Item #9A

City of Carson City
Agenda Report

Date Submitted: June 26, 2007 **Agenda Date Requested:** July 5, 2007
Time Requested: 5 mins

To: Board of Supervisors

From: Linda Ritter, City Manager

Subject Title: Action on a motion finding that the proposed ordinance amending Carson City Municipal Code Title 4 Licenses and Business Regulations, Chapter 4.04 Business Licenses, deleting Section 4.04.081 Southwest Gas Corporation Licensing Fee, amending Section 4.04.107 Public Utilities by increasing business license fees on electric and natural gas services does impose a direct and significant economic burden on a business or directly restrict formation, operations or expansion of a business, that a business impact statement has been prepared, accepted and in on file with the Board of Supervisors and that the requirements of the act have been met.

Staff Summary: This ordinance proposes an increase in business license (franchise) fees of 1%. This means that a power or natural gas utility bill for any business will increase by 1%. Depending upon the business, the change may present an economic burden on the business. NRS 237.080 requires that the City prepare a Business Impact Statement when an increase in a fee is contemplated. This increase in franchise fee was a component of the 2007/2008 Fiscal Year Budget for the General Fund.

Type of Action Requested: (check one)
(____) Resolution (____) Ordinance
(XX) Formal Action/Motion (____) Other (Specify)

Does This Action Require A Business Impact Statement: (___) Yes (___) No

Recommended Board Action: I move to find that the proposed ordinance amending Carson City Municipal Code Title 4 Licenses and Business Regulations, Chapter 4.04 Business Licenses, deleting Section 4.04.081 Southwest Gas Corporation Licensing Fee, amending Section 4.04.107 Public Utilities by increasing business license fees on electric and natural gas services does impose a direct and significant economic burden on a business or directly restrict formation, operations or expansion of a business, that a business impact statement has been prepared, accepted and in on file with the Board of Supervisors and that the requirements of the act have been met.

Explanation for Recommended Board Action: The proposed ordinance has been forwarded to the Chamber of Commerce, the Builders Association of Western Nevada, Southwest Gas Corporation and Sierra Pacific Power Company and to the general public through news reports. To date, no objections to the proposal have been received. A copy of the Business Impact Statement along with the appeal petition form is available in the Executive Offices, 201 N. Carson Street, Carson City, Nevada.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 237.080

Fiscal Impact: None for this action

Explanation of Impact: n/a

Funding Source: n/a

Alternatives: Make the finding that the proposed ordinance does not impose a direct and significant economic burden upon a business or directly restrict the formation, operation or expansion of a business.

Supporting Material: Business Impact Statement

Prepared By: Linda Ritter, City Manager

Reviewed By: ____________________ Date: ____________
(Department Head)

____________________ Date: 6-26-07
(City Manager)

Melanie Porkotta Date: 6-26-07
(District Attorney)

Sue Johnson Date: 6/26/7
(Finance Director)

Board Action Taken:

Motion: ____________________ 1) ____________ Aye/Nay
2) ____________

____
(Vote Recorded By)

BUSINESS IMPACT STATEMENT

The following business impact statement was prepared pursuant to NRS 237.090 to address the proposed impact of an ordinance amending Title 4 Licenses and Business Regulations, Chapter 4.04 Business Licenses, Section 4.04.107 Public Utilities by increasing business license fees on electric and natural gas services 1% effective August 1, 2007 and other matters properly related thereto. The revenue generated from this increase will offset sales tax revenue losses to the general fund and all funding for two additional sheriff's deputies, one prosecutor and ongoing funding for Partnership Carson City.

1. The following constitutes a description of the manner in which comment was solicited from affected businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

   The proposed ordinance amending Chapter 4.04 of the Carson City Municipal Code regarding an increase has been presented to the Carson City Area Chamber of Commerce, Builders Association of Western Nevada (BAWN) and to the public through news reports.

2. The estimated economic effect of the proposed rule on businesses including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:

   a. Adverse effects:

      A 1% increase in the total electric and natural gas utility bills.

   b. Beneficial effects:

      The revenue generated will be used to maintain current City services and to enhance enforcement and prosecution of crime and to support anti-meth efforts in the community.

   c. Direct effects:

      The approval of this ordinance will increase fees. The total utility bill will increase as a result of the business licenses (previously franchise fee) being increased by 1%. Approximately 40% of the amount generated will be used to enhance law enforcement and anti-meth efforts. 60% of the funds will be used to offset losses in sales tax revenues and sustain current service levels.

   d. Indirect effects:

      The passing of this ordinance is sure to have indirect effects, however at this time, those effects cannot be quantified.

3. The following constitutes a description of the methods that the governing body of the local government considered to reduce the impact of the proposed ordinance on businesses and a statement regarding whether any, and if so which, of these methods were

used:
The shortfall in sales taxes revenues necessitated reductions in operations costs and examination of other taxes, fees and/or charges that may be implemented. With a $1.8 million shortfall in sales tax revenues, annual expenses were reduced by $1.4 million early in Calendar 2007. Even after this reduction, increased costs of operations, when combined with the shortfall in tax revenues created a budget deficit of approximately $1.2 million. Additionally, a need for additional law enforcement and support of a community anti-methamphetamine effort were identified. When consideration was given for the business license fee increase, options were presented that would provide funding from fund balances and a revenue stabilization fund. While this would reduce the immediate impact on business, the use of reserve balances would have a long term impact on the City's ability to gain favorable bond ratings, and debt rates. This would translate to additional costs to business through public financing of infrastructure. Thus, the decision was made to increase the franchise fees, reduce the deficit to approximately $600,000 and fund the anti-methamphetamine effort.

4. The governing body estimates that the annual cost to the local government for enforcement of the proposed ordinance is:

There should be no increase in costs, as the utilities normally collect utility business license fees and they deal with rates and customer charges everyday. If there is any cost impact it would be very small.

5. The proposed ordinance increases the existing fees and the total annual amount expected to be collected is:

Monthly: Electric $ 571,200 ; Natural Gas $ 448,800 .

6. The proposed ordinance includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity. The following explains why such duplicative or more stringent provisions are necessary.

There are none. The proposed ordinance provides for the necessary revenue requirements to maintain service levels and enhance law enforcement and anti-meth activities. It is not duplicative, or more stringent than existing federal, state or local standards.

OBJECTION PROCESS

1. If a business believes it is aggrieved by a rule (as defined in NRS 237.060) adopted by the governing body, the business may object by filing a petition in writing with the clerk/secretary of the local government at the Northgate Complex, 2621 Northgate Lane, Suite 56, Carson City, NV 89706.

2. The governing body will accept such petitions for a period of thirty (30) days following approval of the subject Rule for one of the following reasons:

    a. The governing body failed to prepare a business impact statement as required pursuant to NRS Chapter 237; or

    b. The business impact statement prepared by the governing body did not consider or significantly underestimated the economic effect of the ordinance or rule on business.

3. Upon receipt of the petition, the clerk/secretary will forward a copy to the local government's attorney, the department/agency that generated the Rule and the local government's manager/chief executive.

4. Staff will consider the merits of the petition and forward a recommendation to the governing body.

5. The governing body will determine if the petition has merit and direct staff accordingly.

6. A sample petition is attached.

PETITION OBJECTING TO ADOPTION OF RULE

NRS 237.100 provides that a business that is aggrieved by an ordinance, regulation, resolution or other type of instrument through which a governing body exercises legislative powers, except pursuant to Chapter 271, 278,278A and 278B of NRS (herein a "Rule") adopted by the governing body may object to all or a part of the Rule by filing a petition. This petition form is provided to assist those who wish to object. The petition must be filed with the clerk/secretary of the local government at **2621 Northgate Lane, Suite #56, Carson City, Nevada 89706**, within 30 days after the date on which the Rule was adopted.

Petitioner's name (Include name of the business or proposed business and whether it is a corporation, partnership, sole proprietorship, fictitious name): ______________________________________

____

Petitioner's type of business: ______________________________________

Petitioner's business location: ______________________________________
Street

______________________, ______________________, ______________________
City County State

Petitioner's mailing address (If different from above): ______________________

Petitioner's phone number: (____) ______ - __________

Petitioner is objecting to the following: ______________________________________

____

(Identify the Rule to which Petitioner is objecting and state whether it is an ordinance, resolution, regulation or other instrument. Please give number if known)

The basis of Petitioner's objection is as follows:

_________ The governing body failed to prepare a business impact statement; or

_________ The business impact statement did not consider or significantly underestimated the economic effect of the adopted Rule.

The nature of the impact of the above Rule on Petitioner's business is as follows (Attach additional sheets if necessary): ______________________________________

____

By signing below, the signor of this Petition certifies it as a duly authorized representative of the business identified above and has been authorized by that Business to file this Petition on behalf of the business.

____
Business Name

By: ______________________________________

Title of Signor: ______________________________

CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

June 4, 2007

Ronni Hannaman
Carson City Area Chamber of Commerce
1900 South Carson Street
Carson City, NV 89701

Re: Proposed Increase in Carson City Business License (Franchise) Fees for Electric and Natural Gas

Dear Ronni:

On July 5, 2007, the Carson City Board of Supervisors will consider the adoption of an ordinance amendment (copy attached) which will increase electric and natural gas business license (franchise) fees 1%. The revenues generated by this increase in fees will be used to offset losses in sales tax revenues and to fund two Sheriffs deputies, one prosecutor and fund Partnership Carson City, the anti-methamphetamine coalition.

As required by NRS 237.080, "Prerequisites to adoption of a rule by local government" the City must provide pertinent information to all potentially affected businesses. **You have fifteen working days to review and respond to the proposed amendment.** All comments will be included in the presentation to the Carson City Board of Supervisors for their consideration as part of the required Business Impact Statement.

Attached, please find a copy of the proposed ordinance amendment for your review. As stated in the Nevada Revised Statutes 237.080 you may submit data or other arguments to the governing body or its designee as to whether the proposed rule will: (a) impose a direct and significant economic burden upon your business or (b) directly restrict the formation, operation or expansion of your business. Please respond in writing to my office by June 25, 2007.

If you have any questions, please contact me at 887-2100 or e-mail to **lritter@ci.carson-city.nv.us**.

Sincerely,

Linda Ritter
City Manager

Attachment

CITY MANAGER'S OFFICE • 201 North Carson Street, Suite #2 • 89701 • (775) 887-2100
Fax: (775) 887-2286 • e-mail: cceo@ci.carson-city.nv.us

CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

June 4, 2007

Rick DeMar
Builders Association of Western Nevada
P.O. Box 1947
Carson City, NV 89702

RE: Proposed Increase in Carson City Business License (Franchise) Fees for Electric and Natural Gas

Dear Rick:

On July 5, 2007, the Carson City Board of Supervisors will consider the adoption of an ordinance amendment (copy attached) which will increase electric and natural gas business license (franchise) fees 1%. The revenues generated by this increase in fees will be used to offset losses in sales tax revenues and to fund two Sheriffs deputies, one prosecutor and fund Partnership Carson City, the anti-methamphetamine coalition.

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Sincerely,

Linda Ritter
City Manager

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CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

June 4, 2007

Linda Galli
Sierra Pacific Power Co.
P.O. Box 10100
Reno, NV 89520-0024

RE: Proposed Increase in Carson City Business License (Franchise) Fees for Electric and Natural Gas

Dear Linda:

On July 5, 2007, the Carson City Board of Supervisors will consider the adoption of an ordinance amendment (copy attached) which will increase electric and natural gas business license (franchise) fees 1%. The revenues generated by this increase in fees will be used to offset losses in sales tax revenues and to fund two Sheriffs deputies, one prosecutor and fund Partnership Carson City, the anti-methamphetamine coalition.

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Sincerely,

Linda Ritter
City Manager

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CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

June 4, 2007

Dennis Redmond
Southwest Gas Corp.
400 Eagle Station Ln
Carson City, NV 89702

RE: Proposed Increase in Carson City Business License (Franchise) Fees for Electric and Natural Gas

Dear Dennis:

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