



BCC Strategic Planning Workshop

Jan. 26, 2022



Discussion Flow

Lead	Topic
Dave	County Infrastructure Evaluation & Future Needs: Briefing on the County Infrastructure Score . Determining the BCC expectations of each infrastructure category (<i>Direction</i>)
Eric/Dana	Homelessness: Determine the approach for the ongoing and future funding requirements. Are we going to fund it 100% going forward? (<i>Direction</i>)
Eric/J.D.	County's Role in Affordable Housing: Determine BCC's alignment with the recommendations related to the County's role in context of the affordable housing continuum? (<i>Direction</i>)
Nate/Christine	Briefing on NRS Updates and Federal Changes to Bond Issuance Disclosure Requirements: Updates to NRS related to the new ethics policy. (<i>Informational</i>)
Jamie/Kate	BDR Priorities: Direction around what the County's BDR Priorities are. Prep for the upcoming session what direction are we looking for?
Eric/Gabrielle	ARPA Priorities: Direction on the second round of ARPA priorities.



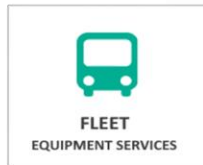
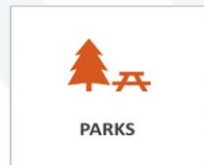
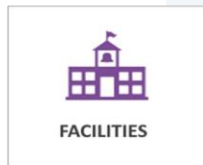
Infrastructure Health Scorecard

Determining the BCC expectations of each infrastructure category.



Seeking direction

What is the Commission's expectation
(aka level of service)
for each infrastructure category?





Definitions

Capacity	<p>Infrastructure's capacity to meet current and future demands</p> <p>Example: $\text{Supply} \div \text{demand} + \text{congestion issues}$</p>
Condition	<p>Infrastructure's existing and near-future physical condition</p> <p>Example: $\text{Deterioration value} \div \text{replacement value}$</p>
Funding	<p>Infrastructure's current level of funding compared to the estimated funding needs</p> <p>Example: $\text{Funding level} \div \text{calculated needs or benchmark}$</p>
Future Need	<p>Infrastructure's future level of funding compared to the estimated funding needs</p> <p>Example: $(\text{Projected}) \text{ Funding level} \div \text{calculated funding needs or benchmark}$</p>
O&M	<p>Owner's ability to comply with regulations and maintain the infrastructure properly</p> <p>Example: $\text{PM compliance \% or Reactive \\$}$</p>
Public Safety	<p>Infrastructure's risk to public's safety</p> <p>Example: $\text{Likelihood of failure} \times \text{consequence of failure}$</p>
Resilience	<p>Infrastructure's capability to prevent or protect against significant multi-hazard threats and incidents</p> <p>Example: $\% \text{ complete (Hazard plans, training, \& asset redundancy)}$</p>
Innovation	<p>Owner's use of new and innovative techniques, materials, technologies, and delivery methods are being implemented to improve the infrastructure</p> <p>Example: $\text{Benchmark against best in class}$</p>



Washoe County Infrastructure Scorecard

Criteria	Criteria Weight	Grade	Score	Score Calculation	Score Weight	Data Source
Capacity	25.0%	B-	80/100	SF per Washoe County Staff	100%	Major Complex Master Plans
Condition	15.0%	C-	0.23	Facility Condition Index (Renewal costs ÷ Replacement cost)	75%	In house condition assessment. Calculation of deferred maintenance and % useful life remaining
Funding	15.0%	C-	5.52/7.50	Non-CIP maintenance cost ÷ industry benchmark	50%	SAP, Maintenance Management System (Asset Essentials), ASHRAE
			18/27	# CIP needs funded ÷ # CIP needs	50%	CIP Program
Future Need	15.0%	D-	60/100	CIP funding gap	100%	CIP Program
Operation and Maintenance	10.0%	D	.608/.8	60.8% Planned Maintenance Percentage, 52.7% On-Time PM (FY19-FY20, HVAC)	100%	Maintenance Management System (Asset Essentials)
Public Safety	10.0%	B-	81/100	On time PM (768/1290) Average condition of Fire Suppression condition and Concrete condition	100%	Maintenance Management System (Asset Essentials)
Resilience	5.0%	A	95/100	Average Stakeholder Score	100%	Stakeholder Analysis
Innovation	5.0%	B-	80.75/100	Average Stakeholder Score	100%	Stakeholder Analysis



Washoe County Infrastructure Scorecard

	Overall Grade	Capacity	Condition	Funding	Future Need	O&M	Public Safety	Resilience	Innovation
Road Pavement	B-	A	B-	C	D-	C-	A-	A	B+
Stormwater	C	A	TBD	D	F	C-	A-	C	B+
Parks	D+	B	C+	F	F	D	B	C	B+
Facilities Building	C-	B-	C-	C-	D-	D	B-	A	B-
Fleet	B+	B+	C+	A-	A-	A-	A	A	B+
Sewer Collection	A-	B	A-	A-	A-	B	B-	A-	B+
Reclaim Water	B+	B	A-	A-	B+	B	A-	A-	B+
Sewer Treatment	B+	B+	B	A-	A-	B+	B+	B	B+



Board Direction > Level of Service

	<u>Overall Grade</u>	<u>Level Of Service Policy</u>
Road Pavement	B-	
Stormwater	C	
Parks	D+	
Facilities Building	C-	
Fleet	B+	
Sewer Collection	A-	
Sewer Treatment	B+	
Reclaim Water	B+	



Seeking direction

What is the Commission's expectation
(aka level of service)
for each infrastructure category?



Homelessness Services

Determine the approach for the ongoing and future funding requirements. Are we going to fund it 100% going forward?



Seeking Direction on Construction

Affirm the direction for the Cares Campus.

Current direction: The campus has sufficient capacity and resources to deliver effective outcomes when combined with appropriate staffing levels and resources. The campus remains flexible to meet changing community needs.

*Full construction update to BCC in Feb/March with first GMP.



Seeking Direction on Cares Campus Operations Budget

1. Do we want to operate the Cares Campus as proposed to achieve desired outcomes including permanent housing exits?
2. Do we want to shoulder the full cost or work with the Cities to share the cost?



The Need

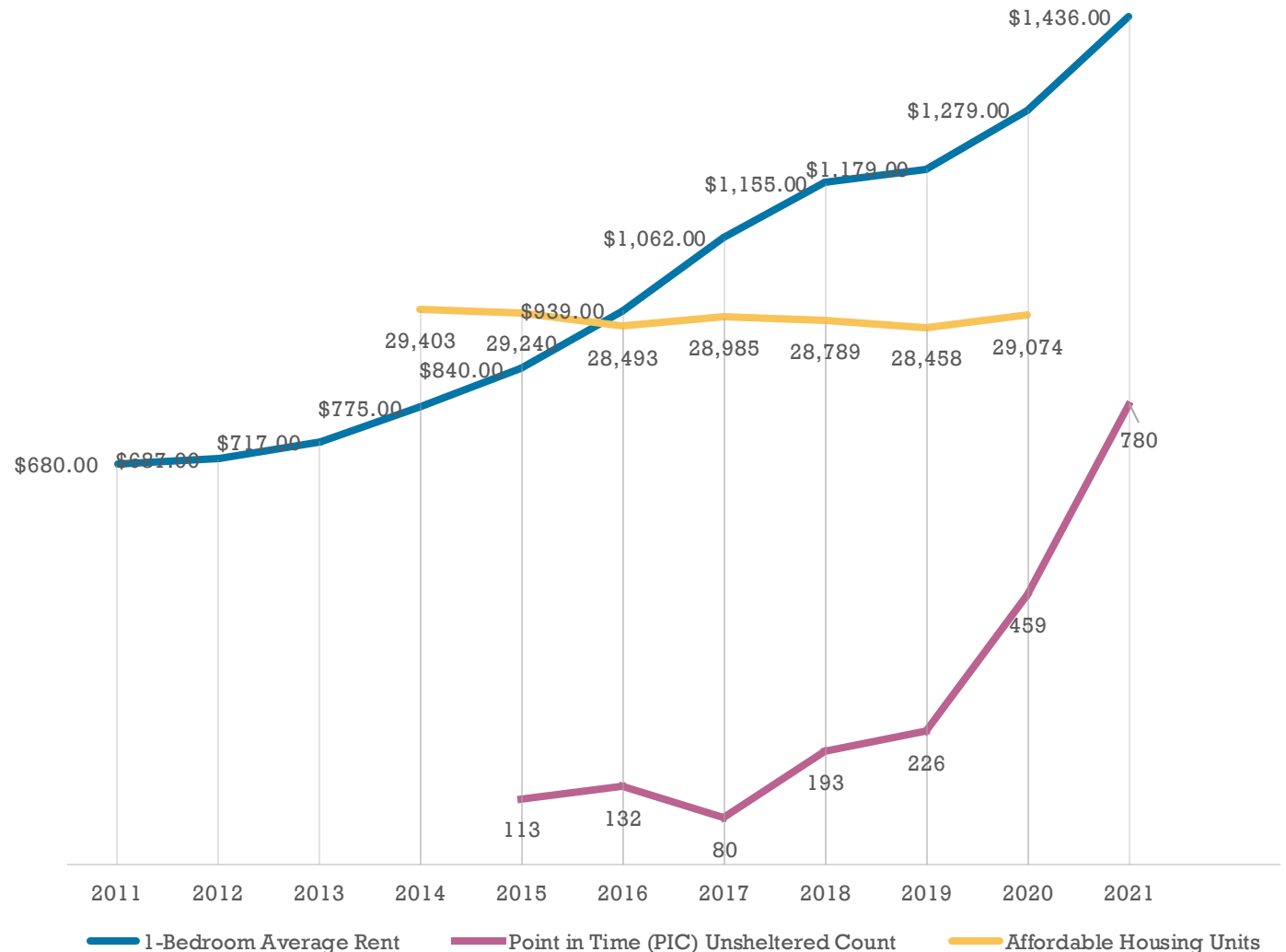
We have tripled capacity in the last two years, and it is still not enough!

- Increasing rent and housing costs
- Decreasing affordable and support housing options
- Other factors: minimum wage, covid job loss, Reno growth



Need more Affordable Housing

Rent, Affordable Housing Units and Unsheltered Count in Washoe County





Homeless Services Transition

Decision →

BCC Workshop

January 2021

- BCC Workshop: Direction to take a larger role in Regional Homeless Services

Capacity →

Reno Cares Campus Opens

May 17, 2021

Washoe Homeless Service Staff Approved

May 18, 2021

Washoe County Safe Camp Opens

June 17, 2021

Preparation →

Negotiation

May - August 2021

- Phase II Campus Needs Assessment

Homeless Services Interlocal Agreement Signed

August 30, 2021

Transition I →

Washoe County Assumes Responsibility for Cares Campus

September 1, 2021

Continuum of Care (CoC) Transition begins.

September 2021

Transition II

Transition of Responsibility

September 1, 2021 - Spring '22

- Transition of contracts and responsibility
- Understand budget and staffing needs
- Budget set during the FY23 Budget Process.





Safe Camp Success

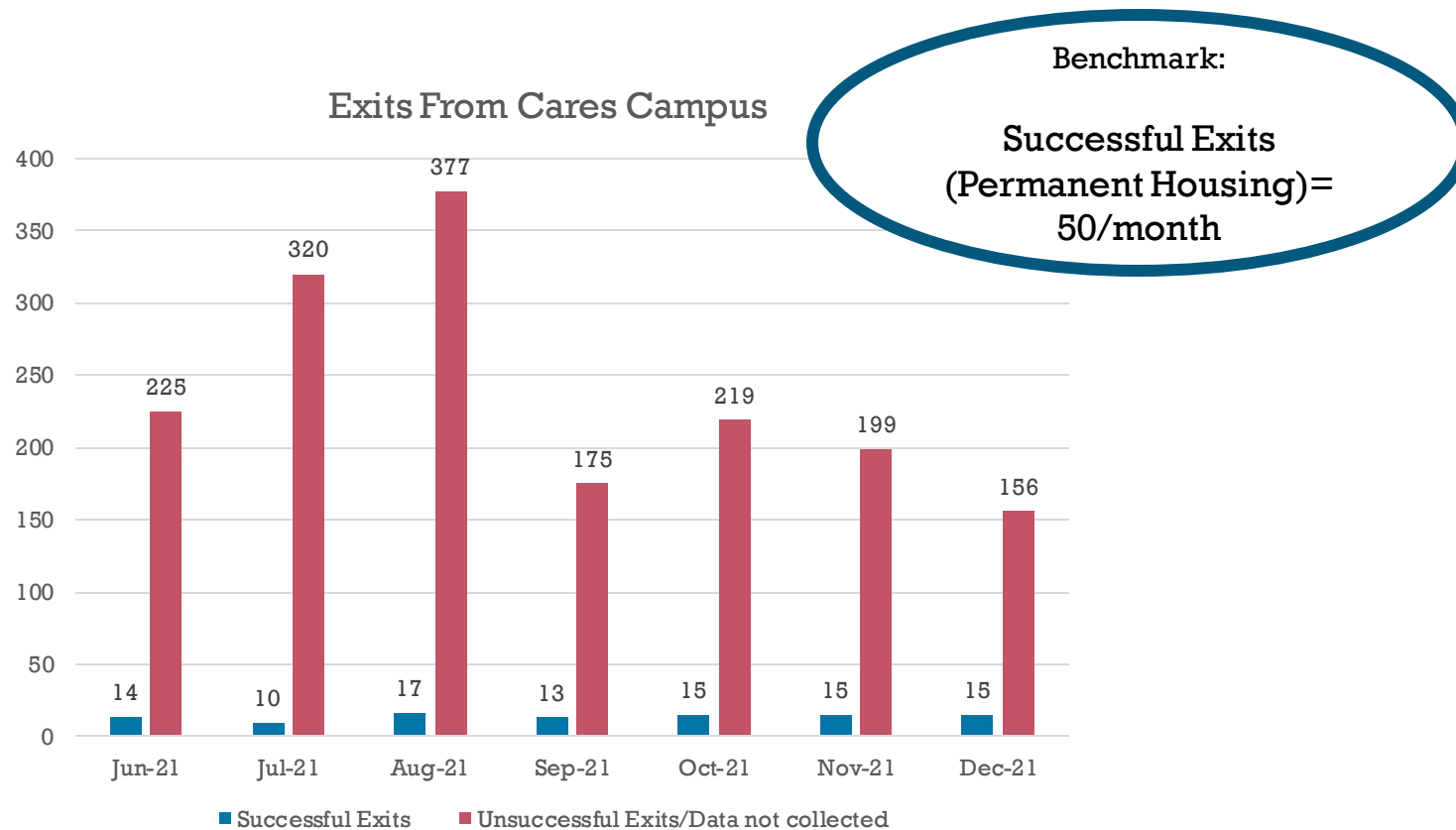
Safe Camp based on:

- National Best Practice = Housing First
- Built for Zero Principles
- Appropriate staffing ratios
- Org Code & Jon DeCarminie Recommendations
- Partnership between WC & Operator

Safe Camp Summary June - December 30th			
Total clients served 73			
	Number of Individuals	Percent of Total Clients	Percent of Total Exits
Total successful exits	16	21.9%	59.3%
Total unsuccessful exits	11	15.1%	40.7%
Total Exits	27	37.0%	
Average Length of Stay For Successful Exits			
	Number of Individuals	Percent of Total Exits	Percent of Successful Exits
Less than 1 month	3	11.1%	18.8%
1-2 months	7	25.9%	43.8%
3-6 months	6	22.2%	37.5%



Cares Campus Opportunity



- Jon DeCarmine Recommendations:**
- Overhaul case management process
 - Implement diversion at every entry (Goal = 15%)
 - Establish baseline trainings
 - Clarify employee expectations
 - Implement a strong housing focus



Cares Campus Operations Budget

FY23 Cares Campus Budget Request	
Operations	\$11.7 million
New Staff Positions and Contract Enhancements (currently funded with ARPA, FY23 general fund request)	\$4.4 million
Total	\$16.1 million

How did we get here:

- FY22 Washoe County Budget (based on Washoe County portion of the CAC budget) = \$3.76 million
- FY22 ILA Cares Campus Budget = \$8.1 million
- FY22 Cares Campus Actual = \$11.7 million
- Cares Campus additional Staffing needs = \$4.4 million
- FY23 Cares Campus Budget request = \$16.1 million
 - NET IMPACT to County Budget = \$12.34 million



Potential Revenue/Savings Opportunities:

- Urban County Agreement
- Medicaid Reimbursement
- % of gross ask from MCOs
- Staffing based on ratios



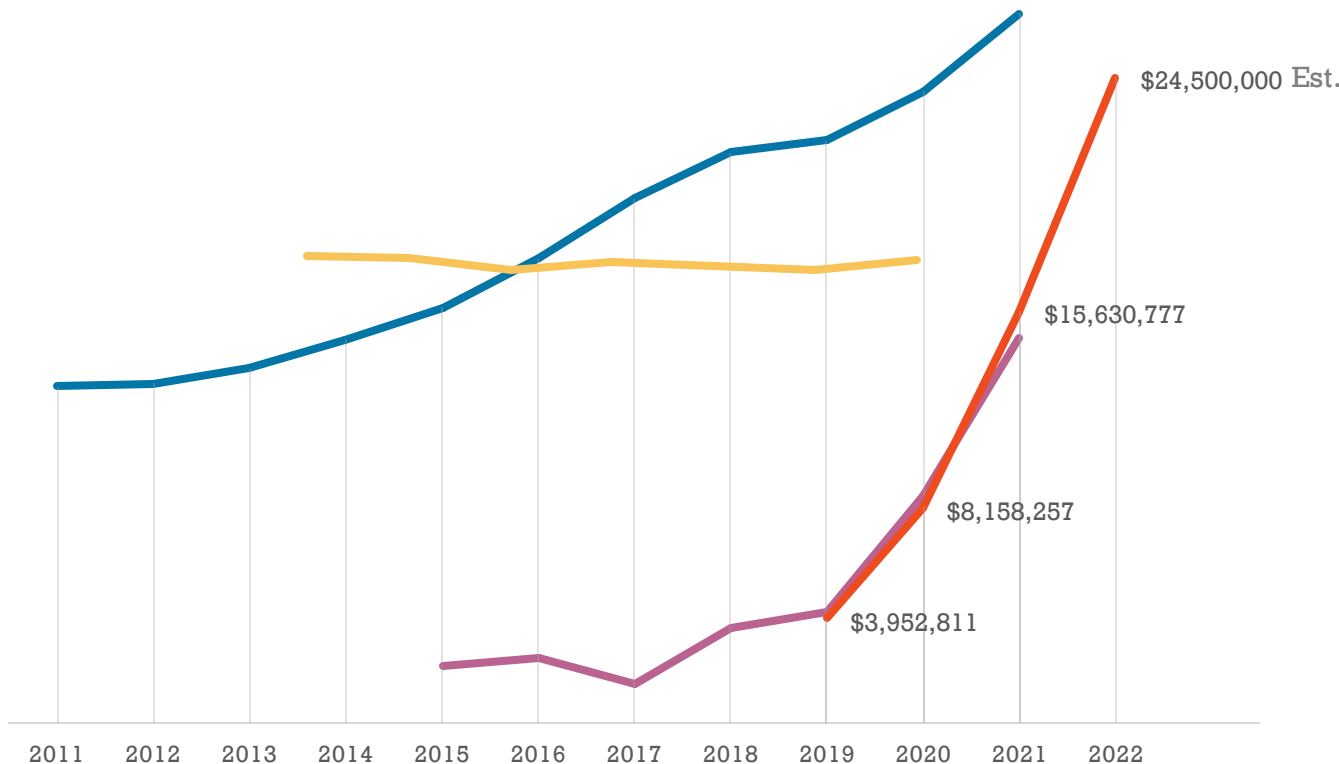
Regional Benefit:

- Less use of hospitals/jails/EMS



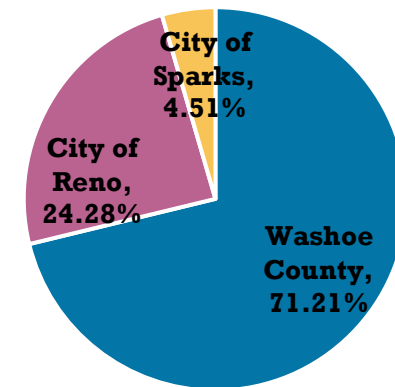
Emergency Shelter Operations Budget

Washoe County Trends: Rent, Affordable Housing Units, Unsheltered Count and Emergency Shelter Costs

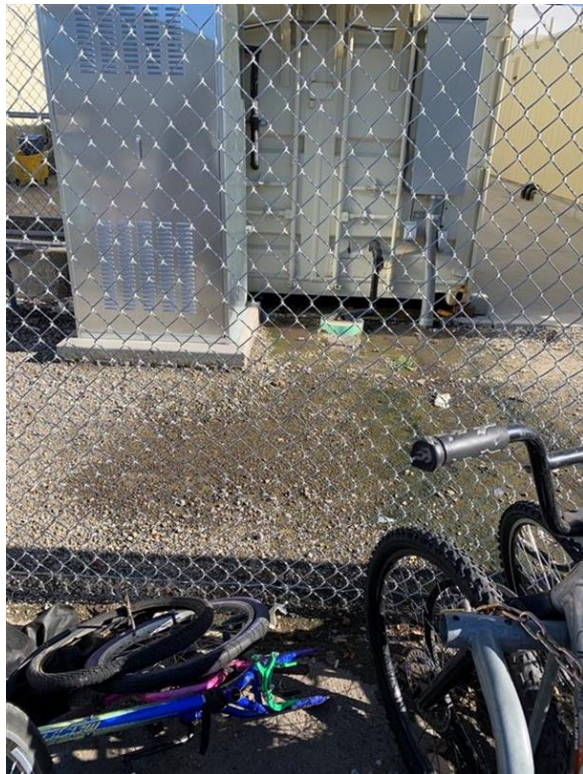


Takeaway:
 ↑ Affordable Housing = ↓ Shelter Expense

Share of Operating Costs FY22:



Cares Campus Construction Needs



1. Complete Planned Phase II Construction
2. Newly Identified Needs:
 - Structural constraints of the Slab
 - Additional electricity capacity
 - Hot water in the sprung
 - Gray water disposal
 - Winterization
 - Patching sprung leaks/settling
 - Restrooms and Showers
 - Need to separate populations
3. Supply chain delays
4. Price escalation and inflation



Increase in budget

***First bid due week of 2.1.22**

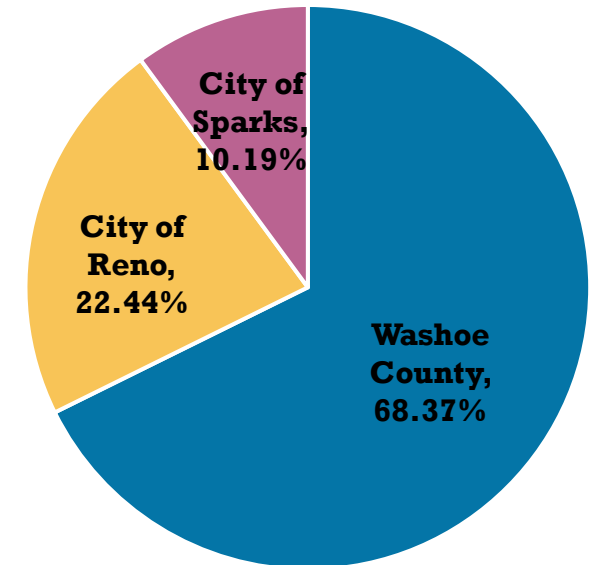




Cares Campus Construction Budget

Share of Construction Expense
(as identified in the FY22 ILA)

Proposed Construction Funding	
Homeless Services ILA Cost share (pie chart) and Capital Campaign	\$38.4 million
Included in Federal Appropriations Bill (potential)	\$12 million





Seeking Direction on Construction

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Current direction: The campus has sufficient capacity and resources to deliver effective outcomes when combined with appropriate staffing levels and resources. The campus remains flexible to meet changing community needs.

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Seeking Direction on Cares Campus Operations Budget

1. Do we want to operate the Cares Campus as proposed to achieve desired outcomes including permanent housing exits?
2. Do we want to shoulder the full cost or work with the Cities to share the cost?



Affordable Housing

Determine BCC's alignment with the recommendations for the County's role in affordable housing, as explained on the continuum.



Seeking Direction on the County's role in affordable housing

Are we aligned with the recommended County role related to affordable housing?

Does the Commission support the proposed actions?



What is affordable housing?

Affordable housing is generally defined as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.

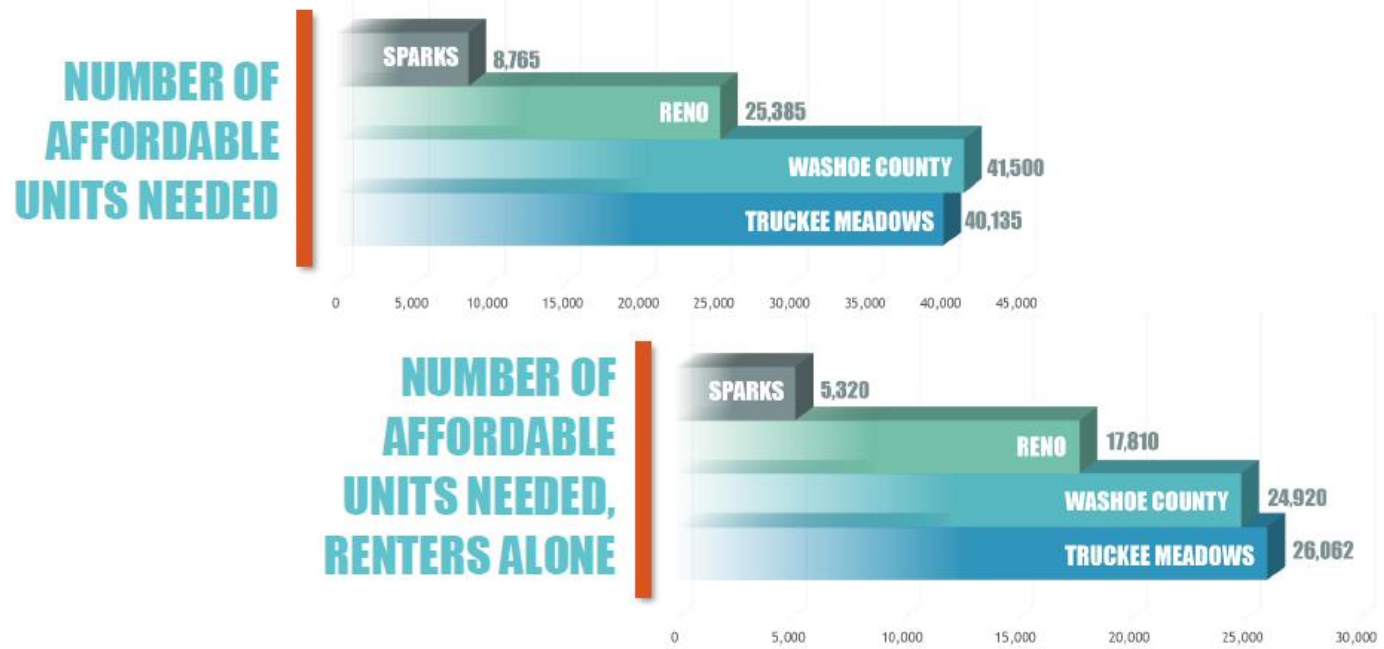
- Affordable Housing addresses households making less than 60% AMI.

Household Size	1	2	4
60% AMI (Washoe County)	\$ 35,100.00	\$ 40,080.00	\$ 50,100.00
Affordable Monthly Housing Cost (1/3 of monthly income)	\$ 965.00	\$ 1,102.00	\$ 1,378.00



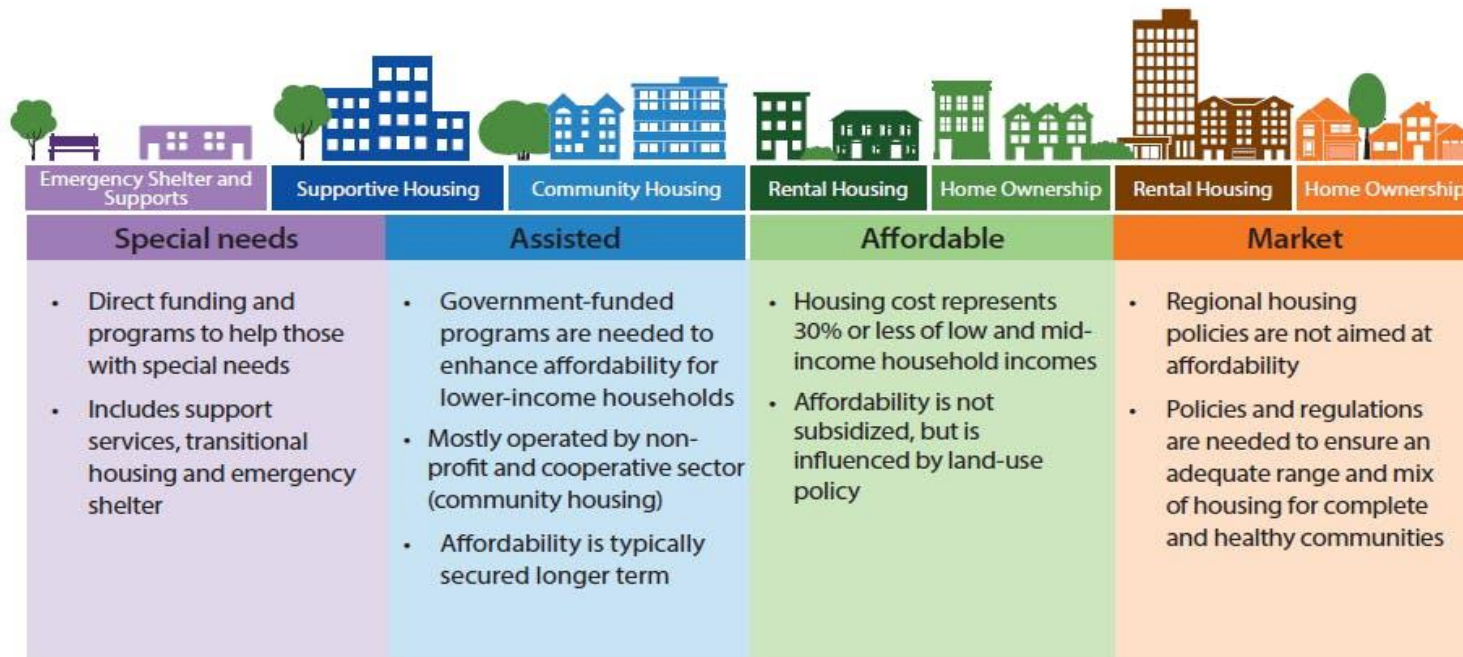
The Need

In 2019, the Truckee Meadows Regional Strategy for Housing Affordability identified a severe shortage of affordable housing in the region.



Source: Nevada Housing Division 2017 Annual Housing Progress Report. Data for the region is calculated using the same method and data source (2010-2014 CHAS data).

Housing Continuum



Washoe County Focus

Washoe County has a role

Reno Focus

Sparks has a role



Increasing Affordable Housing Options

1. Expand available resources to build affordable housing by increasing funding to the Washoe County Affordable Housing Trust Fund.
2. Remove barriers and incentivize and/or require affordable housing through policy.
3. Better leverage existing resources to build affordable housing, especially land (i.e. Lands Bill, County-owned land)
4. Affirm County's focus and role in affordable housing efforts

*All of these potential options are aligned with the **Truckee Meadows Regional Strategy for Housing Affordability** developed in 2019 by Enterprise Community Partners, Truckee Meadows Regional Planning Agency and dozens of other community stakeholders including all three local jurisdictions.*



Seeking Direction on the County's role in affordable housing

Are we aligned with the recommended County role related to affordable housing?

Does the Commission support the proposed actions?

Municipal Bond Disclosure

Presented by
Christine Vuletich
Chief Financial Officer





Federal Securities Regulations

- **Securities Act of 1933** - Regulates primary market transactions
- **Securities Exchange Act of 1934** - Regulates secondary market transactions and created the U.S. Securities and Exchange Commission to protect investors and maintain fair, orderly and efficient markets by regulating municipal broker-dealers and enforcing anti-fraud provisions
- **SEC Rule 15c2-12** - implemented annual disclosure requirements for municipal securities, and 2010 amendments increased the level of continuing disclosures required for municipal securities. In 2019 amendments added 2 events to the list of material events subject to disclosure.

Material Event	
1. Principal & Interest Delinquencies	9. Defeasances
2. Non-payment related defaults	10. Release substitution, or sale of property securing repayment of the securities
3. Unscheduled draws on debt service reserves	11. Rating Changes
4. Unscheduled draws on credit enhancements	12. Bankruptcy, insolvency or receivership
5. Substitution of liquidity providers or performance failure	13. Merger, consolidation, or acquisition; or sale of all or substantially all assets
6. Adverse IRS tax opinions or changes in tax status	14. Successor or additional trustee or the change of name of a trustee
7. Modifications in rights of securities holders	15. Financial obligation, or terms affecting security holders, if material
8. Bond Calls, if material and tender offers	16. Modification of terms of a financial obligation reflecting financial difficulties



Requirements Under SEC Rule 15c2-12

- **Two Areas of Required Municipal Bond Disclosure:**
 1. **Primary Disclosure** when bonds are issued. The Official Statement in preliminary form (a “POS”) is prepared and used to market bonds prior to a competitive or negotiated bond sale. After the bond sale, the document is updated with the sale results and becomes the Official Statement (“OS”).
 2. **Continuing Disclosure** made on an annual or other periodic basis under a Continuing Disclosure Undertaking pursuant to Rule 15c2-12 or otherwise.
- **Under Rule 15c2-12, bond issuers must provide a Continuing Disclosure Agreement/Undertaking requiring:**
 - Annual Update of the financial information and operating data in the official statement for the bonds.
 - File annual audited financial statements, and
 - Provide notice within 10 Business Days of the occurrence of any of the 16 material events subject to the Rule
 - Issuers must provide notice of the failure to file any required annual information, and all filings must be made to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (EMMA).



Washoe County Continuing Disclosure Procedures

2020:

- Provided training by Sherman & Howard (Bond Counsel) to staff with fiscal responsibilities related to debt issuance, including staff from RTC and RSCVA.
- Developed and implemented formal Washoe County Bond Issue Disclosure Procedures, including
 - Disclosure in connection with issuance of bonds (POS, and OS)
 - Disclosure for outstanding bonds (annual reporting, material events)

2021:

- Contracted with JNA Consulting Group (Municipal Advisor) for monthly monitoring questionnaires regarding material events, and updated disclosure procedures accordingly



SEC Enforcement Actions

Municipal market has grown significantly in last 20 years with heightened SEC enforcement activity not just limited to investigations after default.

2014 - City of Harvey, Illinois:

- Bonds repayment materially affected by funding and progress of Holiday Inn project, but City officials diverted \$1.7 million of bond proceeds to pay operating costs and payroll. Comptroller's firm, also the financial advisor to the City, received \$269,000 in undisclosed payments from bond proceeds.
- Holiday Inn project was a "fiasco," yet the City planned to offer another series of bonds for the same project. SEC learned that the City distributed offering documents to potential investors with materially misleading statements about the purpose and risks of the bonds, while omitting that past bond proceeds had been misused, and obtained emergency court order to stop the fraudulent bond offering.
- Mayor and Comptroller fined more than \$200,000 and permanently banned from future municipal bond transactions.

2018 - Port Authority of New York:

- Sold \$2.3 billion in bonds to investors despite internal discussions on certain projects in the offering documents that were outside its mandate and potentially not legal to pursue.
- Omitted risks in ability to fund the projects from its offering documents (risks were also not communicated to the Port Authority Board), and stated it issued bonds "only for purposes that the Port Authority is authorized by law to issue bonds."
- SEC found that failing to disclose the disagreement on permissibility to undertake or fund the projects violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933. The Port Authority admitted wrongdoing and settled the charges at a cost of \$400,000.

2018 – San Diego School District

- SEC settled with a San Diego school district and its CFO regarding SEC alleged inadequate disclosures that the school district's 2018 budget projections were inconsistent with its actual expenses, and that Sweetwater's budget monitoring procedures did not consider current conditions.
- The CFO retired in 2018 after the alleged inadequate disclosures and successor completed an unaudited actual financial report finding year-end salaries were \$18.7 million higher than what was estimated, leading to a drop in Sweetwater's bond rating to BBB+ from A.
- The retired CFO agreed to a fine of \$28,000 and is barred from future municipal securities offerings.

Municipal Bond Ratings

Presented by
Christine Vuletich
Chief Financial Officer





Municipal Bond Ratings

Rating Criteria

In assigning a rating for general obligation bonds the rating agencies assess the following factors:

- Economy
- Debt Structure
- Financial Condition
- Demographic Factors
- Management Practices

Credit Quality	Moody's	Standard & Poor's	Fitch
Best	AAA	AAA	AAA
High	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper Medium	A1	A+	A+
	A2	A	A
	A3	A-	A-
Medium	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-



Standard & Poor's Global Ratings

December 17, 2021: S&P Global Ratings assigned “AA” Long-term rating to Washoe County Series 2022 A and 2022B Refunding Bonds:

Positive Outlook

- Could raise the rating if the county sustains positive operations and a very strong fund balance position, further demonstrating the ability to weather economic cycles, while also absorbing the costs related to the Incline Village/Crystal Bay settlement.
- Should operating performance weaken due to a future resurgence, a slower than anticipated pace of recovery or a larger than expected payment related to the taxpayer appeal settlement, resulting in a material reduction in reserves, could return the outlook to stable.

Credit Opinion

- Growing tax base in the tourism-based region of Nevada, with ongoing diversification and recovery despite the ongoing pandemic
- Very strong financial management policies and practices
- Consistently positive operations and maintenance of a very strong reserve position despite budgeted draws for a large taxpayer appeal settlement
- Moderate debt burden, with elevated pension liabilities



Moody's

December 21, 2021: Moody's assigns Aa2 to Washoe County, Series 2022 Refunding Bonds; Outlook Stable

Summary

- Washoe County, NV (Aa2 stable) benefits from a large tax base that is the regional economic hub of northern Nevada with solid prospects for long-term growth and improving economic diversification.
- The county has ample finances that will remain a credit strength given the rebound of consolidated tax revenues coupled with solid expenditure adjustments and strong fiscal stewardship.
- These strengths position the county favorably to weather the ongoing economic fallout of the coronavirus pandemic and projected reserve spend down for property tax settlements in fiscal 2022.
- The county's elevated unfunded pension liability as well as manageable debt and fixed costs burdens are factored into its credit profile.



2022 Refunding Bonds Sale Results

Competitive bond sale conducted January 12, 2022:

- Received 8 bids; winning bidder was Morgan Stanley, LLC
- \$1.6 M in debt service savings secured

2022 Refunding Bonds	Series A	Series B
Par Amount Issued	\$14,130,000	\$10,735,000
True Interest Cost	0.997%	0.749%
PV Savings	\$1.1 M	\$550K
Final Maturity (original terms not extended)	3/1/2030	3/1/2027



NRS Updates



Ethics for Elected Officials in a Nutshell

- Elected officials must follow the ethics laws. These laws are meant to ensure that citizens have complete confidence in the integrity of their government.
- NRS Chapter 281A – must sign an acknowledgment at beginning of term.



Guiding Principles

- **Public Trust** – positions held for the sole benefit of the people. No self dealing.
- **Conflicts of Interest to be Avoided**
 - avoid conflicts between private interests and the interests of the general public whom the official serves.



Disclose A Conflict of Interest

DISCLOSE A CONFLICT

- ***At the time a matter is called***, if a member has a conflict of interest, it must be disclosed
- WHAT IS A CONFLICT?
- It looks a lot like self dealing



Is it a Conflict of Interest

- Commitments in a private capacity to the interests of others in the matter
- Financial interest in the matter
- Receipt of a gift or loan in connection with a matter
- **NEW!! OFFICIAL LOBBYING INTEREST** - matter reasonably related to representation or counseling the official provided to a private person for compensation before another agency within the immediately preceding year.



Recusal

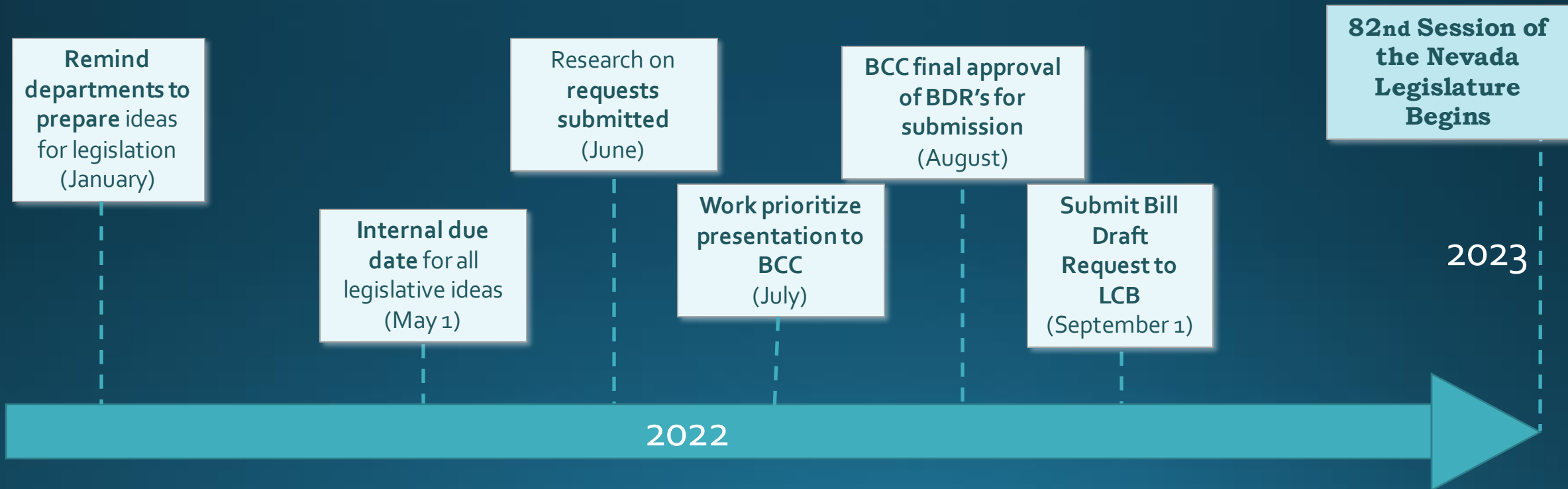
- Recusal is generally disfavored because of the importance of public official in carrying out their duties.
- Recusal is necessary in clear cases where the independence of judgment of a reasonable person in the public officer's situation would be materially affected by the conflict



BDR Direction

**Direction around what the County's BDR Priorities
are for the next session.**

2022 Process - Bill Draft Request (BDR) for 2023 Legislative Session





Seeking direction

What are our top BDR priorities for the upcoming session?



ARPA Phase 2

Direction on the second round of ARPA priorities.



Seeking direction

What is the Commission's priorities for the second round of ARPA funding?



Known Unknowns – January 2022

- Supply chain, labor market, and demand = significant **impacts on costs/timelines**
- **State of Nevada ARPA** grant awards/support
- State of **Nevada Infrastructure Bank** (\$75 M)
- Federal Infrastructure Investment **Jobs Act**
- **Federal programs** expanded by ARPA funds
- Possible **regional initiatives** and partnerships



Known Knowns – January 2022

- 23 urgent projects awarded & implementation \$46,112,296 (51%)
- Board request for ARPA **contingency funding**
- Washoe County Budget / CIP Process (collaborative funding strategy)
- Remaining **departmental projects** (departmental meetings)
- Proposed **Community Reinvestment Grant** process: April - June 2022
- ARPA second tranche arriving mid-May 2022

Funds must be obligated by Dec 31, 2024, and expended by Dec 31, 2026



Community Reinvestment Grants

Washoe **County ARPA allocation** to Community Grant options:

- \$3 - \$4.5 M (3% – 5%)
- \$9 M (10%)
- Other amount
- Regional collaboration/leverage regional funding?

Ideal projects meet board-approved **guiding principles:**

- **Transformational**, innovative investments
- Align with County **Strategic Plan**
- Achieve **equitable outcomes** & serve **underserved populations**
- Solve **community issues** by attacking root causes (childcare, mental health, affordable housing)



Seeking direction

What is the Commission's priorities for the second round of ARPA funding?

Thank you

