

July 16, 2007

Storey County Planning Commission
PO Box 526
Virginia City, NV 89440

Re: Cordevista Impact Staff Report

Honorable Planning Commissioners:

Background

During the May 3, 2007 Planning Commission Meeting conducted in Lockwood, you requested input from staff of the School District, Sheriff's Office, Fire Department, Public Works and other departments as to what their concerns and issues might be regarding the Master Plan Amendment and Zone Change applications pending before you. Subsequent to your request, a focus group of key department heads met to determine how best to collect and present their initial thoughts to you. The result is this report, authored by the entire focus group.

First and foremost, we wish to emphasize that this report should only be considered as a preliminary overview. At best it may establish a baseline to identify future areas of follow-up investigation and analysis. Trying to perform an in-depth analysis of a project of this scope is similar to looking at the tip of an iceberg. There are undoubtedly a huge amount of unknowns that can only be determined thru a detailed process that is guided by professional planner(s) working in cooperation with the work group, applicant, Commission(s) and countless others. This analysis is further complicated by the already demanding work loads and staff size of the work group. Our findings and thoughts are by no means complete and it should be expected that they will grow in scope, detail and magnitude as the planning process may proceed.

Also, we are unclear as to what point of the process this analysis should truly take place. The applicant has stated it is more a part of the PUD negotiation that would follow a possible Master Plan Amendment and Zone Change which has driven this investigative analysis. While we acknowledge this would seem to be where fine details must be worked out, it seems logical the Commission would want to have some sense of what this may entail before any decision to enter that phase.

Staff also believes that, even though we are all taxpaying citizens within our own County, politics and emotions have no place in this type of report. To have meaning and value, it must be as objective as is possible at this point of the process.

After determining our objectives, the focus group met in two sessions with the applicant to gain insight into the project as is currently being proposed. The developer provided an overview similar in nature to what you have heard at your meetings, but more compressed with greater opportunity for detailed questions and answers. Session one was directed toward County Government Services with the following individuals participating:

- Blake Smith – Project Developer and Applicant
- Michelle Attaway – Applicant Support Staff
- Jim Miller – Storey County Sheriff
- Kathy Weeks – Storey County Assessor
- Gary Hames – Storey County Fire Chief
- Mike Nevin – Storey County Public Works Director (Roads/Water & Sewer/Parks)
- Dean Haymore – Storey County Building & Planning Director
- Donna Giboney – Storey County Planning Staff
- Marilou Walling – Storey County Administrative Officer
- Pat Whitten – Storey County Manager

Storey County School Superintendent, Dr. Robert Slaby also attended the majority of the morning session to gain insight into the overall process.

The second session was focused on school issues and concerns with the following people attending:

- Blake Smith – Project Developer and Applicant
- Pam Smith – Storey County School Board President
- Esther Schouten – Storey County School Board Trustee
- Dr. Robert Slaby – Storey County School District Superintendent

Dean Haymore and Pat Whitten also attended to help facilitate the process from the County perspective.

Several follow-up meetings were subsequently conducted without the applicant to collect our thoughts and develop this document.

General Considerations

A major concern of the focus group is the possibility the developer has raised regarding alternative uses of his property if his application is not approved. Terming this the “Alternate Use Theory”, we are at a loss to determine the true impact of providing services under this scenario. This is especially significant within the Public Safety arena, if the project site were to truly develop into 130,000,000 square feet of special industrial buildings containing hazardous waste, chemical and ammunition manufacturing, treatment, storage and open air testing as is detailed in a recent Cordevista mailing (Attachment 1). This document also states that “Storey County will be required to provide all Sheriff & Fire services without the assistance of the developer”. Recent events in both Washoe and Lyon Counties, as well as in the past in Storey County, creates significant cause for concern regarding our inability to provide for general public safety in many of these extremely volatile industries. At the very least, significant impact and/or permitting fees and conditions similar to what we currently require in TRI are essential to provide for the specialized equipment necessary. We have requested a legal opinion as to the accuracy of the developer’s statement as well as the ease and automatic ability the applicant may have to develop in this manner. We would hope that reasonable control options exist, including EPA permitting, parcel approvals and licensing, but have excluded any consideration of this matter beyond this statement although we remain very concerned about its potential impact and safety aspects.

Another significant unknown is the impact of a City Government structure as opposed to the County Government we currently have. The applicant has stated a projected density of 1.5 to 2 homes per acre over the total land holdings of 8600 acres. Given a potential build out in excess of 17,000 homes equating to somewhere between 34,000 and 51,000 new residents plus accompanying retail and other “mixed use”, it seems highly likely this project would become the County’s first city since the demise of Virginia City. The true fiscal impact of this would need to be closely analyzed by outside professionals under multiple financial models during the planning process. However, for simplicity sake at this point, we believe that City Governments seem to prosper at County Government’s expense under current Nevada Tax Statutes. Our case studies leading to this belief are; Ely, which seems fiscally healthy while White Pine County remains in virtual receivership and Fernley, which does not seem to be experiencing the fiscal constraints and difficulties of Lyon County. Again, this is a multi-faceted issue requiring extensive analysis and we have elected to only mention it here for future consideration.

The applicant discussed, and was questioned extensively, about the possibilities of phasing this project. Within these phases there would be specific growth triggers to limit impacts, establish increased infrastructure requirements and potentially control rampant growth. At any point you might choose to approve this application, this concept deserves serious consideration and analysis and has our strong recommendation. Even our long established TRI agreement provides for partial zone changes with substantial future opportunity for review and approval.

Findings

The applicant has publicly stated that he does not wish or need to have roads interconnecting from the project site to the County Seat as well as to other areas of the County. While we acknowledge the political sensitivity to this position, staff is unanimous in opposing this isolation approach as it defies the very definition of proper modern planning. In fact, we believe all access roads must be fully completed before the internal project development actually begins. Government services, especially in the Public Safety sectors of Sheriff and Fire/Medical must have quick and redundant access to all areas of our County. This need is equally great from the School Transportation perspective as well as the Public Works and General Government sectors. Simple development and dedication of a “fire road” is not considered anywhere near sufficient to meet increased need with a project of this magnitude. The question that must be considered if approved is where such roads will be constructed, not if they should be built. While interconnect roads are desired regardless of whether or not this project is approved, Cordevista would greatly accelerate the need and the developer should be reasonably expected to fund the preponderance of infrastructure costs.

Public Safety concerns and issues are of a most immediate and pressing nature. Learning from growth patterns experienced at the Tahoe-Reno Industrial Center, both Sheriff and Fire/Medical must have an initial and immediate presence beginning with first turn of the earth. The isolated locale, coupled with the scope of the proposed project, makes it essential that we are staffed and equipped to respond to emergency incidents and non-emergency types of service calls long before the first resident ever moves in. The applicant has offered existing buildings to station equipment and personnel. This may be a viable option for providing the short term staffing and response capabilities. However, specialized design needs, location of structure within the proposed

development and safety issues will necessitate significant remodeling of any building that currently exists on the property. Chief Hames and his Command Staff have developed an excellent initial impact statement that is included in this report (Attachment 2). Please keep in mind, as detailed as this may seem, it is still only a preliminary document that is highly dependant on numerous variables including actual housing growth (projected at 300 per year), inflation, rising labor, fuel and materials costs, etc. Final and firm projections can only be generated as part of a detailed planning process with professional consultants providing additional guidance. As Public Safety services constitute the vast majority of our present budgets, the overall numbers, while staggering, can only be expected for a project of this magnitude. Please keep in mind that all fire/medical functions are funded thru dedicated tax rate funds which must be balanced for budget purposes. Even though the applicant has indicated a willingness to “negotiate” impacts such as buildings and equipment, a projected first year shortfall of almost \$1.5 million (excluding critical road infrastructure of \$5 million) and five year shortfall of almost \$8.5 million are of major concern and must be fully mitigated if this project is approved.

Sheriff services would be similarly impacted and while equipment and housing costs may be considerably less initially, labor needs and costs are virtually identical. As with Fire/Medical services, experiences such as construction site thefts and other problems at the Industrial Park demonstrate the necessity of having an established presence and operations base at project inception. Additionally, a project of this size will conceivably shift the entire center of operation or at least force construction and maintenance of expensive satellite facilities for detention, courts, animal shelters, etc. As calls for service escalate, the residual impact on support services such as administration, training, etc will grow as well. Communications/Dispatch staffing will also grow dramatically with call volume in both Sheriff and Fire/Medical service calls and will undoubtedly force us to construct and relocate to a larger facility. Sheriff Miller and his Command Staff have requested additional staff and cost modeling information from the Reno Police Department. In the interim, they have provided a preliminary overview and assessment (Attachment #3).

Public Works services which currently include Roads, Water & Sewer (in Virginia City/Gold Hill only), Parks and Buildings & Grounds will also be significantly impacted. Public Works Director Mike Nevin has prepared a concise preliminary Impact Statement (Attachment #4). The extent of impact may be somewhat mitigated thru various delivery structures including General Improvement Districts (GID) and Special Assessment Districts (SAD). Storey County does not currently have any Special Assessment Districts but does have two GID’s. Canyon GID is responsible for a variety of services including water & sewer as well as road management including repair and maintenance. Although this GID is composed of a small subscriber base, the County has experienced a very satisfactory relationship. There has only been one period of time where water sources generated concern. The Canyon GID operates on a fee basis and is not a component in the overall County tax rate. The TRI GID is responsible for delivery, operation and maintenance of a water treatment facility and sewer services with the Industrial Park. Services are provided on a fee basis and are not part of the overall County tax rate. Our experience with this developer originated organization is extremely satisfactory and there is no burden on general government funds or services. However, our developer agreement and the TRI-GID scope of services do not include road maintenance and repair and we are obligated to repay the original construction costs and provide for ongoing maintenance. Maintenance, repair costs and logistics have proved to be problematic thus far into our TRI relationship. Without a base location to work from coupled with

very limited funding sources of fuel tax, due to the lack of gas stations and the current road miles funding formula used by the Department of Taxation, the County's General Fund must be used to support revenue shortfalls. There is a concept that water and delivery systems can become a source of surplus revenue and profit. However, at least with the limited subscriber base in the Virginia City/Gold Hill system; our experience seems to contradict this. This issue must be thoroughly analyzed during the planning process to mitigate any impact and determine which model may provide optimum fiscal and service efficiencies. Park projects pose a similar concern, particularly with respect to ongoing maintenance. We estimate the existing impact fee of \$250 per new home will not adequately cover the initial construction of facilities dependent on the quality and quantity demanded. Additionally, those funds cannot be used for maintenance and operation under State statutes. Our understanding is that any increase in the present impact fee would have to be borne County-wide which would increase the burden to areas outside the proposed development. As with all others, this impact needs to be thoroughly analyzed to consider all options and revenue/expense scenarios. Buildings & Grounds may possibly have the least impact, but even this is an unknown based on potential demand for services. The TRI developer and ultimately the County thru its payback requirement have committed to a major investment in planned construction of a government services complex within the Industrial Park. This complex, planned well in advance of the application before you, was intended to function as our North County focal point and delivery of general services. While we are already anticipating additional Fire Stations and possibly Sheriff Sub-Stations as TRI expands and the Painted Rock project may further materialize, the TRI project was clearly planned as our anchor facility. A project of this size would seem to undoubtedly demand closer general services which increase both facilities and staffing/overhead costs.

Other General Government would likely grow at a steadily rising rate commensurate with project development. Most immediately impacted would be our Building & Planning Departments, followed by the Assessor and Recorder functions as the project may progress. Every department and function will be impacted by growth of this magnitude from Clerk/Treasurer (Voter Registration & Elections, District Court caseloads, Property Tax billings and processing, etc.) to District Attorney to Justice Court (potentially a second court district) to Libraries and beyond. As all departments grow to meet demand, payroll, staffing and other financial processing costs will grow as well. Even the County Commissioners will most likely cross that historic threshold and move from three to five Commissioners with some support staff increases inevitable. In essence, every County function and department will experience growth and cost increases as we expand from our current population of 4110 to well beyond. Of equal concern in this aspect is the need of office space for increased staff. In addition to the Public Safety facilities previously mentioned, we must provide for Public Works, General Government and Public Safety Administrative Support staff that will naturally increase. Current building inventory is virtually at, or in most cases beyond maximum utilization and we must plan and provide for staff office work space. Prior to this application we have already begun the planning process to resolve employee overcrowding in our Virginia City facilities. Given potential growth projections, this plan would need a major expansion even before construction begins. The need for funding sources that have not yet been identified to cover construction would greatly increase.

Demand for community support services, traditionally outsourced to non-profit groups, such as Community Chest, would also greatly increase. It is essential we correctly identify those needs, such as day care, youth programs, counseling, job placement, health services and other vital

services and then provide for them either thru increased funding to Community Chest, or other avenues including the establishment of our own County based programs. Community Chest has provided an excellent summary (Attachment #4) of the minimum project impacts in this area.

School District impact is of equal and high concern. Perhaps the most insightful comment was made by Dr. Slaby who said that a project of this magnitude would grow our enrollment to a size exceeding that of Carson City schools. A preliminary number based on far less than the 17,000+ plus potential homes projects increased school enrollment of:

High School	1400 New Students
Middle School	700 New Students
Elementary School	<u>2450</u> New Students
TOTAL	4450 New Students

A development of this magnitude will definitely forever change the small school feeling we currently enjoy. Developer commitment and timing are keys to insure our schools will be able to cope with and afford the impact, if approved. Raising the current school impact fee on new residential construction beyond the current \$500/unit would adversely impact ongoing construction outside the proposed project and should not be considered for that reason. Bonding Capital Projects against the ad valorem tax valuations would have the same impact and again should not be considered for the same reasons. The development project must bear the fiscal burden of school related facilities it creates thru self funded construction, donation and dedication. Facilities could be placed adjacent to parks to maximize efficiencies. The applicant has also offered existing buildings to meet short term needs. Long term facilities planning and construction as well as ongoing operations can best be addressed thru phased growth with specific performance triggers. Growing too fast without appropriate facilities and staff will erode the high quality of education our district provides and prides itself in. Fiscal models must be developed thru a detailed planning process to provide a road map for success. As previously stated, a County-wide road interlink is also essential to successful school expansion.

Initial Actions

This early in the process, we have already determined that the issue of large-scale residential growth inclusive and outside of the Cordevista proposal is becoming a rising expense burden for the County. Planning Commission needs including transcribers and copy services, staff time and outside legal consultation costs have already increased significantly. As part of the 2007/2008 budgeting process, we have provided for increases in as many areas as could be anticipated. While we would require that applicants, again both Cordevista and others of a similar nature, bear the burden of these costs thru impact recapture, we do not want to tie any part of this process directly to developer payment. It must be absolutely independent to avoid even the possible perception of “developer bought and paid for”. If, and only if, applications such as this are to proceed further in any manner, we should endeavor to recapture our expenses. Accordingly, we have implemented cost accounting tracking similar to that utilized under our TRI developer agreement by assigning an object code of 300 to all Cordevista related expenses. Other proposals both current and future will be assigned similar tracking numbers.

It has become apparent that we lack sufficient staff dedicated to performing the critical tasks needed to analyze and structure this or any other application of a similar nature. Simply said, we need a professional planning staff that is focused on insuring the County acts responsively and responsibly to all issues and concerns. During the 2007/2008 final budgeting process, staff recommended increasing existing Building/Planning Department staff by one full time planning position to provide for this function. The County Commissioner's had the foresight to increase this funding to allow for up to 1.5 FTE.

Recommended Actions

Without any doubt, our unanimous priority recommendation would be to establish, recruit and hire the Planning Staff position(s) as have been funded. The scope of duties would include but not be limited to:

- Review Master Plan for currency and applicability to County based desires and make any update recommendations thru the established processes.
- Review pending applications for appropriate actions necessary to proceed in compliance with the Master Plan, Zoning Ordinance and Commission direction. These actions would include:
 - Review PUD agreements from other jurisdictions to establish an optimum agreement designed to insure successful results in the County's best interests.
 - Obtain economic modeling thru outside consultants to ascertain financial impacts in all areas including Public Safety, General Government and Schools.
 - Establish recommended financial participation agreement provisions including possible phase controls and growth triggers.
 - Monitor to insure performance compliance of controls and triggers (if approved).
- Monitor and facilitate existing agreements such as our TRI developer agreement for compliance and protection of County interests.
- Primary focal point of any future applications to insure consistency and conformity with Master Plan, Zoning Policy and Commission direction.

Done properly, this needs to be a thoroughly detailed process that cannot be compromised by time constraints or undue pressure from any part of the process. As with all else, while we may hope to eventually recapture expenses from the applicants, at this point they must be borne by the County and not directly reliant on any applicant(s). We strongly recommend staff planners as opposed to independent contractors as this is seen as a long term process involving multiple projects that must be dealt with consistently and in the County's best interests.

Other recommendations that we suggest you consider, for this or any other application, would be to provide for project phasing and triggers. This process would hopefully allow for protection mechanisms to insure delivery of agreed upon infrastructure and other requirements as well as conceivably control growth at rates acceptable to the County based upon historic patterns and our ability to provide service. Professional planning staff can further research and recommend appropriate action.

Summary Comments

Again, we stress that this staff report is only preliminary in nature. There is much, much more to be determined thru research and analysis. We hope this report at least begins that process at both the staff and Commission levels. We appreciate your interests in our concerns and remain available to answer questions, now and in the future to the best of our ability.

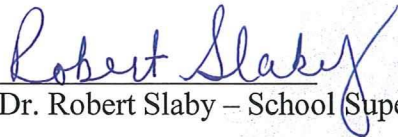
Respectfully Submitted:



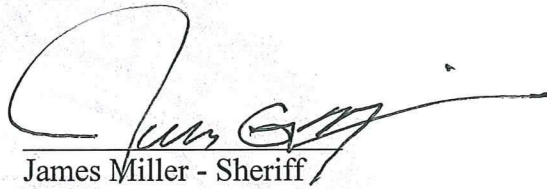
Pat Whitten – County Manager



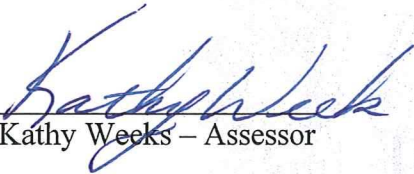
Dean Haymore – Building & Planning Director



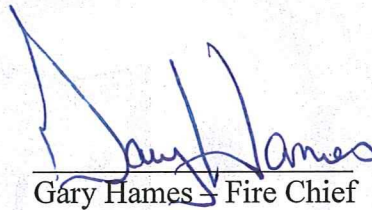
Dr. Robert Slaby – School Superintendent



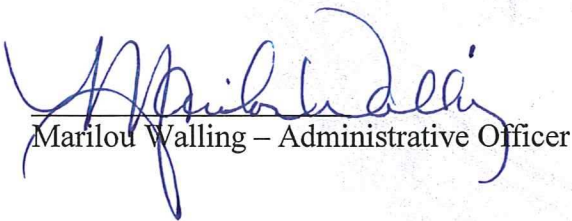
James Miller - Sheriff



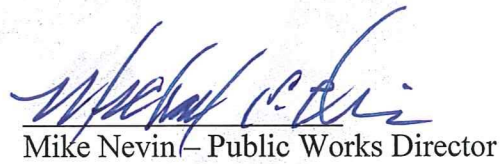
Kathy Weeks – Assessor



Gary Hames – Fire Chief



Marilou Walling – Administrative Officer



Mike Nevin – Public Works Director

Cc: Storey County Commissioners
Blake Smith – Cordevista Development Team