

**REGIONAL TRANSPORTATION COMMISSION  
WASHOE COUNTY, NEVADA**

**FRIDAY**

**8:06 A.M.**

**May 16, 2011**

**PRESENT:**

**Ron Smith, Sparks City Councilman, Chair  
Bob Larkin, Washoe County Commissioner, Vice Chair  
David Humke, Washoe County Commissioner  
Dan Gustin, Reno City Councilman  
David Aiazzi, Reno City Councilman**

**Lee G. Gibson, Executive Director  
John Fowler, Legal Counsel**

**NOT PRESENT:**

**Susan Martinovich, Director of NDOT**

**\*\*\*NO ACTION WAS TAKEN AT THIS WORKSHOP  
EXCEPT TO APPROVE THE AGENDA AND TO ADJOURN\*\*\***

This Board workshop, held in the Board Room of the Jerry L. Hall Regional Transportation Center, 2050 Villanova Drive, Reno, Nevada, was called to order by Chairman Smith. Following the Pledge of Allegiance to the Flag of our country, the Board conducted the following business:

***Item 1        APPROVAL OF AGENDA***

On motion of Commissioner Aiazzi, seconded by Vice Chair Larkin, which motion unanimously carried, Chairman Smith ordered that the agenda for this meeting be approved.

***Item 2        PUBLIC INPUT***

Chairman Smith opened the meeting to public input and called on anyone wishing to speak on topics relevant to the Regional Transportation Commission (RTC) that are not included in the current agenda.

There being no one wishing to speak, the Chairman closed public input.

***Items 3.1 and 3.2    GENERAL ADMINISTRATION***

**\*4.1    DISCUSSION OF THE REGIONAL ROAD IMPACT FEE (RRIF) PROGRAM**

Julie Masterpool, RTC Traffic Engineer, addressed the Board and gave a presentation which provided history and an overview of the current Regional Road Impact Fee (RRIF) program. Ms. Masterpool explained that impact fees were created as a funding mechanism for building capital improvements due to new development.

John Fowler, RTC Chief Legal Counsel, then provided some legal background on impact fees, how they came about and the constitutional requirements they fulfill.

Ms. Masterpool continued, reiterating that impact fees may only be used for new development and may not be used for maintenance or operating expenses. She next explained the process in which the Capital Improvement Plan (CIP) and fee is developed. Population employment for today and future years, as provided by the Truckee Meadows Regional Planning Agency, is entered into the traffic model to determine where capacity improvements are really needed. This develops the CIP.

Estimates for average project cost, minus any other funding sources (state or federal), is used to determine the development's share of the CIP. The number of additional capacity of roads that will be needed because of the roads being widened is calculated to come up with a dollar per vehicle mile traveled (VMT). A RRIF Technical Advisory Committee (TAC) was developed consisting of 15 members – two from RTC, three from each of the local agencies, and four private sector members. This group came up with the use of VMTs to measure impact fees and that RRIF credits would also be issued in VMTs. These credits have a 20 year lifespan and can be bought and sold on the private market. The value of the credits changes with the value of the VMT rate.

Ms. Masterpool added that the impact fee program is in the process of being updated. This update includes an expansion to the service area; it will include the addition of Spring Mountain and the East Truckee River Canyon area to the Northeast benefit district. Currently, there are two separate fees, one for the City of Reno and another for Sparks and Washoe County due to road improvement bonds that the City of Reno had passed before the RRIF program was in place. The RTC has always offset the City of Reno fees to compensate the City of Reno for the payment of the bonds; but because the bonds should be paid off soon, there is no more need for an offset and there will now be just one impact fee. The proposed new fee price is \$217.00 per VMT which should be adopted in July 2011.

Vice Chair Larkin asked why the dollars increase on the VMT price.

Ms. Masterpool replied that VMT dollars increase with the local construction costs averaged over a period of ten years.

Vice Chair Larkin then asked if there isn't a better approach to pricing the VMT. There is a reduced construction cost right now but it doesn't reduce the VMT dollars until it's factored in to a future average. He did not require an answer at this time.

Commissioner Aiazzi asked why the VMT for a single family residence went up by 30%.

Ms. Masterpool said that one of the main factors is the significant increase in trip length in recent years.

Ms. Masterpool then explained the process for impact fee credits and the NRS requirement that applies to the RRIF program and credits.

Commissioner Gustin asked if it is known how many credits are currently “out there.”

In response, Ms. Masterpool provided a visual of the spreadsheet currently being used to track credits.

Chairman Smith asked if developers continue to build new roads and pay their impact fees with nothing but credits, where would the money come from to pay for the roads.

Ms. Masterpool replied that the RTC would have to look at other funding sources to do the capacity improvements.

Chairman Smith then stated that with the number of credits that are sitting out there, there is a possibility that the RTC will not see any money coming in from the program for ten years or more if the developers start using only their credits. Ms. Masterpool confirmed this.

Ms. Masterpool explained the original process for allocating credits and the manual the process that was used until 2007 when the system was updated to an online system. All holders of the “credit books” originally used were asked to turn them in but not everyone did, only about 80%. The estimated number of outstanding credits being used today includes the manual credits in the books not returned. The number of credits issued is known but not how many have been used.

Chairman Smith asked if this has been tried up yet.

Ms. Masterpool listed every method used to contact the holders of those books and have had some response, but still not from everyone.

Vice Chair Larkin asked how the credits used were verified and entered into the books.

Ms. Masterpool said that it would be a City employee who entered them each time and the books would not come back to the RTC until they were zeroed out or until the new automated program began. The books were then audited for math errors, etc.

Including the assumed number of credits in the missing books, there are approximately 800,000 VMT's that still could be on the open market. The VMT is always worth today's value. There are 7,400 credits that will expire in 2016 if not used prior to the expiration date.

Ms. Masterpool reminded the Board that a request for proposals (RFP) had been issued for a review of the program. A recommendation is anticipated to come before the Board in June 2011.

She continued, explaining that the entire program will be reviewed and how it has affected growth in and around the city.

Chairman Smith asked if it is possible, would it be wise to consider purchasing some of the outstanding impact fee credits at a reduced rate to potentially spur construction.

Mr. Fowler responded that if the RTC were to purchase the credits back at a reduced price the risk of the credit value going up or down lands solely on the RTC. At this time the risk lies with the developers.

Chairman Smith believes that if the RTC could buy a portion of the outstanding credits it would reduce the agency's liability and allow for impact fee dollars to be collected in the future.

Commissioner Humke stated that he thinks the transportation industry is inappropriately matched with the construction industry because with the downfall of construction the transit model portion is being harmed.

Commissioner Aiazzi would like to see what projects are in the CIP for each of the three benefit districts and could the impact fees vary by benefit district according to the size of the development. Doing this could potentially provide an incentive to build outside of the current large growth areas.

Commissioner Aiazzi then asked if the fees are applied to only roads projects, or does it include intersection lighting, etc.

Ms. Masterpool said that the fees can be applied to any capacity improvement, not only roads.

Commissioner Aiazzi said he is interested in knowing what the goal was when the RRIF system was originally set up and how far along are we in that goal. Additionally, he asked how the population forecast is coming along.

Vice Chair Larkin said the population is part of the Regional Plan and is waiting on the U.S. Census results for completion.

Chairman Smith opened the subject up to public comment.

Mr. Perry DiLoreto, developer of Damonte Ranch, gave a PowerPoint presentation providing information on the RRIF program from the developer's perspective. Mr. DiLoreto's slides were derived from information obtained from the RTC. This information was then entered into a graph format, each of which Mr. DiLoreto reviewed.

Vice Chair Larkin asked Mr. DiLoreto what the development community's mindset was, from his perspective, when they first entered in to this program.

Mr. DiLoreto responded that it creates an incentive for the development community to do a good job. An example give was that he paid for the Damonte Ranch interchange and all of the

surrounding community benefited from it. This program enabled a truing up of the costs incurred by everyone paying their fair share.

Mr. DiLoreto said that the mindset was to get something into place to show the public that the development community was all paying their fair share for the new infrastructure being built. He then continued with his presentation.

Commissioner Aiazzi asked the RTC to look in to the dates it has been attempted to increase the impact fee costs since its inception; when was it successful and when was it not.

Armando Ornelas, Sparks City Planner, said that the City of Sparks believes that a tiered fee system should be included as an option in the analysis of the RRIF program to “level the playing field.” A suggestion would be to have the higher rates in the green-fill areas and lower rates in the inner core.

Commissioner Aiazzi asked if the City planned on future growth in the East Truckee River Canyon area and Mr. Ornelas said that no, growth is not anticipated.

Jim Rundle, City of Sparks Sr. Planner, agreed and explained the reasons behind this thinking.

Commissioner Aiazzi disagreed saying that the property taxes would be lower in that area and services would still be provided by the County, so it seems that growth would be inevitable.

Mr. DiLoreto cautioned the elected officials against using their entity’s growth models to influence the area development.

Commissioner Aiazzi said he would like to see a truing-up of the Consumer Price Index (CPI) which is based on percentages and the CPI Construction which is based on actual costs.

Ms. Masterpool then reviewed some of the next step options as follow:

- Leave the program as it is right now
- Extend the expiration dates as a temporary solution

Chairman Smith asked if the expiration dates could be extended and then the system could be addressed again at that time. Ms. Masterpool said from her understanding this could be done.

- Valuating the purchase of existing credits

Ms. Masterpool asked Mr. Fowler to review some of the legal ramifications pertaining to this option.

Mr. Fowler stated that the use of sales tax or fuel tax to buy back credits is not permitted per the statutes and ordinances. Additionally, there is a constitutional provision that requires that fuel tax

funds be used for road projects. There is no statute that specifically says that the RTC may not purchase credits, but the Nevada Supreme Court severely constrains the “wobble room” that the municipality has in using funds other than what is specifically laid out in the statutes. Commissioner Gustin asked if the expiration dates could be extended and reevaluating of the redemption process of those credits on the open market would be a feasible solution.

Mr. Fowler said that contracts have been signed that cannot be changed after the fact, but what goes into the contracts in the future could change the processes going forward.

Commissioner Aiazzi asked if it would be a legal possibility to extend the life of the credits at a reduced rate. He did not require an answer at this time.

Commissioner Humke asked to have district pricing, based on the benefit districts, added to the analysis of the program.

Vice Chair Larkin thanked everyone for their information and agreed with Commissioner Gustin’s statement that leaving the program as is, is not a viable solution.

He would like feedback on the extension of expiration dates, the valuation of purchasing the existing credits, and whether the RTC should become the repository of the credits. Additionally, there should be a cut-off date for any potential credit redemptions or purchases.

Chairman Smith requested that a letter be sent to all possible credit holders requesting their impact fee records for a true-up. There should also be an expiration date included for this records submission.

10:10 a.m. - The Board recessed for a break. Vice Chair Smith and Commissioner Humke departed the meeting for the day.

10:15 a.m. – The Board was back in session with Chairman Smith, Commissioner Aiazzi and Commissioner Gustin present.

#### **\*4.2 DISCUSSION OF POSSIBLE ALTERNATIVES OF THE PROPERTY NEGOTIATIONS PERTAINING TO SOUTHEAST CONNECTOR ROADWAY THROUGH THE ROSEWOOD LAKES GOLF COURSE**

Garth Oksol, RTC Engineer and Project Manager, addressed the Board to provide an update on the Southeast Connector, specifically as it relates to the Rosewood Lakes Golf Course. Mr. Oksol presented a list of items the City of Reno had presented for resolution on this project for discussion. There has been no request to begin negotiations with the City of Reno pertaining to this topic, the goal is to simply begin talking about it.

Mr. Oksol explained that the current model allows for 7 of 18 holes to remain untouched. Two of the holes would require slight modifications to stay close to where they are.

Chairman Smith asked if there had been discussion of moving 9 holes of the golf course to the other side of Pembroke.

Mr. Oksol said that yes, that idea had been discussed and added that the City of Reno owns that property (111 acres). The leading idea from residents is to leave the 9 holes where they are and move the other 9 across the street. The parking lot would be very close to the new intersection of Pembroke and the Southeast Connector so it would be beneficial to relocate it for a safer entrance and exit by moving it down to the driving range and moving the driving range across the street with the new 9 holes.

Chairman Smith asked if the clubhouse would also be moved.

Mr. Oksol said it is not necessary so is not included in the plan at this time.

Commissioner Aiazzi asked what the options are for crossing Pembroke if 9 holes are moved.

Mr. Oksol said there could be a crossing for golf carts over the road or under the road but additional research is needed before any decisions can be made.

Commissioner Aiazzi asked whose job it is to hire an estimator to determine the value and cost of the proposed changes.

Chairman Smith said that the alignment for the Tahoe-Pyramid Loop had been planned to run through the golf course property before the golf course was built. So how does that play into everything.

Mr. Oksol explained that to follow that exact previous alignment would create a shutdown by the Corps. of Engineers (“Corps.”) and impede on the Waters of the U.S.

Commissioner Aiazzi asked if there is anything prohibiting the RTC from advancing payment for the property to the City of Reno so they can pay off their bond amount of just under \$3 million.

Mr. Hale said that since the RTC is just getting in to the Corp. Permit so any money needs to wait until that permit comes through.

Chairman Smith said that he is not concerned about the bond but is not comfortable with buying land from the City, building a road and then giving it back to the City.

Mr. Oksol said that the direction as he understands it is to check in to the legal and financial issues of giving a “refundable deposit” to the City of Reno to allow Reno to pay off their bond; and to continue negotiations with the City staff and working with them on community outreach.

Chairman Smith asked if the new 9 holes need to be up and running before the road can be built.

Mr. Oksol said that issue is unclear at this time. It takes approximately two years to build a golf course.

Jonathon Skinner, City of Reno, said that the discussions with the public have explained the time involved with building a new golf course or partial course.

Chairman Smith said that if we start now, the road can be completed and the new 9 holes could potentially be up and running at the same time.

One possibility is to do the construction during the 3 month period that the City shuts the course down for the year.

There was some discussion on appraisals and course design, as well as who pays for it.

E.D. Gibson asked Jeff Hale to provide a complete schedule of the process to get a framework to go by.

Mr. Hale asked what the process is for getting the numbers back to the Reno City Council.

Chairman Smith suggested that the RTC work together with the City of Reno staff, bring it before the Reno City Council for approval and then to the RTC Board.

Mr. Oksol offered to bring back the requested timeline to the June 2011 RTC Board meeting along with an action item to do an RTC appraisal for damages. If the City disagrees with the RTC's appraisal they can then pay for their own.

There was continued discussion about the payment of the City of Reno's bond, if it's possible to use RTC bond money for that, etc.

Mr. Fowler said that he would check on the legalities of this concept.

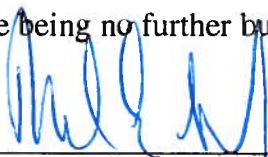
***Item 4 MEMBER ITEMS***

There were no member items.

***Item 5 ADJOURNMENT***

On motion of Commissioner Aiazzi, seconded by Commissioner Gustin, which motion carried unanimously, Chairman Smith ordered that the meeting be adjourned.

There being no further business to come before the Board, the meeting adjourned at 10:45 a.m.



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RON SMITH, Chairman  
Regional Transportation Commission