



REGIONAL TRANSPORTATION COMMISSION

Public Transportation • Streets and Highways • Planning

June 17, 2008

Ms. Katy Singlaub, County Manager
Washoe County
1001 E. Ninth Street #A201
P.O. Box 11130
Reno, NV 89520-0027

Dear Katy:

I am transmitting, herewith, proposed resolutions for the two transportation ballot questions, including the questions, explanations, and statements of financial effect. I respectfully request that these questions be placed upon the agenda for the July 8, 2008 meeting with a recommendation that the Board of County Commissioners approve them, and that they be placed on the November 2008 ballot as questions WC-1 and WC-2.

Additional Background

On Jan. 18, 2008, the RTC Board created a Blue Ribbon Committee (BRC) on Transportation Funding comprised of a diverse group of 30+ community leaders. The BRC was tasked with making recommendations to the RTC Board on a ballot question to address significant shortfalls in transportation funding. For streets and highways, the final estimate of the shortfall is \$4.9 billion through 2040. For public transportation, the estimated shortfall through 2040 is \$1.1 billion.

The estimates of needs, revenues, and shortfalls for streets and highways are comprehensive in that they include all levels of responsibility (e.g. federal, state, regional, and local) as well as all activities (e.g. routine operations and maintenance, system preservation, and capacity/congestion relief). The estimates take into account the revised congestion (level-of-service) standards recommended by the RTC Board and recently adopted by Reno, Sparks, and Washoe County, which will save the public an estimated \$488 million in infrastructure costs through 2040. The estimates assume that the five year phase-in of developer impact fees to rates that are 180% above pre-December 2007 levels will be approved by the local jurisdictions and that there will be a continued rational economic approach to managing the street and highway system. Based upon these assumptions, the preponderance of the shortfall is in the area of capacity/congestion relief. Without the additional resources represented by the shortfall, congestion can be expected to increase dramatically having debilitating effects on the regional economy, safety, air quality, and the overall quality of life for the residents of the Truckee Meadows.

The estimates of needs revenues, and shortfalls for public transportation are also comprehensive in that they cover all levels of governments and all activities. The estimates assume that the current goal contained in the Regional Transportation Plan of achieving a 6% transit mode share by 2030 will be met. Due to the current slow economy, the RTC Board has recently had to cut transit service by 8.4%. Without additional resources for public mass transportation, transit service will need to be cut an additional 20%+ within the next year. Under status quo conditions, expanded mass transit services to support our growing community will not be possible, and our ability to effectively support the community's vision of transit oriented development will be severely curtailed.

The recommendations of the BRC on the transportation ballot questions were informed by several key understandings:

- The size of the transportation shortfalls make it infeasible to approach the voters for a single step solution given current economic conditions.
- More than 60% of the projected street and highway shortfall is caused by erosion of the purchasing power of existing revenue streams due to inflation in highway construction costs
- Solving the problem of inflationary erosion becomes increasingly difficult with each passing year.

Informed by these understanding, the BRC recommended two ballot questions which were unanimously accepted by the RTC Board, one for streets and highways, and one for mass transit:

- For Streets and Highways: Protect local, state, and federal gas and diesel fuel tax revenues from inflation by indexing to the Producer Price Index for Street and Highway Construction
- For Public Transportation: Enact the remaining 1/8% transportation sales tax already authorized under NRS 377A

For the streets and highways measure, there would be no increase in fuel taxes, if there is no inflation in the cost of highway construction. Assuming historic rates of inflation for highway construction, the total estimated increase to the price of a gallon of gasoline in the first year of implementation (FY2010) would be 2 cents per gallon. For diesel, the estimated impact in the first year would be an increase of 2.4 cents per gallon. These increases would cost the average Washoe County driver an additional 3.5 cents per day. For commercial diesel trucks, this would add an estimated 5/10 of one cent to the cost of each mile driven. In subsequent years, further adjustments would be made but only in the amounts necessary to recover the purchasing power lost due to highway construction inflation.

For the mass transit measure, the 1/8 of one percent increase in the sales tax would add approximately 1.3 cents to the cost of a ten dollar purchase. This would add an estimated 16 cents per day to the cost of the average Washoe County household.

While the recommended actions do not solve the entire shortfalls, they would, if approved, make a substantial first step towards a full solution. The streets and highways measure would provide the following benefits:

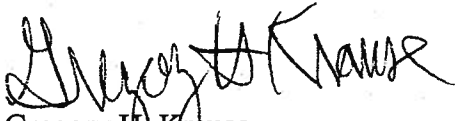
- Recover \$2.6 billion in lost purchasing power eliminating more than 50% of the shortfall
- Funds raised would be local money under local control
- Allow acceleration of key regional projects
- Stimulate the local economy by creating jobs

The public mass transportation measure would benefit the community by:

- Stopping a 20+% cut in current transit service necessary due to the poor economy
- Allowing some expansion of transit service
- Funding the first phase of rapid transit services in the Virginia Street Corridor

Thank you for your help on this matter. Please contact me or Derek Morse, RTC Deputy Executive Director, should you have any questions regarding this request.

Sincerely,



Gregory H. Krause
Executive Director

GHK/DWM/dmt
Enclosures

Cc
David Humke
Bob Larkin
Dave Aiazzi
Dwight Dortch
John Mayer

Summary: A resolution submitting an advisory question to the qualified electors of Washoe County regarding funding for streets and highways.

RESOLUTION

WHEREAS, Washoe County (the "County"), in the State of Nevada was duly organized and created pursuant to Nevada Revised Statutes ("NRS")243.340, and is operating as a County under NRS Chapter 244 and the general laws of the State; and

WHEREAS, the Board of County Commissioners (the "Board" or the "Governing Body") of the County has determined that it is necessary and advisable that the County, pursuant to NRS 293.482, ask the advice of the registered voters of the County regarding a question that the Board has under consideration; and

WHEREAS, in the judgment of the Board, it is necessary and advisable that an advisory question be placed on the ballot at the general election to be held on November 4, 2008, (the "Election") to submit to the electors of the County the question in the form set forth in the Resolution (the "Question");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA:

- Section 1. This resolution be known and may be cited as the "2008 Streets and Highways Funding Advisory Question Resolution."
- Section 2. The Board hereby finds and declares the necessity of placing the Question on the ballot for the Election for the purpose of asking the advice of the registered voters of the County whether they support the Washoe County Board of Commissioners seeking state legislation for the Regional Transportation Commission (RTC) to obtain necessary additional funding for transportation projects that will reduce traffic congestion, improve air quality, repair and maintain roads in the Truckee Meadows.
- Section 3. The Question is hereby designated and ordered to be placed on the ballot of the Election within the County on Tuesday, November 4, 2008, at which there shall be submitted to the registered voters of the County the Question hereinafter set forth. The Election shall be conducted in accordance with Chapter 293 and 293B of NRS and all laws amendatory thereof (the "General Election Act").
- Section 4. This question is advisory in nature and does not place any legal requirement on the governing body, any member of the governing body, any officer of the political subdivision or the Nevada Legislature.
- Section 5. The County Clerk shall immediately provide the County Registrar of Voters with a copy of the Question, including an explanation of the question, the fiscal note and any additional information as set forth herein.

- Section 6. The Registrar of Voters is hereby authorized to initiate the process for the appointment of a committee to prepare arguments advocating and opposing the Question pursuant to NRS 295.121.
- Section 7. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and by the officers of the County relating to:
 - A. The Election, and
 - B. The Question,
 is ratified, approved and confirmed.
- Section 8. The officers of the County are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution.
- Section 9. All orders, bylaws and resolutions, or parts thereof, in conflict with this Resolution, are hereby repealed. This repealer shall not be construed to revive any bylaw, order or resolution, or part thereof, heretofore repealed.
- Section 10. In any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.
- Section 11. The County Clerk shall provide the County Registrar of Voters with a copy of the Question (including an explanation of the Question and statement of financial effect) substantially in the form as follows, with such changes as are approved by the Executive Director of the Regional Transportation Commission, to be submitted to the registered voters of the County:

IMPROVING STREETS AND HIGHWAYS IN WASHOE COUNTY QUESTION:

Shall the Washoe County Board of Commissioners seek state legislation for the Regional Transportation Commission (RTC) to obtain necessary additional funding for transportation projects that will reduce traffic congestion, improve air quality, and repair and maintain roads in the Truckee Meadows?

Yes...../_____/

No...../_____/

Explanation: This is an advisory question only. Results may be taken to the Nevada Legislation for further action.

Regional experts predict that population growth in Washoe County will reach more than 600,000 residents by the year 2030. With this predicted growth, our community will see an increase in traffic congestion, decreasing air quality and increased road repair and maintenance projects. In December 2007, the RTC Board approved an immediate 50% increase in the fees paid by new development for needed congestion improvements. In May 2008, the RTC acted to increase developer fees another 130% above the pre-December 2007 rates, to be phased in over five

years. These steps insure that development will continue to pay its full legal share for congestion relief. Even with these actions, transportation is facing a funding shortfall of approximately \$5 billion through 2040. Nearly 60% of this shortfall is due to inflation in street and highway construction, which is eroding the purchasing power of our existing gas and diesel taxes. In order to maintain the quality of life we enjoy in the Truckee Meadows, additional funding is necessary to:

- ... Maintain and repair existing and future streets and highways
- ... Expand streets and highways
- ... Reduce traffic congestion
- ... Maintain air quality

As a first step in solving this problem, a committee of 30 prominent community leaders recommended a funding package that would recover the purchasing power lost by existing federal, state and local gas and diesel taxes due to inflation in highway construction costs. This would be done by making adjustments to fuel tax rates, sometimes called indexing, based upon changes in the Producer Price Index for Street and Highway Construction. If there is no inflation in highway construction costs, there would be no changes in the fuel tax rates. Federal and state fuel taxes, which have not been adjusted for 15 years, have lost of 30% their purchasing power since 2003 due to inflation. In 2003, voters approved indexing local gas taxes to the Consumer Price Index (CPI) but experts say CPI has not accurately reflected the increases in highway construction costs, resulting in a 20% loss of purchasing power since 2003. This package would spread the responsibility among users of the roads including businesses, residents and tourists. The Regional Transportation Commission may ask the legislature to:

....Adjust the diesel and gas tax rates in Washoe County based upon the rate of street and highway construction inflation to recover lost purchasing power on our local, state and federal diesel and gas tax revenues.

A “yes” vote would advise the Nevada Legislature that you approve of the recommendation to protect existing diesel and gas taxes from inflation.

A “no” vote would advise the Nevada Legislature that you do not approve of recommendation to protect existing diesel and gas taxes from inflation.

This question is advisory in nature and does not place any legal requirement on the governing body, any member of the governing body, any officer of the political subdivision or the Nevada Legislature.

Statement of financial effect: Gas and diesel fuel tax rates would be adjusted annually to offset only the amount of purchasing power lost due to inflation of street and highway construction costs; if there is no inflation in street and highway construction costs, there would be no adjustment to the tax rates and no impact to the tax payer. Based upon historic inflation rates of street and highway construction, this measure would increase the tax paid on a gallon of gasoline approximately 2 cents per gallon and increase the tax paid on a gallon of diesel fuel approximately 2.4 cents per gallon in the first year of implementation (FY 2010). In the first year of implementation, this would cost the average driver of a gas vehicle or non-commercial

diesel vehicle an additional 3.6 cents per day. For operators of commercial diesel vehicles, this would increase the cost for each mile driven by an estimated $\frac{5}{10}$ of one cent.

The inflation recovery taxes would remain in effect until such time as specific action is taken by the Washoe County Commission to amend or repeal them.

If this measure is passed, the Regional Transportation Commission (RTC) may sell bonds payable from the tax that are backed by the full faith and credit of the Commission. Following the levy of the tax, additional expenses are expected to be incurred for the operation and maintenance of the road improvements constructed with this additional tax, which will be paid for by the tax or from existing RTC and local government resources.

Section 12. This Resolution shall be in effect from and after its adoption.

Adopted this 8th day of July 2008.

Robert M. Larkin, Chairman

Attest:

County Clerk

Summary: A resolution submitting a binding question to the qualified electors of Washoe County regarding funding for public transit.

RESOLUTION

WHEREAS, Washoe County (the "County"), in the State of Nevada was duly organized and created pursuant to Nevada Revised Statutes ("NRS")243.340, and is operating as a County under NRS Chapter 244 and the general laws of the State; and

WHEREAS, the Board of County Commissioners (the "Board" or the "Governing Body") of the County has determined that it is necessary that the County, pursuant to NRS 293.481 and NRS 377A.020 submit to the registered voters of the County a question that the Board has under consideration; and

WHEREAS, in the judgment of the Board, it is necessary and advisable that a question be placed on the ballot at the general election to be held on November 4, 2008, (the "Election") to submit to the electors of the County the question in the form set forth in the Resolution (the "Question");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA:

- Section 1. This resolution be known and may be cited as the "2008 Public Transit Funding Question Resolution."
- Section 2. The Board hereby finds and declares the necessity of placing the Question on the ballot for the Election for the purpose of asking the registered voters of the County whether the Washoe County Board of Commissioners shall impose an additional 1/8 of one percent general sales and use tax collected in the County as authorized under NRS377A.030 beginning on April 1, 2009, to be used for public transit in the Truckee Meadows.
- Section 3. The Question is hereby designated and ordered to be placed on the ballot of the Election within the County on Tuesday, November 4, 2008, at which there shall be submitted to the registered voters of the County the Question hereinafter set forth. The Election shall be conducted in accordance with Chapter 293 and 293B of NRS, and all laws amendatory thereof (the "General Election Act").
- Section 4. This question is binding in nature and would obligate the Board to impose the tax if approved by a majority of the voters voting on the Question.
- Section 5. The County Clerk shall immediately provide the County Registrar of Voters with a copy of the Question, including an explanation of the question, the fiscal note and any additional information as set forth herein.

- Section 6. The Registrar of Voters is hereby authorized to initiate the process for the appointment of a committee to prepare arguments advocating and opposing the Question pursuant to NRS 295.121.
- Section 7. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and by the officers of the County relating to:
 - A. The Election, and
 - B. The Question,
 is ratified, approved and confirmed.
- Section 8. The officers of the County are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution.
- Section 9. All orders, bylaws and resolutions, or parts thereof, in conflict with this Resolution, are hereby repealed. This repealer shall not be construed to revive any bylaw, order or resolution, or part thereof, heretofore repealed.
- Section 10. In any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.
- Section 11. The County Clerk shall provide the County Registrar of Voters with a copy of the Question (including an explanation of the Question and statement of financial effect) substantially in the form as follows, with such changes as are approved by the Executive Director of the Regional Transportation Commission, to be submitted to the registered voters of the County:

SUSTAINING PUBLIC TRANSIT IN WASHOE COUNTY QUESTION:

Shall the Washoe County Board of Commissioners impose an additional 1/8 of one per cent of general sales and use tax collected in the County as authorized under NRS377A to be used for public transit?

Yes...../_____/

No...../_____/

Explanation: This is a binding question. The Washoe County Board of Commissioners would be obligated to impose the tax if approved by a majority of the voters voting on this question.

Public transit is a key element in maintaining our quality of life in the Truckee Meadows. In the face of dramatically increasing gas prices, mass transit provides a viable transportation option for many people that can reduce congestion and improve air quality for all, even those who do not use it. Unfortunately, the recent slowdown in the economy has seriously eroded the amount of funding currently available to operate our existing mass transit system. Unless additional funding is made available, experts foresee the need to cut existing service by about 20% over the next year. These cuts come at a time when demand for public transit is at an all time high. Over

the long-term, additional services will be needed to serve our thriving community. By 2030, population in the Reno-Sparks area is expected to reach over 600,000. To reduce congestion, maintain air quality, and serve the exciting revitalization of the urban core, an additional \$1.1 billion in public transit funding will be needed. As a first step toward solving this shortfall, the funds generated by this additional 1/8% sales and use tax would help to:

- ...Avoid an approximately 20% cut in mass transit service in the next 12 months
- ...Maintain current mass transit service levels
- ...Expand mass transit to include initial rapid transit in the Virginia Street Corridor.

A “yes” vote would be binding and require the Washoe County Commission to impose a 1/8 of one percent increase in the general sales and use tax that is currently authorized by Nevada Revised Statutes 377A for public transit.

A “no” vote would indicate that you do not want the Washoe County Commission to impose a 1/8 of one percent increase in the general sales and use tax that is currently authorized by Nevada Revised Statutes 377A for public transit.

Statement of financial effect: The daily cost of this 1/8 of 1% increase in the sales and use tax is expected to be 16 cents for the typical Washoe County household. This tax would remain in effect until such time as the Regional Transportation Commission (RTC) ceases the operation of public mass transit services in Washoe County.

If this measure is passed, the Regional Transportation Commission may sell bonds payable from the tax that are backed by the full faith and credit of the Commission. Following the levy of the tax, additional expenses are expected to be incurred for the operation and maintenance of the mass transit vehicles and facilities acquired with this additional tax, which will be paid for by the tax or from existing RTC resources.

Section 12. This Resolution shall be in effect from and after its adoption.

Adopted this 8th day of July 2008.

Robert M. Larkin, Chairman

Attest:

County Clerk