

Incorporation Advisory Board

**Public Information Meeting
Nugget Hotel and Casino
April 20, 2010
7:00 pm - 9:00 pm**

Advisory Board Members

- Jeff Bobeck, Chairperson
- Don Rust, Vice Chairperson
- Janice Painter, Secretary
- Allan Parker
- Darce Wilson
- Julie Hargis
- Pat Kerby

Mission Statement

- The mission of the Incorporation Advisory Board is to act in an advisory capacity to the Pahrump Town Board and Town citizens, and to develop all information needed to make a decision as to remaining unincorporated or to incorporate the existing Town of Pahrump.

Public Information Meetings

- 3/3, Comstock Park Clubhouse, 10:00 am – noon
- 3/11, Artesia Community Center, 7:00 pm – 9:00 pm
- 3/22, Ruud Community Center, 7:00 pm – 9:00 pm
- 4/6, Nevada Treasure's RV Resort, 7:00 pm – 9:00 pm
- 4/20, The Pahrump Nugget, 7:00 pm – 9:00 pm

Meeting Ground Rules

- We will answer questions already turned in to the IAB
- We will answer questions from the audience, if we can
- We will note audience questions requiring answers
- We will not debate the pros and cons of incorporation
- We encourage you to make your views known to your public officials (Town Manager and Board Members)

Draft Report Incorporation Feasibility Analysis

Prepared for:
The Town of Pahrump
Prepared by:
Economic & Planning Systems, Inc.
Berkeley, CA
January 2010
EPS #19064

Pros of Incorporation

- Municipal decisions will be made by the city council, not by the county commissioners
- City provides greater local control over level and type of services (e.g., staffing levels and priorities), including police, planning and public works
- City controls land use and development
- City would determine priorities for use of capital funds (e.g., impact fees)
- City has access to apply and compete for federal grants

Cons of Incorporation

- Initially, City will require additional staff to fill a city clerk position and provide a municipal court
- It is likely that additional administrative staff will be required beyond the initial years, however, funding for additional staff depends on future revenue growth
- City will become financially responsible for services currently handled by the County
- There would be a slight increase in the combined property tax rate within the new city of about 3 - 4 percent.

City of Pahrump Would Control

- | | |
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| • Streets, Sidewalks, Parks and Public Grounds | • Community Development |
| • Traffic and Parking | • 911 Emergency Phone # |
| • Fire Department | • Redevelopment and / or Urban Renewal |
| • Police Department | • Central Business Area |
| • Municipal Court | • Pedestrian Malls |
| • Planning | • City Property |
| • Public Works | • Public Utilities |
| • Public Health | |

Frequently Asked Questions

Will all of Pahrump be Incorporated?

- Yes, the present boundaries will remain the same as the existing Town boundaries.
- The area to be incorporated is approximately 367 square miles.
- It will conform to 20.40.015: Consolidated Legal Description of the Entire Boundary of the Unincorporated Town of Pahrump.
- Source: (Ord. 243,2001)

Isn't Incorporation Just Adding Another Layer of Government?

- No, it actually reduces a layer of government.
- The powers of the Town Board and the County Commission will be consolidated into an elected City Council.
- Pahrump will gain the opportunity to control services now governed by the County.

What About the Brothels?

- The brothels are not within the present boundaries of the Town of Pahrump.
- They exist within Nye County.
- They would not be part of the City if Pahrump decides to incorporate.
- They could be annexed, at some point in the future, whether Pahrump remains a Town or becomes a City.

What About Police / Fire Services?

- Fire and emergency rescue services are already provided and paid for by the Town of Pahrump. That will continue under incorporation.
- There are two (2) ways to go with police services:
 - Contract with the County for Sheriff's services
 - Establish the City's own police force
- It would be less expensive to contract with the County for Sheriff's services

What About My Well And Septic?

- Incorporation will not force you to hook up to a utility unless, due to ground water contamination, the EPA so mandates.

What Happens To My Animals?

- Pahrump already has an animal ordinance.
- Incorporation, of itself, will not change anything.

Will the City Impose CC&R's?

- No. A city does not create CC & R's
- A homeowner's association creates CC & R's

What About Unrestricted Growth?

- Pahrump, if it becomes a city, would adopt the current Master Plan and zoning structure.
- Future changes to the Master Plan and zoning structure would then have to be approved by the City Council.

Will my Road be Paved Sooner?

- Probably not. Incorporation will not appreciably change the amount of funds available to the Road Department.

Questions Received by the IAB

Has Anyone Contacted the County?

- A copy of the Incorporation Feasibility Analysis was forwarded to Rick Osborne, Nye County Manager, as soon as it was released.
- The County Commissioners, Sheriff, and others in County government are also aware of it.
- The Incorporation Feasibility Analysis is posted on the Town's website, www.pahrumpnv.org.

Why Incorporate if You're Going to Retain Some County Services?

- Incorporation provides for **local control** of services provided by the City as well as for services contracted from the County.
- The City gets to choose which services it will provide for directly and which it wishes to contract with the County for.
- Incorporation also provides control of decisions over allocations of revenues, e.g., decisions about service priorities and where / how capital improvement funds will be expended.

What Happens if the County is not Agreeable to Distribution of Funds?

- NRS 354.5987 establishes that, when the county transfers responsibility for services to the city, property tax revenue equivalent to the cost of operating these services within the boundaries of the new city must also transfer.
- These cost figures are verified at the time of incorporation by the State's Committee on Local Government Finance.

Taxes Go Up Anyway, Why Bother?

- Real estate taxes are assessed to cover the cost of needed services. This is the function of the County's Assessor Office. Taxes will go up, if necessary, regardless of whether or not a community is a town or a city.
- Currently, real estate tax increases are capped at 3% annually for residential property and 8% annually for commercial property.
- They will most assuredly rise that much each year WITH or WITHOUT incorporation.
- Under incorporation, the City decides how much to increase taxes, and how to allocate the taxes to specific services.

How Can Two Road Departments be Cheaper Than One?

- There will not be two road departments serving the City. The City will be responsible for its own roads. It can, if it chooses to, contract with the Nye County Department of Public Works.
- This means that it will be the City, not the County, that will decide which Pahrump roads are paved and / or improved.
- The size of the County Department of Public Works budget will be reduced generally corresponding to the shift in responsibility to the City.

I Thought the Study Was Secret. Why was IAB in on Monthly Calls?

- These monthly calls were basically status updates and requests for additional information. No input was offered by the IAB other than the location of the needed data.
- Economic & Planning Systems, Inc. provided no preliminary information as to the findings of the Study.

\$220,000 for a Municipal Court. How can that be Cheaper?

- It's true that the City would be responsible for a Municipal Court. However, Pahrump has few ordinances to enforce and most of them mirror County Ordinances.
- Therefore, Pahrump could contract with Nye County for the handling of Municipal Court responsibilities likely negating the cost of extra staff and a building.

What NRS's Addresses Money from County to Town?

- NRS 354.5987 addresses the transfer of property taxes
- NRS 360.740 addresses the transfer of consolidated tax revenue

Why was Fernley Having Problems Getting Money from the County?

- Although Fernley continues to operate on a balanced budget, Lyon County chose to cease turning over Pass-Through Road Funds. Fernley is petitioning for a re-allocation of consolidated tax and is pursuing other legal remedies as well.

Why a 3 – 4% Increase in Combined Property Tax Rate?

- The Incorporation Feasibility Analysis mentioned that a 3 – 4 % increase in the combined property tax rate might be necessary, since the property tax revenue shifted from the County to the City would be spread over a smaller assessed value base.
- Note: Residential property taxes are currently capped at 3% annually and commercial property taxes are capped at 8%. Total property tax revenues cannot increase by more than 6% annually per year.

Why Wasn't the Cost of Additional Office Space Addressed?

- Additional office space would probably be rented. As there is a surplus of vacant commercial properties, rental expenses would probably be reasonable.
- It is likely that during the initial transition, minimal additional staff and space would be required. The amount of space required in the future depends on decisions regarding contracts vs. additional City staff.

A Recurring "Theme" was More Staff. How can this be Cheaper?

- As the City takes over functions from Nye County, there will be an increase in staff. There should be a corresponding decrease in staff at the County level as their responsibilities decrease.

Don't We Lose any "Economy of Scale"?

- There is no "economy of scale" to lose. The City will be assuming services that the County will no longer be providing. It will then decide which services to provide for directly and which services to contract out to Nye County.
- As certain services are shifted to the City (e.g., road maintenance), the City and County could agree to contractual arrangements whereby the City is the primary service provider (if services are required outside the City boundaries), thereby achieving cost efficiencies.

How Does a Charter From Incorporation Become Law?

- The charter will be attached to a bill (BDR) that will need to receive approval of a majority of the legislature. If the bill is approved, the charter becomes the document that will govern the new city. If the bill is not approved, the incorporation will not become effective.

How Much "Teeth" do NRS 354.587 & 360.74 Have to Force Allocation of Funds?

- The NRS provide the mechanisms and legal basis for transferring revenues subject to the criteria and process established in the NRS. The transfer of revenues is intended to accompany the transfer of service costs from one entity to another, although the NRS do not explicitly indicate that the transfer is to occur upon incorporation. If incorporation occurs as a result of legislation as addressed in the prior question, the bill could include language to effectively add "teeth" to the transfer of revenues if the bill is approved.

How was the Figure of \$220,000 Arrived at for Establishing a Municipal Court?

- The \$220,000 is the estimate of the net cost to the new city for all services after considering the transfer of revenues from the County. Services include not only the Municipal Court, but also a city clerk, and other changes to service costs (legal, insurance, etc.).
- As described on page 22 of the IFA, a preliminary budget for the Municipal Court includes total costs of approximately \$330,000. The budget is based on the Municipal Court budgets for the cities of Fernley and Mesquite, which operate a consolidated Justice and Municipal Court; the costs ranged from \$250,000 to

How was the Figure of \$220,000 Arrived at for Establishing a Municipal Court?

- \$330,000 annually, respectively, as shown in Appendix B Table 7. The costs represent the city's contribution towards the total costs of the system. A portion of the costs will be offset by fees and charges, and other revenues collected by the Court, assumed to equal about 60% of costs, based on the Fernley budget.
- The Municipal Court may retain certain revenues which currently accrue to the State, to the extent that the municipality adopts the corresponding State ordinances. The budget estimates indicate a net city cost, after revenues, of approximately \$130,000.

Are There any "Hidden Costs" to Incorporation?

- The Fernley incorporation was reviewed for unanticipated costs. These included costs for the incorporation process (i.e., a mapping of boundaries, and election costs), which were borne by the incorporation committee. During the initial several months, the new city hired a firm to help with financial transition issues at a cost of about \$12,000. Insurance was extended for prior Town Board members, which was not anticipated (cost estimate unknown). The new city also had anticipated costs for animal control.

Are There any "Hidden Costs" to Incorporation?

- While the IFA has attempted to identify all possible costs, it will be necessary to continue to refine the services and cost estimates if the incorporation process moves forward to reduce the potential for "hidden" costs and to develop a contingency plan to address uncertainties and future decisions (e.g., whether the new city contracts with the County or private service providers, and whether additional space rental costs and/or vehicles or other startup costs will be required).

Pahrump has the lowest tax rate in the County. If we go to the tax rate that is in effect in the rest of the County, does that account for the 3-4% increase suggested by the Draft Report?

- No. The new rate for the residents of Pahrump is based on shifting a portion of the County's current tax revenues to the new city, in an amount equal to the shift of County costs to the new city. The resulting rate will differ from elsewhere in the County since the mix of taxing entities and their tax rates are different.
- While the new city's tax rate will be greater as a result, compared to the current Town rate, there will be offsetting reduction in the County's tax rate. However, the County reduction is not exactly equal to the new city's increase.

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- The 3-4% increase in the rate is because the revenues shifted from the County are spread over a smaller assessed value base; therefore the effective rate is greater.
- The reduction in County tax revenues are spread over more taxpayers and assessed value, therefore the rate collected from the total County base is less than the rate applied within the new city, even though the total dollars shifted are the same.

If we incorporate, what happens to the County Commissioners? What financial responsibility do we still have to them?

- There should be no change in the composition of the County Commission. The County will continue to collect tax revenues to fund County services, although the service responsibilities and oversight of the County and the Commissioners will be reduced.

What Next?

- IAB Finishes Public Information Meetings
- IAB Submits Additional Information to E & PS Inc.
- E & PS Inc. Submits Final Report to Pahrump
- Pahrump Town Board Reviews / Approves Report
- Town of Pahrump May Then Decide to:
 - Not Take Further Action at This Time
 - Not Pursue Incorporation
 - Pursue Incorporation at Some Future Time
 - Pursue Incorporation Now

Audience Questions?
