



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: Sept 7, 2017

Staff Contact: Iris Yowell, Deputy District Attorney; iyowell@carson.org

Agenda Title: For Possible Action: To accept and place a Business Impact Statement on file with the Board of Supervisors finding that the proposed changes to CCMC Title 4, Chapter 4.05 do not impose a direct and significant economic burden on a business or that the proposed changes do not directly restrict the formation, operation, or expansion of a business.

Staff Summary: The ordinance changes being proposed to Title 4, Chapter 4.05, if adopted, will increase the the 911 surcharge. NRS Chapter 237.030 to 237.150, inclusive, requires the City to prepare a Business Impact Statement as a statutory prerequisite to the adoption of any rule as defined in NRS 237.060. This Business Impact Statement has been prepared in accordance with NRS 237.080.

Agenda Action: Formal Action/Motion

Time Requested: 5 minutes

Proposed Motion

I move to accept and place a Business Impact Statement on file with the Board of Supervisors finding that the proposed changes to CCMC Title 4, Chapter 4.05 do not impose a direct and significant economic burden on a business or that the proposed changes do not directly restrict the formation, operation, or expansion of a business.

Board's Strategic Goal

Economic Development

Previous Action

N/A

Background/Issues & Analysis

This business impact statement was prepared and the following notice was provided:

- On July 6, 2017, the 911 Surcharge Committee presented to the Carson City Board of Supervisors a "Draft" 911 Surcharge Master Plan", including a 5-year proposed budget plan contained within, recommending a change to Carson City Municipal Code 4.05, raising the surcharge fee applied from .25 cents per line, and \$2.50 per trunk line, to \$1 per line and \$10 per trunk line.
- The proposed plan as presented assessed the current need shortfalls in funding for the Public Safety 911 Operations Center, a 5-year financial needs assessment, and fiscal implementation needs to support the mandated equipping of audio/video recording devices for the law enforcement agency.

- On August 3, 2017, direct mailings were sent to the Carson City Area Chamber of Commerce and Approximately 100 businesses that currently pay the surcharge to Carson City.
- The mailings consisted of an explanation in regard to the increase, web links to: the materials presented at the Board of Supervisor’s Meeting on July 6, 2017, this draft business impact statement, and the ordinance amendments that will be proposed.
- The proposed amendments along with this draft business impact statement were also available for viewing online on the Carson City Website at: <http://www.carson.org/Home/Components/News/News/658/6>.
- The proposed plan has received widespread media coverage, including articles in the local printed press and internet media stories.
- A public service announcement was published on August 4, 2017: <https://www.youtube.com/watch?v=8ktgSbFH36A>.

No comments were received regarding the increase.

Applicable Statute, Code, Policy, Rule or Regulation

SB 176; NRS 289.830; NRS 244A; NRS 239.080

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: NA

Is it currently budgeted? Yes No

Explanation of Fiscal Impact:

Alternatives

The board may make the finding that the proposed ordinance does impose a direct and significant economic burden upon a business or directly restrict the formation, operation, or expansion of a business.

Attachments:

1) Business Impact Statement

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)



BUSINESS IMPACT STATEMENT

This Business Impact Statement was prepared in accordance with the provisions of NRS (Nevada Revised Statutes) 237.030 to 237.150, inclusive, as a statutory prerequisite to the adoption of any rule***, as that term is defined in NRS 237.060, by the Carson City Board of Supervisors.

*** A "rule" may include an ordinance, or an action taken by the Board, that imposes, increases or changes the basis for the calculation of a fee which is paid in whole or in substantial part by businesses. A "rule" **does not** include actions that impose, increase or change the basis for the calculation of: (1) special assessments imposed pursuant to NRS chapter 271; (2) impact fees imposed pursuant to NRS chapter 278B; (3) fees for remediation imposed pursuant to NRS chapter 540A; (4) taxes ad valorem; (5) sales and use taxes; or (6) a fee that has been negotiated pursuant to a contract between a business and Carson City. A "rule" also **does not** include: an action taken by the Board that approves, amends or augments the annual budget of Carson City; an ordinance adopted by the Board pursuant to a provision of NRS chapter 271, 271A, 278, 278A, 278B or 350; an ordinance adopted or action taken by the Board that authorizes or relates to the issuance of bonds or other evidence of debt of Carson City; or any rule for which Carson City does not have the authority to consider less stringent alternatives, including, for example, a rule that Carson City is required to adopt pursuant to a federal or state statute or regulation or to a contract into which Carson City has entered.

ORDINANCE OR ACTION PROPOSED FOR ADOPTION

AN ORDINANCE RELATING TO THE SYSTEM USED FOR REPORTING EMERGENCIES AMENDING TITLE 4, (LICENSES AND BUSINESS REGULATIONS) TO REVISE PROVISIONS OF CHAPTER 4.05 GOVERNING THE INCREASE OF THE 911 SURCHARGE; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO.

1. *The manner in which notice was provided to the applicable trade associations and officers of businesses likely to be affected by the proposed ordinance or action, and a summary of any data, arguments or comments received from those recipients:*

a. Notice

- On July 6, 2017, the 911 Surcharge Committee presented to the Carson City Board of Supervisors a "Draft" 911 Surcharge Master Plan", including a 5-year proposed budget plan contained within, recommending a change to Carson City Municipal Code 4.05, raising the surcharge fee applied from .25 cents per line, and \$2.50 per trunk line, to \$1 per line and \$10 per trunk line.
- The proposed plan as presented assessed the current need shortfalls in funding for the Public Safety 911 Operations Center, a 5-year financial needs assessment, and fiscal implementation needs to support the mandated equipping of audio/video recording devices for the law enforcement agency.

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b. Summary of comments

No comments were received.

2. *The estimated economic effect of the proposed ordinance or rule on businesses, including both adverse and beneficial effects, and both direct and indirect effects:*

a. Adverse effects:

- Full implementation of the increase in the 911 surcharge fee assessed to the user's billing statement will increase by .75 cents per month per line, totaling \$9.00 per year. For entities using trunk line systems, the assessment fee will increase by \$7.50 per month, totaling \$90.00 per year.
- Telephone service providers are currently assessing a .25 cent surcharge fee to its customers and distributing funds back to local governments. Telephone service providers will now be required to adjust rates individually based on each local jurisdiction's rate fee established.

c. Beneficial effects:

- The assessed statutory state-wide rate of .25 cents per line and \$2.50 per trunk line has been in effect since 2008, producing approximately \$215,000 annually to the local government. It has been determined by financial analysis that the fees collected have insufficiently funded Public Safety 911 Operations Center technology needs and on-going maintenance, and the

intent of NRS 244A is to sufficiently fund those needs.

- Currently, the fiscal year budget, with estimated revenue of \$215,000, is anticipated to require additional funds of approximately \$57,000, from the city's general fund for the FY18 mandated upgrade of the 911 system. This is in addition to \$218,000 already being paid through several City Department general fund budgets due to insufficient funding in the 911 Surcharge Fund.
- Without regard to the impact of SB176, beginning in FY19 and beyond, the on-going needs of the 911 Surcharge Fund will be approximately \$718,000, which is more than three times the current revenue.
- With consideration of the passage of SB176, audio/video recording devices and implementation of NRS 289.830, the added burden to the projected fiscal plan is approximately \$118,000 in year-one, and \$98,000 in subsequent years.
- Therefore, a revision to Carson City Municipal Code Chapter 4.05 Surcharge for Enhancement and Improvement of Telephone System Used For Reporting Emergencies, in accordance with NRS 244A (inclusive), a fee of \$1.00 per line and \$10.00 per trunk line is required to meet the current and future needs of the Public Safety 911 Operations Center, and implementation of the audio/video recording device mandate.

d. Direct effects:

- Implementation of the proposed fee will provide city government with a long-term stabilized funding source to provide services intended under NRS 244A.7645, as follows:

With respect to the telephone system for reporting an emergency:

1. Paying recurring and nonrecurring charges for telecommunication services necessary for the operation of the enhanced telephone system;
2. Paying costs for personnel and training associated with the routine maintenance and updating of the database for the system;
3. Purchasing, leasing or renting the equipment and software necessary to operate the enhanced telephone system, including, without limitation, equipment and software that identify the number or location from which a call is made; and
4. Paying costs associated with any maintenance, upgrade and replacement of equipment and software necessary for the operation of the enhanced

telephone system.

With respect to purchasing and maintaining portable event recording devices and vehicular event recording devices:

Paying costs associated with the acquisition, maintenance, storage of data, upgrade and replacement of equipment and software necessary for the operation of portable event recording devices and vehicular event recording devices or systems that consist of both portable event recording devices and vehicular event recording devices.

e. Indirect effects:

- The intended effect of the 911 surcharge fee, established in year 2008 at .25 cents per line and \$1 per trunk line, was to provide funding for the maintenance and infrastructure of the 911 emergency receipt and dispatch functions.
- The assessed fee has been insufficient to insure equipping and maintenance. Therefore, Carson City Municipal Government has necessarily provided funding from the fiscal General Fund to meet the needs of the Public Safety 911 Emergency Operations Center.
- This process diverts critical funds that may be otherwise useful for the employment and infrastructural needs of the community.

3. *The methods considered by the Carson City Board of Supervisors to reduce the impact of the proposed ordinance or action on businesses and whether any of those methods were used:*

N/A

4. *Estimate of the annual cost to Carson City for enforcement of the proposed ordinance or action:*

Costs may be associated with the enforcement of the proposed action; however, those costs cannot be determined at this time. However, it is anticipated that any enforcement costs will be minimal.

5. *The total annual amount of money expected to be collected as a result of the new fee or increase in fee proposed by the ordinance or action, and the manner in which the money will be used:*

- Total revenue generated by the fee of \$1 per line and \$10 per trunk line is

expected to be approximately \$860,000 per fiscal year. Funds will be used pursuant to NRS 244A.7645.

- The following types of items will be paid from the 911 Surcharge Fund:
 - 911 System Operations (AT&T);
 - Body Cameras – purchase, maintenance and data storage;
 - Maintenance for systems supporting the Public Safety 911 Operations Center;
 - Debt Service;
 - Equipment Replacement and Reserves;
 - Internal Service Charge;
 - Mobile Data Connection to 911 System;
 - Priority Dispatch Service;
 - Radio Infrastructure;
 - Smart 911;
 - Text-to-911

6. *The proposed ordinance or action [] DOES [X] DOES NOT include any provisions which duplicate or are more stringent than Federal, State or local standards regulating the same activity.*

7. *The reasons for the conclusions regarding the impact of the proposed ordinance or action on businesses:*

- The reasons for the conclusions of the impact of the proposed ordinance on businesses are that there is a direct and obvious financial impact on businesses, specifically, phone providers. While it is likely that they will pass this surcharge onto the consumer, the increase in surcharge will affect the customer's overall bill.


8. *Based on the information considered, it has been determined that this proposed ordinance or rule:*

[] DOES [X] DOES NOT impose a direct and significant economic burden upon a business.

[] DOES [X] DOES NOT directly restrict the formation, operation or expansion of a business.

Pursuant to NRS 237.090(3), this Business Impact Statement was completed on August 28, 2017 and made available for public inspection by Carson City on August 31, 2017, at the time the agenda notice on which the proposed ordinance or rule described in this statement is included was posted.

Pursuant to NRS 237.090(2), I, Nick MARANO, the Carson City Manager, hereby certify that to the best of my knowledge and belief, the information contained herein was properly prepared and accurate.


Signature

8/29/17
Date

NICK MARANO
Printed Name