlocal agreement?

A. The imposition of countywide tax rates serve many purposes for the 420,000 people served by Washoe County. In many cases, such as Senior Services and Child Protection, collections from voter-approved tax rates are insufficient to provide even minimally adequate service levels, and the County Commission has subsidized these services from the General Fund, paid for by all taxpayers, for more than a decade. In this case, the Commission has the difficult decision of underfunding those other regional services because of a lack of revenue, or they could choose to temporarily help support them using available tax capacity.

The imposition of the RAS tax rate did result in a tax increase in the unincorporated areas of two (2) cents.

7. If the County plans to cease collecting the voter-approved 2002 Animal Shelter Bond and Tax Override for the fiscal year 2012-2013, what is the County's plan for reinstatement of the collection? NRS 354.5982 states if collection of a voter approved tax is stopped, only by action of the voters can the collection be reinstated. What authority does the County have to start and stop the collection and deposit of the voter-approved 2002

Animal Shelter Bond and Tax Override?

- A. There are several variable tax rates within Nevada that specify an “up to” amount in the ballot question; one is in the City of Reno for street improvements, and one is in the Humboldt County Fire District, to name two others. The rate would continue to be collected at a lower rate, as allowed in the ballot question, then be recalibrated up to a potential maximum of three cents at a later date. The pending County Commission action will not discontinue the tax, only adjust the rate. This question will be fully analyzed by legal authorities before any action would be taken by the County Commission.

8. Since there is approximately \$4 million dollars of restricted funds sitting in the account, is not a misrepresentation of the fund status to say that budget cuts are necessary due to a “fund shortage” and in the same action redirect the restricted funds which are a dedicated source of funding to the County’s General Fund?

- A. The County’s General Fund, which has declined by more than 20%, and which supports Animal Services with a variety of functions, has a reduced capacity to support RAS. Without resizing RAS, that reduced capacity continues to negatively impact the ability to support the service effectively. In order to meet Board-adopted sustainability policies, all functions have to be resized in this new economy, which compels all governments to lower their cost to provide services. The interlocal agreement expressly provides for the County to determine the service levels given available funding.

Outstanding Questions Related to the Washoe County Board of Commissioners’ budget action on September 27, 2011(Board Agenda Item 7.) as it relates to the interlocal agreement (City of Sparks Agreement A-2954) creating a consolidated Regional Animal Services:

1. Are the County’s field officers citing and is the County prosecuting the animal control violations as dictated by the interlocal agreement [Article 8 Paragraphs 8.1 and 8.2]?

- A. The interlocal agreement does not call for RAS field officers to have citation powers, and they do not. They are not POST-certified peace officers with citation powers. They do, however, respond as they always have to all calls for service and are trained to successfully manage all but the most difficult cases without law enforcement intervention. On rare occasions, which was the case before the consolidation and has been since, field officers call upon law enforcement to assist when there is a pending public safety danger that requires powers beyond those that they have. The District Attorney’s Office has been working with Sparks officials to clarify this

matter. The County does continue to prosecute animal control violations that rise to a criminal level.

This is the same practice that is used by Reno PD and the Washoe County Sheriff's Office within their jurisdictions, without objection.

2. Is the County maintaining the industrial standards as agreed to in the interlocal agreement [Article 12 Paragraph 12.1]?



Animal Services FY12
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- A. Yes, per the attached performance metrics from the County's Budget Book and adopted operating plans. In addition, the County RAS sought and received certification from the National Humane Society as to the level of excellence in meeting industry standards for animal welfare.

2a. What are the specific standards the County is operating the facility and field operations as mentioned in the interlocal agreement [Article 12 Paragraph 12.1]?

- A. Attached above.

2b. What performance measures are kept to show compliance of the standards mentioned in the interlocal agreement? If performance are kept, what the specific results for the past five operating years?

- A. Attached above.

3. Are the County's actions (e.g., reducing the County's property tax rate contribution designated in Article 4 Paragraph 4.1.1) a unilateral amendment of the interlocal agreement and, therefore, a violation thereof?

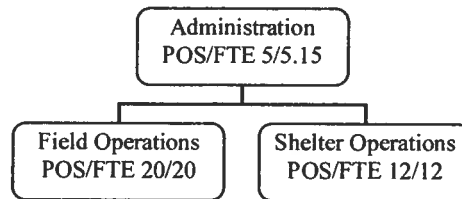
- A. No. Article 4 section 4.1.1 states "The Cities will decrease their respective property tax rates by two (2) cents and the County will decrease its property tax rate by one (1) cent effective July 1, 2003, to allow the County to increase its property tax rate by three (3) cents, **or as actually levied** ("tax levy") for the shelter and Field Operations of the animal control facility [emphasis added]." The County has complied with every paragraph of the interlocal agreement. There is no amendment of the agreement, nor is there any violation.

4. What authority does the County possess to allow for the unilateral

amendment of the interlocal agreement without the approval of the cities?

A. There has been no amendment of the agreement by the County. All provisions have been strictly adhered to by the County; the City of Reno, however, did not lower its property tax rate as called for in the interlocal agreement.

REGIONAL ANIMAL SERVICES FUND



Total Funded Positions/Full Time Equivalents 37/37.15

Mission Protecting public safety and animal welfare while supporting a more humane community through public education, collaboration with stakeholders and the professional enforcement of laws.

Description Washoe County Regional Animal Services (WCRAS) is truly a regionalized agency operating seamlessly across city limits boundaries. Its staff is committed to excellence in animal care through enforcement of animal control regulations, promoting responsible pet ownership and providing a safe shelter for the custody of animals under temporary care. WCRAS works in partnership with the Nevada Humane Society, Northern Nevada Society for the Prevention of Cruelty to Animals, and many other animal rescue organizations in our community to maximize adoption of stray or surrendered animals. WCRAS is supported by the Special Revenue Fund created from a voter-approved property tax of up to \$0.03 per \$100 of assessed value approved by Washoe County voters in November 2002. The WCRAS Center began operation in February 2006.

Statutory Authority: Washoe County Code Chapter 55 – Animals and Fowl

Department FY10/11 Strategic Plan

| 1.0 Strategic Objective: Public Safety | | | |
|---|--|---|---------------|
| Outcome | Goal | Measure & Target | Status |
| 1.1 Safe neighborhoods and public areas | 1.1.1 Quick response-time to calls for service (CFS) regarding animals posing a threat to safety | M: Response time to calls for service T: Priority 1 <5 min. Priority 2 <15 min. | achieved |
| | 1.1.2 Reduce # of Priority 1 & 2 CFS | M: Reduction of Priority 1&2 CFS T: <15,000 calls for service | achieved |

| 2.0 Strategic Objective: Animal Protection | | | |
|---|--|--|---------------|
| Outcome | Goal | Measure & Target | Status |
| 2.1 Reduction in Animal Abandonment | 2.1.1 Increase return-to-owner of pets in the field and pet redemptions at the shelter | M: % of stray pets returned-to-owner in the field and at the shelter T: > 50% | achieved |
| | 2.1.2 Increase licenses and microchips sold | M: # of dog licenses and microchips T: 20,000/1,000 | achieved |
| 2.2 Reduction in Animal Euthanasia | 2.2.1 Effective collaboration with community rescue groups | M: % of healthy dogs & cats adopted T: > 90% | achieved |

Department FY11/12 Strategic Plan

| 1.0 Strategic Objective: Public Safety | | | |
|---|--|--|----------------------------------|
| Outcome | Goal | Measure | Target |
| 1.1 Safe neighborhoods and public areas | 1.1.1 Quick response-time to calls-for-service (CFS) regarding animals posing a threat to safety | Response-time to Priority-1 CFS Response-time to Priority-2 CFS Reduction in # of Priority-1&2 CFS | < 5 min. <15 min. < 15,000 |
| 2.0 Strategic Objective: Animal Protection | | | |
| Outcome | Goal | Measure | Target |
| 2.1 Reduction in Animal Abandonment | 2.1.1 Increase return-to-owner of pets in the field and pet redemptions at the shelter | % total return-to-owner of pets in the field and at the shelter | > 50% |
| | 2.1.2 Increase licenses and microchips sold | # of dog licenses issued # of dog microchips implanted | 20,000 1,000 |
| 2.2 Reduction in Animal Euthanasia | 2.2.1 Effective collaboration with community rescue groups | % of healthy dogs and cats rescued | > 90% |

Output Measures

| Department Objective | Measure | FY 08-09 Actual | FY 09-10 Actual | FY 10-11 Estimated | FY 11-12 Projected |
|--|--|------------------------|------------------------|---------------------------|---------------------------|
| Maintain High Productivity | Total Calls-for-Service | 31,712 | 31,045 | 31,000 | 31,000 |
| | Avg Calls per Officer | 1,827 | 1,800 | 1,800 | 1,900 |
| | Stray Dogs and Cats Impounded (excluding feral cats) | 8,892 | 9,378 | 9,000 | 9,500 |
| Promote Animal Rescue | Returned to Owner in Field | 795 | 934 | 1,000 | 1,100 |
| | Returned to Owner at Shelter | 3,649 | 3,264 | 3,300 | 3,300 |
| | % of Health Dogs & Cats Rescued (excluding feral cats) | 93% | 95% | 95% | 95% |
| Promote Identification and Responsible Pet Ownership | Community Education Seminars | 78 | 50 | 50 | 20 |
| | Dog Licenses Issued | 17,464 | 20,534 | 21,000 | 21,000 |
| | Animals Microchipped | 748 | 985 | 1,000 | 1,200 |