LINCOLN COUNTY PLANNING DEPARTMENT
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MINUTES FOR PUBLIC WORKSHOP

"Paying for the Costs of Growth"

March 14th, 2008 at 9:00 A.M.

Sponsored by the Lincoln County Planning Commission

1. Discussion only: Planning Department status of large projects.

   Clint explains that over the last year and a half Holly Gatzke; the Lincoln County cooperative extension agent and Clint have been working with Tom Harris, Buddy Borden and Ted Oleson on what the County should be aware of in terms of fiscal impacts on large developments, what has happened other places in the State, what are the limitations in Nevada for how a local government can raise funds for providing public facilities, public services which are mandated by the State and dealing with infrastructure. Clint explains that we are at a very critical point in terms of timing right now with our projects; two (2) of the projects in the Toquop area are now on the table with the Planning & County Commissions for approval of the development agreements. The development agreements basically set the entitlements and expectations of local government and the developers to provide for services. At this time Clint introduces Buddy Boren, Tom Harris and Ted Oleson and gives the floor to them.

2. Discussion only: Fiscal Impact Workshop presented by Tom Harris, Buddy Borden, and Ted Oleson from the University of Nevada-Reno Cooperative Extension.

   Buddy Boren takes the floor and explains that they are here to begin the discussion of what the County might want to consider when talking about unprecedented type growth, he explains that there is no place in the nation that we can model our impending growth after as currently Lincoln County is ranked 16th in the State for population out of 17 Counties and if the proposed developments are built we will be ranked 3rd. He explains that there are a lot of issues that the County & residence of the County need to be aware of; they are here to help and assist in the educational process for the upcoming growth and if they can uncover some new things to help the County that is what it is all about. Buddy shows a slide show on fiscal systems and explains that planning is a process of preparing in advance in a reasonable systematic fashion, recommendations for programs and course of action to obtain the common objective of the community. The objective of this workshop is 1st Social Demographic Characteristics, where the County is now and where we are going with the two (2) major developments that are being proposed, 2nd is general principles to consider when evaluating fiscal systems, 3rd is fiscal systems and what it captures or what it does not capture, 4th being Inter-County issues as both of these developments are on the County line which could cause some County issues and what we should consider when dealing with these issues, and 5th is the Next Steps; where do we go from here and what to consider when planning & evaluating the impacts of this growth. Buddy shows the attendees a chart of current key demographic characteristics for 2007 and the demographic characteristics after the build out of the Toquop & Coyote Springs developments; he explains that Lincoln County has had a stable growth over many years now. Buddy talks about looking at what the households look like and the age groups that live within these households as they have impacts on the types of goods & services provided; as different age groups have different demands. What Buddy is explaining deals with the population, housing units and employment which was derived from the developers of the Toquop development, he now looks at the Coyote Springs development in regards to the population, housing units and employment. Buddy explains that the population will go from approximately 4,343 to approximately 203,118, housing units will increase approximately 80,328 and employment will increase approximately 36,102 in size. Buddy points out the growth within the different age groups and what impacts this will have as far as schools, medical facilities and other services that you will need to provide for the different age groups, so the County needs to look at the homes being built and what the families in these homes look like. Doug Carriger states that the Coyote Springs figures are actually from the Clark County approvals not Lincoln County, so they will need to increase the housing unit figure by approximately 61,400. Matt Davis asks Doug when they will start building in Lincoln County verses Clark County, Doug states that it is dependent upon industrial development and if they accomplish their plan it will be in about five (5) years. Buddy points out that this goes back to the border issues and the real benefit will be when they start in Lincoln County. Buddy finishes with the planning questions, is Lincoln County ready for this unprecedented growth, if not, what does Lincoln County need to do to get prepared for this unprecedented growth and what factors need to be considered (private & public sector). Tom Harris now takes the floor and presents a slide show on General Principles to Consider When Evaluating Fiscal Impacts. Tom explains that there are three (3) basic things they look at when doing an impact analyst, 1st being the private impact which deals with the growth in the economy and what kind of sector is going to grow, such as the retirement sector will have a different consumption of products than if it was a younger sector, 2nd being the social impact; this is when communities change such as if an older population comes in they will have different types of needs and demands verses young families so the make-up of the population in the County can be dramatically changed, 3rd being the public sector impact which looks at how many people are going to move to Lincoln County, the question being when and where. Tom explains that the when and where will be structured on what the fiscal impacts may be but also on the fact that the impacts will be spread out, which could be some interesting spatial impacts, what the costs are for the public services for the growing population and the impacts of having big new capital structures coming in and what revenues will be generated. Tom explains that our tax system is different in the State of Nevada as we have guaranteed Counties and non-guaranteed Counties and the way the property taxes are used; exactly what revenues would be impacted, basic operating maintenance is one of the 1st things they look at when we have development, what will the per unit cost of schools and those type of things be when it happens. Tom explains that community services comes in lumpy, such as if you have a lot of excess capacity building; something new is not much of an impact, but what happens if you have to build new schools and things, Ted will cover how you have to finance them later, when you do things on low average costs this does not look at the quality of the service and how the average costs can change as the community grows, those average costs could go even higher because now there is a need for more repairs. Tom explains that a lot of people do things on the average cost, look at the average cost per capita and there are some areas you have to be aware of such as service areas, if he compares the per capita costs of services here verses Carson City, Carson City will be low because they are only about a 10 x 10 square mile and they have 30,000 people which makes their costs very low, but in Lincoln County we have a very large area and this will influence the average cost incurred. Tom talks about the area in Toquop & Coyote Springs which may have satellite County offices; this will have some influence on the average costs, economies of scale & scope deals with some fixed units being shared and when looking at low cost we need to look at where these fixed units can be shared, because if something can be shared instead of each having their own the costs can be lower, he talks about capital cost and that we mainly need to be aware of how many people and tools we need for this, the type of costs for schools, water & etc and how they are financed, next is the operating costs for the new facilities and area of coverage for these facilities. Tom now talks about the impact on the County's revenue, he talks about the lag of property taxes and the possibility of negative cash flow, taxable sales impacts can be a concern as Lincoln County is a guaranteed County and once we have enough taxable sales we will no longer have the guaranteed status. Ted Oleson takes the floor and presents a slide show on can growth pay for itself, he explains that he takes a little different approach than Buddy, Tom & Holly as he is in the economics department at UNR, he explains that he has done a lot of work with communities that have experienced times of rapid growth and states that no one has experienced the potential rapid growth that Lincoln County is looking at. Ted explains that he has worked with Lyon & Douglas County in the past and the answer to the question can growth pay for itself, he states yes but it usually has not and this is something the County needs to be aware of and we need to understand what drives the fiscal system and how the local economy is going to be effected. Ted explains that growth is a positive thing but the County has to manage it; plan for it in a way that will allow the County to cope with the impacts of the growth, he looks at the impacts on two sides; on one side which so often gets focused on is the economic growth as this will create more tax base, on the other side of this is that there is an increase in demand for services. Ted explains that there are four (4) aspects to fiscal impacts of growth; 1st being that if the economic base does not grow you will not have the revenues, 2nd being that just because your economic base grows does not mean your tax base grows as if retail sales takes place in the abutting County the tax revenue goes to them not us, he explains that Douglas County told the developers that they wanted all of the construction deliveries done on the Douglas County side which made a huge difference in the growth of sales taxes, 3rd being increased tax rates which are not a popular thing but as you get increasing economic growth you get increasing demands for services and capital costs that need to be paid for, 4th being spending and revenues. Ted goes over a brief history of how the State got the tax system we currently have in order to share with the group what kinds of revenue & expenses we capture and deal with, currently the Nevada tax system is set up to tax an economy that is built on gaming, retail sales and to some degree allows for taxing and relying on growth in property, he explains that we are not taxed on everything we buy just the physical items we buy and over time people have started to hire services to do their work instead of buying the items we need to do the work; services are not taxable so this has created the tax base to go down, the State of Nevada also has a cap on property taxes so once you have reached the tax cap the County can not raise the taxes any more; the City of Caliente is now at that cap so everyone in the County is limited. Ted talks about unfunded mandates and that over time the State and Federal governments have required the Counties and Cities to take on more responsibility for certain costs. Ted talks about the growth of Lincoln County over the last 10 years; he explains that the population and jobs have not really grown but the income has grown some; this is the economic base which affects the tax base which has gone up, assessed value has gone up 112% and taxable sales have gone up 47%, property tax revenues went up by 157% and the sales tax revenues went up by 97%, he explains that the reason the sales tax revenue went up this much for Lincoln County is that we are a guaranteed County and this is not based on what is sold in our County it is based on a formula that allocates monies to guaranteed Counties. Ken Dixon asks what happens when our sales tax exceeds, what will keep us as a guaranteed County; Ted states that he will explain this in a minute. Ted explains that Lincoln County's taxable sales in 2005 were about $30,000,000 and the sales tax generated from this would be $675,000 to the County; the amount Lincoln County received was approximately $1.3 million the difference is because we are a guaranteed County, if we were not a guaranteed County we would need sales of approximately $60,000,000 in order to generate that much money, he now addresses Ken Dixon's question and states that if a County grows very quickly then it losses it's guaranteed status and when we lose our guaranteed status we will need to double our total amount of sales in the

County just to reach the amount we currently receive as a guaranteed County. Matt Davis asks how many guaranteed Counties are in the State of Nevada, it is stated there are about 12 or 13 out of 17 Counties. Rick Hardy asks about the key elements of the growth in that it was mentioned 10% growth for 3 years, what if 1 of those years in only 9% or is it that defined, Ted responds that no it is not and the County would have to appeal to the Nevada Tax Commission; and they would make a decision at what point the County would lose the guaranteed status. Ronda Hornbeck states that at NAACO; there was a Senator from Las Vegas step up and announced to 300 plus people that they were tired of subsidizing the smaller Counties. Paul Mathews asks about the figures on screen and if the County had the growth to generate another $30,000,000 in taxable sales, our sales tax received would need to be closer to $3,000,000 than the 1.3 million dollars, it is stated that currently this only supports the current population, Paul states that the impact on the County budget to accommodate this is going to be much higher than just being able to operate at the 1.3 million, Ted states yes that the 1.3 million is only to support the current population and that is what he was explaining that if we were not a guaranteed County we would need $30,000,000 more in revenue just to get the 1.3 million and if the money came from having more people in the County there would be an obvious disconnect with the economic growth and the tax revenue growth. Doug Carriger comments about the sales tax for the construction materials going to the County and that there is an economic incentive for the developer to receive in the County as they will save about 1% in sales tax, unless the County's taxes are higher than the neighboring County, he also states that it is in the best interest of the developer to build commercial as the current tax structure for Lincoln County is beneficial to them at this time. Tom states that commercial is very important to develop as you capture the retail sales from it, Ted explains that you need to work with the developers to make sure they are building retail also as you do not want all houses and the people going over the County line buying retail then you do not receive the taxes generated from those sales the other County will. Clint states that if most of the development on the front end is houses until you get enough of a base that the developer would want to put in commercial trying to make up the $30,000,000 would be very hard. Ted explains what Story County is now doing; they are building all commercial and no homes, the benefit this will have for them is great. Matt Davis asks about the 1.3 million being the cap right now, it is stated that this is our guarantee, Matt asks how this is established, Ted explains that this is a formula that increases every year by the inflation and the growth of your property tax, Matt asks if it will capture some population, Ted states that as the population increases and assessed value increases that is what will drive it. Ted moves on to the spending side for Lincoln County, he has looked at the budget for the last couple of years and states that the expenses have grown pretty fast, he points out the tremendous growth in the streets and highways budget, he also points out the growth in welfare; this is one of those mandated items and what this could mean to the County as it grows and what the needs will be for the people that will be moving in; right now the people moving in understand that they have to drive 80 miles for shopping and doctors, but what are the new people going to be expecting for the level of services. Ronda states that the recreation will start to change as we have received several grants for increasing our park facilities and that eventually the County will need to start putting out monies for the upkeep of these facilities. Ted talks about capital costs and what this can mean to the County and the expense of such things to the County, Buddy explains that this is not only an issue for smaller communities as even Las Vegas has a problem with keeping up with the schools and roads, Patsy Dye asks about the schools being built and how they are going to staff these schools, Buddy states that they are trying to address this with the new Nevada State college and bringing the youth up through and into the classrooms. Doug Carriger states that the capital cost do not have to be the County's responsibility, if the responsibility was within the developments for instance if they have a GID that would be responsible for the roads, parks, water, power & sewer then those cost would not accrue to the general fund of the County, Ted states that this is true and there are a lot of different ways to deal with this by creating townships, general improvement districts, having a incorporating City; there are a lot of different ways you can have a local area be more responsible for it's local capital needs through it's own taxes. Ted wants to remind everyone that the cost to build something is not always the large cost to the County it is the maintenance of the roads, facilities, infrastructure and etc. Ted shows the effects of growth on Lyon County and states that their revenue did not grow as much as Lincoln County's has and when you compare the revenue growth to the expenditure growth; growth did not pay for itself; they are now struggling and in a huge budget crisis. Ted goes through things to watch for; need for infrastructure, costs to be higher than currently, costs to increase faster than growth, changes in services demanded and inter-county issues. Holly Gatzke takes the floor at this time and opens the floor for any questions or discussion; she would like to write down some ideas of where we go from here. Rick Hardy asks about the schools, and how Lyon County's schools are doing as far as facilities, it is stated that they are really struggling to keep up with the growth of the student body, the issue here is in order to keep up you have to pass new bond issues. Nykki Holton asks if Lyon County has a bond cap like Lincoln County does, Ted states that they do not have the property tax cap like Lincoln County does it is more the issue of getting a property tax to fund the schools as it has to go to a public vote. Holly states that if there are no immediate questions we should look at how to think together and how to plan; we also need to be asking what are the County's needs, Clint states operating costs and the different scenarios of how they would play out, Holly asks if he has any specific points that he is really looking for, Clint responds the operating costs are going to be based on the different types of land uses. John Lovelady states that he hopes this goes back to what they were saying about who occupies the houses and the impacts on the sheriff's office, parks, schools & etc. Holly wants to bring up that we have really talked about the growth of the developments on the South end of the County but we are also facing new growth within the towns & city with the land sale potential, it won't be the same size but there is also impact happening within the rest of the County and a lot of these scenarios and questions have to apply to some degree in those same concepts in a smaller degree but still needs to be included within the plans as well. Glen Zelch asks if overall do we not need to hold our operating costs to the index of inflation, as we are not going to be receiving any more money, it is stated that it would be a good hope. Clint states we need to look at our mandates and what we are not fulfilling now, Holly asks do we need to review the mandates that need to be fulfilled as a County, Glen states that if we are not fulfilling them now and we are not going to have any more money that just means we are not going to fulfill them in the future either, Clint states that this is one scenario, Holly asks if we want to put down services mandated, Tom states yes but also you need to put down what kind of satellite county government facilities are going to be needed. Holly states the expectations for services, which are likely to be very different for those coming from the city than here as they will probably have different expectations and this needs to be looked at as part of the scenarios, Ted brings up housing and if we had surplus housing now it would not be an issue but we do not and what does this mean. Tom brings up the type of commercial we want to bring in, such as car dealerships which may be a big deal on this side of the County line as we have a cost differential and therefore we may have different types of retail that might be very successful in the County that might need to be targeted. Clint states that it would be very helpful to get more input from the Douglas County scenario; maybe we could be pro-active in trying to get the right kind of commercial in our County. Nykki Holton asks to go back to the summary questions that Tom had and could he explain what sensitivity analyst and the values mean, Tom explains that sensitivity means if you have changes going on, for example if growth occurred at 6% a year but all of a sudden it was only 2% or what if it was 20%, so you watch the trends instead of just the average and that way you get a blend; you will then be more aware of the tax so you don't get the cash flow negative situation. Glen Zelch states that we need to keep an eye on all of the capital construction the County is going to be responsible for and the cost of maintaining this construction and the basic decisions of whether you pour a concrete street verses an asphalt street. Ted talks about the infrastructure issues and where you place things like public facilities, schools will lead to where the development comes; opposed to where it follows, this is where the land use planning becomes so critical. Clint talks about a couple of years ago Nye County did a cost of land use study and one of the things the study showed was the only homes that paid for themselves were homes over $500,000; the other homes did not pay for themselves, so in some of their projects they mandated so many custom homes had to be built. Phyllis Robistow talks about one of the things she has to look at is what do we already have here as new things crop up; we have recently gone to bid on some parks and improvements projects; out of seven contractors only one was a local contractor and it hurts to see this money go out of the County to pay for a service we need; we need to encourage people that are already here to start thinking about how they can make money off from the future. Phyllis states that we need to figure out how to help people out with this, Clint states that at this time we depend on the Clark County base for this, Keith Larson states that Phyllis makes a good point because the Clark County contractor that comes up here to bid on these jobs looks at it from a Clark County prospective. Ted states that this goes back to what Holly was saying on what kind of expectations do people have when they come in and it is not just about the residents but also the contractors and others, Phyllis talks about the expectations of the seniors; we have senior centers in most of the towns but the only thing available for them is a place to eat, play cards and quilt; the people coming are going to have to realize this, Ted says what he keeps coming back to is if the developments develop at the pace that they are expecting to, within three or so years the people here now are a minority of the population. Nykki states that we are going to have to change our mind set, it is brought up that currently we do not have the skills or ability to get it taken care of, Holly states then we need to get an inventory of what skills & abilities are needed. Matt Davis talks about there being some misunderstanding of what is happening here and how they will be self sustaining as they are master planned communities, if they build a retirement community they will have to bring in the facilities to accommodate those people. Phyllis states that this is true but while they are building our existing communities are going to grow. Holly asks if the School District has any further questions or anything to add, Rick responds that he is experiencing a great deal of frustration with this last activity and maybe it is because he does not understand the vision of where it is going and he feels that it is going nowhere; his problem with this is that you have a work force of 20 planners and about 5 years worth of work listed already, and it is unrealistic that we are going to address these; we need to think about them and be aware of them and if awareness is all we are talking about then we are ok, but if we are talking about doing something about these we better hire 50 planners and get started because we are not there. Holly responds to Rick and states that the first step was to list some of these big concerns and then go back and prioritize some of the really critical ones, the university has offered to try and help find some support & expertise to take on some of these points in order to help relieve the County of some of it, and find out what the developers have provided in the form of information and what that coverage is then find the gaps, and yes we know there is more here than what we can handle but we have to chisel this down and say what are we going to take on. Clint asks Tom if he would mention the planning grants, Tom explains that they have tried to do something with USDA to try and get a planning grant, but this would be a cost share that would need to be worked out, but they do have a three year grant that we can look at. Clint brings up the land sale monies that the County received and the discussions of how this money should be used, a better question should be how do we leverage the money in order to double or triple it, Paul Mathews asks if within the economic analyst that they did showing the growth of the County revenues; were the land sale monies within the numbers used, it is stated that no it was not. Ronda Hornbeck states that some of the issues this County is faced with are trying to work through the growth on the front end and deal with the personnel we have right now. Rick states that his top priority is how are we going to get things done and who is going to do it. Doug talks about having a good partnership with the developers and this is a good aspect to lean on; as developers they are investing millions of dollars within their master planned communities and without a viable and effective local government their monies are wasted, he states that Coyote Springs and some of the developers within Toquop want to work hand and hand with the County to get where we need to be; he feels that this is the important thing with the master planned communities, Dawne Combs states that the County needs staff in order to handle what is coming into us and understanding what is coming in so we are not signing on the dotted line and in the end not profiting from the developments also. Holly states that we also have to consider that each discussion is with just one developer group at a time and the County has to kind of look at the picture of the whole besides the fact that local communities are growing to and it gets very complicated for staff to look at, Clint states that there are several other large projects happening in the County; one being the SNWA pipe line and the other being Yucca Mountain and these take up a lot of time also; we also lack a lot of the base information we need to work with the developers and make decisions that are going to provide for the future. Paul Mathews talks about the principals of economics in that they are very important here; going back to the economies of scale and scope, in this County the growth we are facing the equation is amplified in the fact that you bring in the pipe line project with Coyote Springs, Toquop and other things it is hard to take an economy of scale and draw a line around it then say this is what resources we need for this project as they are overlapping each other; as we plan and grow a lot of emphasis needs to be put on this. Keith Larson states that there needs to be communication between all parties involved, it is stated that this is key. Phyllis talks about the master planned community and not being worried about them; but more so the impact on the rest of the County. Holly states that she thinks everyone is a little overwhelmed and that the list needs to be re-organized; everyone is asking where are we right now as there is a lot of information here, there will be a follow up meeting in approximately 2 weeks, date and time is to be decided when everyone checks their schedules. Everyone will be contacted with date and time of next meeting.