

TECHNICAL REPORT



Carson City Roads Funding

Local Funding Options

October 2022

Acknowledgements and Limitations

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The analyses and findings contained within this report are based on primary and secondary data available as of the date of this report. Updates to information used in this report could change or invalidate the findings contained herein. While it is believed that the primary and secondary sources of information are accurate, this is not guaranteed.

Every reasonable effort has been made in order that the data presented herein reflects the most accurate and timely information possible. No responsibility is assumed for inaccuracies in reporting by Carson City, its consultants and representatives, or any other data source used in the preparation of this study. No warranty or representation is made that any projected values or results contained herein would actually be achieved. Changes in economic and social conditions that may impact the findings of this report include, but are not limited to, national and local economic recessions, climate change, major environmental problems and natural disasters.

The reported analyses, opinions, and conclusions are HEC's own unbiased professional analyses, opinions and conclusions. This technical report was prepared for a specific use and no other use is authorized,



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01. Background

Carson City (City), the capital of Nevada, is a consolidated municipality that, among its many services, provides transportation, transit operations, and associated maintenance activities to its residents, businesses, and visitors. The City plans for, constructs, maintains, and replaces roads and road-related improvements, plans and provides local transit services, and coordinates in the provision of regional transit services. Carson City, like many governments in Nevada, has seen a decline in revenues for the preservation of roads. In 2021, the Nevada Department of Transportation (NDOT) convened an Advisory Working Group to study transportation needs of the state as the demands on Nevada's transportation system have outpaced the resources available.ⁱ

There are three functional road classifications in Nevada: local, collector and arterial roads. Local roads are interchangeably termed 'neighborhood streets' in this technical report. Collector and arterial roads are collectively termed 'regional roads'. All road capital monetary resources currently are spent on collector and arterial roads. Since 2018, the City has not budgeted any local funding for neighborhood street preservation based on direction received from the Carson City Regional Transportation Commission (RTC), limitations regarding fund expenditures, and the results of project prioritization tools used to select annual projects through the City's Pavement Management Plan. The City has made some recent efforts to direct some additional funding towards local roads, including recently allocating \$2.5M in one-time, federal American Rescue Plan Act (ARPA) funds to be used to preserve and rehabilitate a collection of neighborhood streets. Unfortunately, despite these efforts, the need still far outweighs the available funding.

In 2022, the City examined the state of all local and regional roads and projected the needed funding to halt the deterioration of the Pavement Condition Index (PCI)ⁱⁱ on roadways. In particular, neighborhood streets are of great concern, as the PCI on these streets has declined by 9% over the last five years. The Carson City Board of Supervisors (BOS) directed staff to explore four local roads funding options to halt deterioration of the PCI. All of the described funding mechanisms are currently authorized by Nevada Legislature. The funding options are:

1. General Improvement District (GID) - NRS 318
2. Local Improvements Special Districts (SID)s - NRS 271
3. Special Purposes (Transportation) Sales Tax - NRS 377A
4. Infrastructure Sales Tax - NRS 377B

Specifically, this technical report:

- Describes the roads and road-related functions that are the responsibility of Carson City Public Works,
- Discusses the funding gap to maintain existing roads in their current condition,
- Presents the attributes of each of the four potential financing options to fill the roads preservation funding gap,
- Estimates the potential revenue generation from the four revenue sources, and
- Provides findings of the research presented, and

- Outlines steps in the path forward to fund roads preventative maintenance and preservation.

While this technical report focuses primarily on funding of roads, the ability of each of the funding options to support transit programs and services is also included.

Roads and Road-Related Functions

The following roads and road-related functions are performed by Carson City Public Works.



Pavement Maintenance

Actions to preserve and prolong pavement life through routine maintenance and preservation



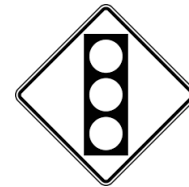
Access, Mobility and Safety

Pedestrian crossings, bike lanes, ADA sidewalks and ramps



Landscape and Public Spaces

Weed control, right-of-way maintenance, maintenance of landscaping and public spaces adjacent to roads



Traffic Operations

Signage, striping, street lights, traffic lights



Right-of-Way

Sweeping, sanding, snow removal



Road Reconstruction

Design and construction of failed roadways



Sidewalk Management

Inspections and repairs



Transit

Buses, shelters, operations

Road and road-related functions performed by Carson City Public works are further described below.

Pavement Maintenance: Proper management of the largest City roads asset, the pavement, by maintaining or improving the PCI on the City's existing roads. Carson City owns 34,620,300 square feet of local road pavement, and 17,645,500 square feet of regional road pavement.

Road Reconstruction: Reconstructing failed roads or reconstructing roads with new layouts, for example, for traffic calming projects or changing the functionality of an existing road (such as changing the number of lanes or creating Complete Streets).

Traffic Operations: The City maintains and replaces traffic measures such as striping, signage, traffic lights, signal controllers, and street lights; all of the ancillary assets that provide for a safe, functioning road system.

Right-of-Way: Maintenance of right-of-way includes street sweeping, sanding, and removal of snow, ensuring safe passage of travel.

Access, Mobility and Safety: The City is working to improve pedestrian and bicycle accessibility and safety; projects may include striping and marking on existing roadways, creating separated spaces for non-vehicular traffic, upgrading pedestrian crossings, and similar.

Sidewalk Management: Most public sidewalks are the responsibility of the adjacent property owners to maintain and repair. The City inspects sidewalks, advises property owners of necessary corrections, and may complete repairs and/or replacement when the City is performing roadway maintenance activities.

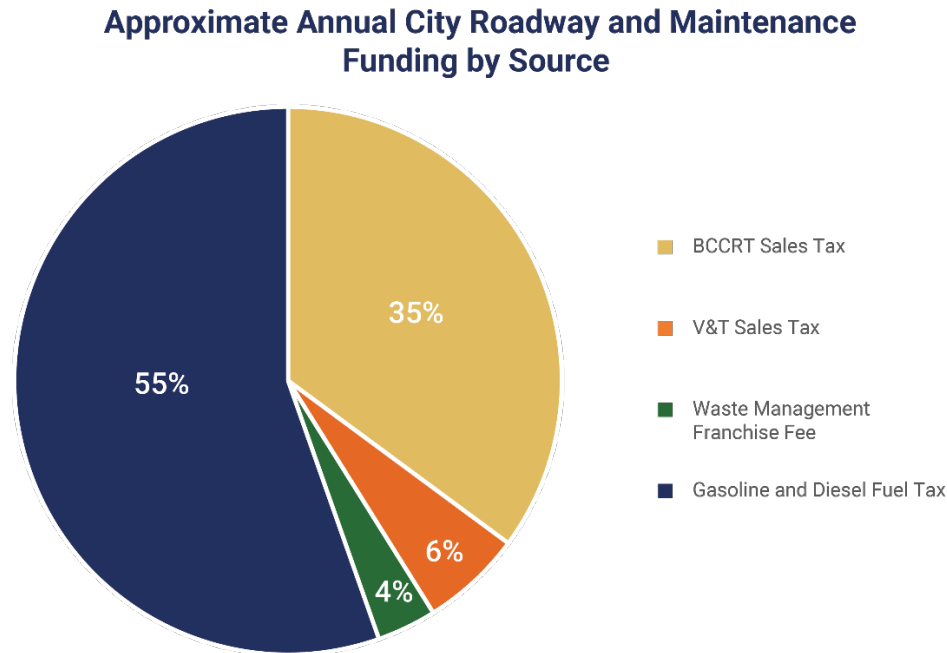
Landscape and Public Spaces: Aside from hardscaping and landscaping with shrubs, grasses, and trees, some roadways (and parking areas) provide access to community gathering areas such as plazas. Facilities in public spaces may be funded with roads funds, depending on the source; therefore, items such as benches, fountains, signage, and other public space facilities are included as a road-related function.

Transit: Transit can include many types of transportation such as train, light-rail, bus, ride-share, and on-demand door-to-door services and programs that encourage and provide opportunity for people to move without vehicle ownership.

The Road Funding Gap

Today, the City has annual revenue of approximately \$10.0 million for roads and road-related functions, excluding Federal and local grants for regional road projects and transfers out for road-related projects debt service. Figure 1 shows 55% of revenues for roads is from gasoline and diesel taxes, about 40% is from sales taxes, and the remaining revenues are from the City solid waste disposal franchise fees.

Figure 1



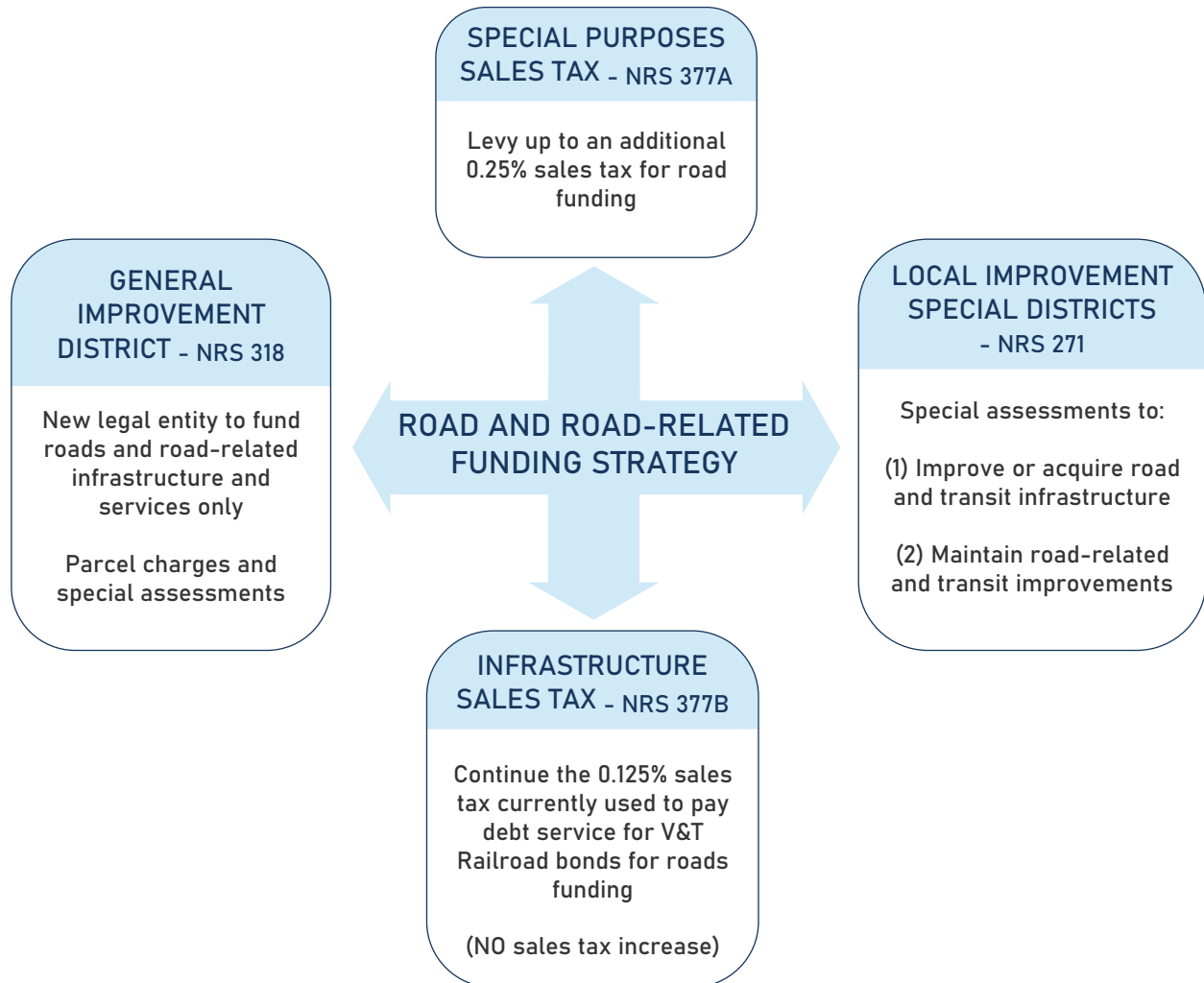
Typical annual operations and maintenance costs include staffing, services and supplies, which total about \$5.5 million per year, leaving approximately \$4.5 million per year for maintenance projects. In 2022, City consultants reported that the funding requirement for Carson City to maintain the PCIs of existing local and regional roads until 2050 is at least \$25.5 million per yearⁱⁱⁱ. At this level of funding, local roads would average a PCI of 56, which is considered a Fair-to-Poor Condition (described by moderate- and high-severity cracking, notable low- and moderate-severity fatigue cracking, patching, and rutting), and regional roads would average a PCI of 74, which is considered a Satisfactory Condition (described as mostly low-severity distress, little to no fatigue cracking, and minor rutting).

The City has a funding gap of at least \$21.0 million per year to maintain current local and regional road conditions. The gap will grow the longer it takes to secure dedicated funding, and with increased asset quantities as the City grows.

02. Potential Funding Mechanisms

The four funding mechanisms being considered to close the funding gap to keep existing roads in their current conditions, while adequately providing all road-related services, transit, and mobility options, are illustrated in Figure 2.

Figure 2
Funding Options

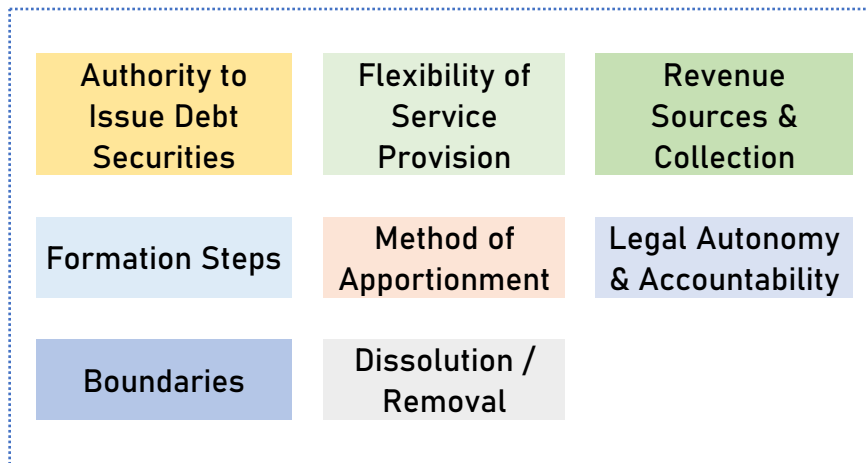


Each of these potential revenue sources has its pros and cons for funding roads and road-related functions. Some are good at funding particular types of roads and transit projects, some cannot fund certain road and transit projects, and some can fund everything. Ultimately, the City's roads funding strategy may use one or a combination of the four funding tools to fill the funding gap. Three of the funding mechanisms would be new; sales tax under NRS 377B would not be a new tax, rather, it would continue an existing tax beyond its currently authorized term and redirect the tax revenue to road funding.

Sales taxes are familiar to most people; we pay sales tax on certain goods at a rate that is partially determined by the State, and partially by the local government(s) of an area. Sales taxes are indiscriminate; all must pay in equal proportion to the value of the good being purchased. Less familiar to most are special assessments and parcel charges that can be levied by General and Special Improvement Districts.

The remainder of this section describes each of the potential funding sources in detail. To be able to compare the merits of each funding option, the same attributes are described for each. Figure 3 summarizes the attributes that are considered.

Figure 3
Attributes to Describe and Compare the Funding Options



Legal autonomy and accountability. This helps to compare who manages the funding mechanism and the level of accountability decision-makers have on spending of the revenues to the people of Carson City.

Flexibility of service provision is compared to understand what exactly can be funded by the revenues generated.

Potential physical geographic boundaries where revenues can be collected from are described.

Formation steps to create the new funding streams are described to offer insight to the complexity and administrative effort of securing the new funding source.

Description of the revenue sources (sales tax, special assessments and parcel charges), and how the revenues can or must be collected allow for comparison of complexity and administrative procedure to manage the revenues.

The method of apportionment refers to the way in which collection of revenue can be tailored according to local perception of equity among road users. The method of apportionment is the same for both sales tax revenue sources, and there is no flexibility in how sales tax is levied, except that a sales tax under NRS 377A could levy a rate up to 0.25%, whereas continuation of the sales tax under NRS 377B would be at a rate of 0.125%. There is choice in how special assessments and parcel charges can be collected. This is described for the two pertinent funding sources for comparison.

The authority to issue debt securities is included for comparison because some debt instruments (special assessment and revenue bonds) are special obligations, and are therefore not counted as debts of the City.

The final attribute considered is the ease or difficulty to discontinue the revenue stream (which may include dissolution of a legal entity).

General Improvement District (GID) - NRS 318

General Improvement Districts (GIDs) are commonly used to provide public infrastructure and services. Use of a GID varies widely, from television provision, water and sewer provision, to roads provision, mosquito abatement, rodent control, and several other services. Carson City and Esmeralda County are the only counties in Nevada without a GID^{iv}.

Legal Autonomy and Accountability. GIDs are authorized by the Nevada Legislature as codified in the Nevada Revised Statutes (NRS) Chapter 318. A GID is a separate legal entity (with eminent domain power and right to own and sell real property) - a governmental subdivision of the State of Nevada, a body corporate and politic and a quasi-municipal corporation (NRS 318.075).

The Carson City Board of Supervisors (BOS) must be the initial Board of Trustees (BOT) (except however one of the 5 initial trustees can be the DA or Deputy DA); after it has established the accounting practices, auditing practices, a budget and management standards, the BOS can continue as the ex officio BOT but the secretary and treasurer must not be members of the BOS (could be the City Clerk and City Treasurer, or RTC members) - NRS 318.09533. The BOS, as the ex officio BOT, can appoint a local district managing board (NRS 318.09535) of between 5 and 12 members to manage the affairs of the district but this board cannot tax or sell bonds. The powers and duties of a local district managing board must be stated in the ordinance creating the board. BOS members may not receive additional compensation per NRS 318.09533. The BOT must meet regularly at least once each year.

As a separate legal entity, a GID may also form Improvement Districts pursuant to NRS 271.

Flexibility of Service Provision. Basic powers of a GID include the ability to furnish streets and alleys (NRS 318.120) and remove snow from them (NRS 318.145); furnish curbs, gutters, and sidewalks (NRS 318.125), furnish sidewalks (NRS 318.130), and furnish facilities for lighting streets (NRS 318.141). GID powers are described in the formation procedure; the intent would be to form a Roads and Roads-Related (streets and alleys, curbs, gutters, sidewalks, and optionally, snow removal and street lighting) only GID. Specifically, the following facilities activities would be authorized:

Grading and re-grading, surfacing and re-surfacing of streets, alleys and public highways, gravel, oiling, macadamizing, paving, crosswalks, driveway inlets, curb cuts, curbs, sidewalks, gutters, valley gutters, catch basins, culverts, drains, sewers, manholes, inlets, outlets, retaining walls, bridges, overpasses, tunnels, underpasses, approaches, artificial lights and lighting equipment, grade separators, traffic separators, traffic-control equipment, off-street parking facilities and structures, parkways, canals and other water type streets, and to construct, reconstruct, replace or extend sidewalks. Facilities for lighting public streets, ways and places may be acquired, constructed, reconstructed, improved, extended, or bettered.

And, the GID can operate, maintain and repair the district's improvements (projects), including, without limitation, the maintenance and repair of dedicated streets and alleys and the removal of snow therefrom, and all facilities of the district relating to any basic power which the district is authorized to exercise (NRS 318.145 and 318.175). A project or improvement means any structure, facility, undertaking or system which a GID is authorized by its basic powers established at formation to acquire, improve, equip, maintain or operate.

Boundaries. A Roads and Roads-Related GID may be Citywide or consist of noncontiguous tracts or parcels of property (NRS 318.055). Parcels can be annexed into the GID.

Formation Steps. The formation of a GID would be by Provisional Order, following four steps:

STEP 1. A resolution of intention adopted by the BOS.

STEP 2. An "initiating" ordinance adopted by the BOS, which must include:

- a. The name of the proposed district.
- b. A statement of the basic power or powers for which the district is to be created.
- c. A statement that the ordinance creating the district will be based on the BOS finding that public convenience and necessity require creation of the district, that creation of the district is economically sound and feasible, that the Service Plan includes all required elements per NRS 308.030 (see below) and that it does not contravene reasons to disapprove a Service Plan per NRS 08.060 (see below).
- d. Description of the boundaries of the district such that a property owner can determine whether their property is within the district.
- e. The place and time for the public hearing on creating the district.

Service Plan required elements (NRS 308.030):

- A financial survey and a preliminary engineering or architectural survey showing how the proposed services are to be provided and financed;

- A map of the proposed district boundaries, an estimate of the population and assessed valuation of the proposed district;
- Description of the facilities to be constructed, the standards of such construction, the services to be provided by the district, an estimate of costs, including the cost of acquiring land, engineering services, legal services, proposed indebtedness, including proposed maximum interest rates and any discounts, any other proposed bonds and any other securities to be issued, their type or character, annual operation and maintenance expenses, and other major expenses related to the formation and operation of the district;
- Details of a proposed agreement with Carson City Public Works for the performance of any services between the proposed GID and the City. The form of any such contract to be used, if available, shall be attached to the Service Plan.

The Service Plan must be approved by the BOS. The BOS may disapprove the Service Plan (NRS 308.060) upon satisfactory evidence that:

- There is insufficient existing and projected need for organized service in the area to be serviced by the proposed district;
- The existing service in the area to be served by the proposed district is adequate for present and projected needs;
- Adequate service is, or will be, available to the area through municipal annexation by other existing municipal or quasi-municipal corporations within a reasonable time and on a comparable basis;
- The proposed special district is incapable of providing economic and sufficient service to the area within its proposed boundaries;
- The area to be included in the proposed district does not have or will not have the financial ability to discharge the proposed indebtedness, other securities, or other obligations to be incurred on a reasonable basis;
- The facility and service standards of the proposed district are incompatible with the facility and service standards of adjacent municipalities and special districts;
- Or the proposed district is being formed for the primary purpose of financing the cost of developing private property.

STEP 3. Organizational Hearing. The City Clerk must mail written notice to all property owners within the proposed GID. The notice must include details of the purpose of the proposed GID, and information on the time and place of the organizational hearing. If at or before the hearing a protest is filed and signed by a majority of property owners, then the GID shall not be formed (NRS 318.065).

STEP 4. The BOS will adopt an ordinance determining whether or not the GID is created (NRS 318.070). Barring the initiation of any legal action opposing the district within 30 days of adopting an ordinance creating the GID, the ordinance finally and conclusively establishes the organization of the GID.

Revenue Sources and Collection. The GID can establish charges for snow removal and lighting and standby service charges/ minimum charges/ charges for the availability of service for any services or facilities authorized to be furnished by the GID (NRS 318.197); however, a GID cannot charge rates, rolls or charges other than special assessments for streets, curbs, gutters, and sidewalks (NRS 318.197). Special assessments may be charged to lands and premises abutting the street or alley improved or proposed to be improved, and any other lands that may be specially benefited by the improvement upon affirmative vote of at least two-thirds of the board. Unless a school district consents to assessment, all property owned and used by a school district is exempt (NRS 318.350).

NRS 118A.140 “Premises” defined. “Premises” means a dwelling unit and the structure of which it is a part, facilities, furniture, utilities and appurtenances therein and grounds, areas and facilities held out for the use of tenants.

NRS 118C.040 “Commercial premises” defined. “Commercial premises” means any real property other than premises as defined in NRS 118A.140.

The BOT must have affirmative vote of at least two-thirds of its members to levy proposed charges and special assessments. The BOT has the authority to create payment programs and discounted rates and assessments for customers that qualify under certain parameters such as a disability, age, or income limit.

Revenue can be collected with City utility bills (monthly) or with property taxes (quarterly). Administrative costs would be less if collected with City utility bills. If charges and special assessments are collected with property taxes, the GID must file a written report each year containing a description of each parcel of real property and amount of the charges and special assessments, and a public hearing must be held. If a majority of the property owners affected protest the manner of collection, the charges must be collected separately from the tax roll.

To minimize administrative costs, it would be better to collect charges and special assessments with utility bills. This may also be preferable for cash flow purposes as revenues would be monthly rather than quarterly.

While a GID has the authority to levy ad valorem taxes, in practicality this is not an option for a Carson City Roads and Roads-Related GID because Carson City already has authority to increase ad valorem taxes for roads purposes. Increasing ad valorem taxes for roads preservation would erode the ability of the City to raise revenue for other services because of the statutory ad valorem tax cap (NRS 361.453)^v. The GID or City could increase funding for roads with an ad valorem property tax override for 30 years with voter approval, but this was

not identified as a funding option to pursue at this time.

Method of Apportionment. Methods of apportionment must be determined for both charges and special assessments.

- (1) **Charges.** The GID could set charges for snow removal and lighting, and other costs (such as general management costs) that are not associated with provision of streets, curbs, gutters, and sidewalks. There is no methodology prescribed in Chapter 318 for apportioning costs among users and potential users. The BOS would have to approve a method of apportionment by resolution adopting the charges. These would be parcel charges.
- (2) **Special Assessments.** The only guidance provided by NRS 318.350 for determining special assessment amounts is that costs may be allocated among land and premises abutting the improvement, and other lands as in the opinion of the board that may be specially benefited by the improvement. We can look to other sections of the Nevada Revised Statutes for further guidance. Chapter 271 also allows for the collection of special assessments.

NRS 271.208 “Special benefit” defined. “Special benefit” means the increase in the market value of a tract that is directly attributable to a project for which an assessment is made as determined by the local government that made the assessment. The term may include incidental costs of the project as determined by the local government. The market value change does not have to be quantified. In addition, NRS 271.045 states that assessments shall be made on a front foot, zone, area or other equitable basis, as may be determined by the governing body.

A method(s) of apportionment for the costs to be collected by special assessments needs to be vetted by City staff and focus groups of customers. The states of Montana and Oregon have adopted charges in similar fashion and offer good case studies to learn from. Road systems function as a public utility comparable to municipal water and sewer systems. Those utilities are funded by charging users based on how much they use the systems, and roads funding can be approached in a similar way. Properties that cause more traffic by the nature of their use are responsible for a greater portion of the wear and tear on roads infrastructure, and might reasonably be expected to make larger contributions towards maintenance expenses. One common basis for such a fee is an estimated number of trip-ends attributable to each property type using the procedures found in the Trip Generation manual published by the ITE^{vi}; however, fees may also be based on lineal front footage, parcel size, and other characteristics.

The GID could collect for costs of different road functions in different ways. For example, road maintenance costs (such as crack sealing and paving) might be allocated to users based on their estimated trip generation, but sidewalk repair costs might be allocated to users based on their front footage.

Authority to Issue Debt Securities. Debt limit is set at 50% of the total of the last assessed valuation of taxable property (excluding motor vehicles) situated within the district. The limitation excludes special assessment bonds (NRS 318.277) that may be issued for GID roads projects (or for SIDs or NIDs created by the GID) and revenue bonds, which are special obligations, not debts.

Short-term notes, warrants and interim debentures may be issued upon affirmative vote of four of the BOT members (NRS 318.280); in addition, the sale of revenue bonds does not require an election. Money may be borrowed from State and Federal government.

Removal / Dissolution. A GID can be dissolved by ordinance of the BOS with a majority of “ayes”. In event of dissolution, all property of the GID would be transferred to the City and funds would be transferred to the General Fund of the City.

Local Improvements Special Districts (SID)s - NRS 271

Local improvements special districts provide a funding mechanism for discrete projects that may be deemed necessary by the local government, by property owners, or by developers to pay for public improvements. This technical report only describes a program created by the local government (Carson City).

Flexibility of Service Provision. Two types of improvement districts may be formed, (1) A Special Improvement District (SID), and (2) a Neighborhood Improvement District (NID).

(1) A SID can finance the acquisition or construction of many types of improvements (sewer, water, energy, drainage for example) and more than one type of improvement in one SID. In particular, a SID can finance infrastructure costs – and all the soft costs associated with planning activities, appraisals, and other associated costs – for the following street projects:

Curbs and gutters, off-street parking, overpasses and underpasses, sidewalks and lighting, and streets projects (any street, avenue, boulevard, alley, highway or other public right-of-way used for any vehicular traffic). A street project can include grading, regrading, gravel, oiling, surfacing, macadamizing, paving, crosswalks, sidewalks, driveway approaches, curb cuts, curbs, gutters, culverts, drains, sewers, manholes, inlets, outlets, retaining walls, bridges, overpasses, tunnels, underpasses, approaches, artificial lights and lighting equipment, parkways, grade separators, traffic separators and traffic control equipment, and all appurtenances and incidentals, including real property.

Per NRS 271.265, the SID can acquire, improve, equip, operate and maintain the above-described street projects, but it does not provide a perpetual revenue source for maintenance.

A SID can also pay for works, systems and facilities for transporting persons, rolling stock, equipment, terminals, stations, platform and other necessary transportation

facilities (NRS 271.237), and the costs to maintain, operate, improve and repair the transit project in perpetuity (NRS 271.369).

(2) A NID can pay for the beautification and improvement of the public portions of any area, such as public restrooms, fountains, landscaping, ramps, sidewalks and plazas, facilities for outdoor lighting and heating, and decorations. Furthermore, a NID can pay for beautification of any street, including median strips, water distribution and irrigation systems, retaining walls, shrubbery, fountains, waterfalls, information booths, signs and so forth (inconclusive list).

Legal Autonomy and Accountability. SIDs and NIDs are creations of the BOS and are accounted for by the City's standard accounting practices. Improvements may be performed by Carson City crews or by independent contract. Competitive bids are required for any work performed by independent contract. If the work is performed by the City, supplies and materials shall be competitively bid (but may be rejected for various reasons).

If a district sells bonds, it shall submit to the Director of the Legislative Counsel Bureau a copy of the annual financial information that is submitted to the Municipal Securities Rulemaking Board.

Boundaries. The boundaries of the SID or NID are set during the formation process. Properties (parcels of land) may be added to NIDs after formation. The improvement districts may include noncontiguous areas.

Formation Steps. The City would form SIDs or NIDs using the Provisional Order Method described in NRS 271.280. The method includes the following four steps.

STEP 1. A City engineer would file preliminary plans and cost of the project and an assessment plat with the City Clerk. The plat would show the area to be assessed and quantification of maximum benefits to be assessed to each parcel (not applicable for an NID since maintenance costs will fluctuate over time).

STEP 2. The engineer would prepare a document stating what portion of the project cost is of special benefit (to be collected with assessments) and what portion is to be funded by other source(s), and further would describe the method of apportionment for the assessments to be levied. If the method of apportionment is NOT by frontage feet, state that the assessment is to be made upon all the tracts benefited by the project proportionately to the benefits received. If more than one project type is included (such as road and sewer), the costs of each project must be kept separate, and the assessments for each levied separately.

STEP 3. The BOS sets a public hearing, and provides mailed notice at least 20 days prior to such hearing, to all affected property owners and mobile home tenants (for a SID), and to all affected property owners and tenants owning a business (for an NID). The notice must include a description of the project, the estimated cost and source(s) of revenue for the project, the method of apportionment, a map or other description of the affected area, the number of installments of assessments, maximum interest rate that may be charged, the time and place

of the hearing, how to object to the proposed assessment, how to obtain more information, and the property owner's rights to representation.

- For an SID, if a majority of property owners object, the district may not be formed unless the City provides more than 50% of the funding for the district, or the project is no longer than 2,640 feet.
- For an NID, if more than one-third of the property owners object, the district may not be formed.

STEP 4. Upon conclusion of the public hearing, the BOS may by resolution of ordinance continue or discontinue the formation process. If the resolution is to continue, the BOS will direct staff to prepare a revised and detailed estimate of the total cost, full and detailed plans and specifications, a revised map and assessment plat.

With the updated information, the BOS will create the district by ordinance and order that the project be improved or acquired.

Revenue Sources and Collection. Revenues may only be assessments^{vii}. A property owner may elect to pay the entire cost of the assessment to their parcel within 30 days of passage of the ordinance creating the district, before the City sells bonds. At future points in time, a property owner may pay the remaining principal and accrued interest with or without penalties, as determined by the City (NRS 271.405). Assessments against the State are due in cash within 90 days of the effective date of the assessment ordinance, or in installments with interest.

If the district does not sell bonds to finance the improvements, the City may advance money from the General Fund if the cost does not exceed \$300,000, or from a proprietary fund, if the City has established a proprietary fund for that purpose (NRS 271.536) – for example, for water or sewer. The City does not have a proprietary fund for streets.

Special assessments are determined each year and are placed on the property tax roll. The City could contract with a third party to manage the annual administration of the special assessments, similar to several local governments in Nevada.

For an SID, City staff (or contracted party) prepare the tax roll and file it with the City Clerk each year. For an NID, City staff (or contracted party) prepare the tax roll and documentation of the costs to be apportioned to property owners. A registered or certified mailed notice must be provided and a public hearing held each year for NID assessments, which adds an annual administrative effort and cost.

A procedure must be established by the BOS to allow a person to file a Hardship Determination. A Hardship Determination entitles the person to only pay interest on the unpaid balance of the assessment. The principal is not paid until the property is sold or transferred to a person who does not qualify for a hardship determination, or the term of the bonds expires, or a renewal application is denied, or the property owner fails to pay the

interest in a timely manner, or the property owner pays all previous and current assessments.

There isn't a provision for a hardship determination when assessments do not include interest (when a district does not sell bonds).

Method of Apportionment. The BOS may approve any method of apportionment that is on an equitable basis so long as the assessment does not exceed the estimated maximum special benefits to the properties assessed (NRS 271.045 and NRS 271.365). Clark County makes a blanket statement that tracts receive special benefits (corresponding market value increases) from the improvements. Clark County and the City of Reno provide good case studies of SIDs.

Properties owned by the Federal government are exempt from paying assessments. Properties owned by a school district are also exempt unless the school district consents to the assessments. Properties owned by Carson City must not be levied assessments greater than 15% of the total amount of assessments against all lands in the district. State and Tribal properties are not exempt.

Authority to Issue Debt Securities. The proceeds of any assessments and taxes may be pledged to the payment of special assessment bonds. Any such bonds would be the liability of the SID or NID only, not the City. In the event however that special assessments are insufficient to pay for debt service, the bonds are further secured by the General Fund, and further by ad valorem taxes.

Removal / Dissolution. SIDs are complete and discontinue when all project costs have been paid per the terms provided in formation of the SID. NIDs may be dissolved by resolution of the BOS if property owners who, combined, total more than 50-percent of the total amount of the assessments in the NID submit a written petition to the BOS requesting dissolution. Property owners may petition for dissolution 365 days after the date the NID was created, and each subsequent anniversary thereafter.

Special Purposes (Transportation) Sales Tax - NRS 377A

When approved by at least a majority of registered voters, a transportation sales tax of up to 0.50% may be imposed in any county (or Carson City) under NRS 377A. This chapter of the NRS allows Carson City to impose a tax to (a) fund public transit systems, the construction, maintenance and repair of public roads, and improvement of air quality projects, (b) promote tourism, and (c) acquire, develop, construct, equip, operate, maintain, improve and manage libraries, parks, recreational programs and facilities, and facilities and services for senior citizens, to preserve and protect agriculture or any combination of these purposes. A tax imposed for any of the items authorized under (c) may only be imposed for a maximum 30 years.

The Streets Maintenance sales tax of 0.25% is already approved for maintenance of roads; therefore, only up to 0.25% additional sales tax may be imposed for roads and road-related functions, or (b) and (c) purposes listed in the previous paragraph.

While an up to 0.25% additional sales tax may be imposed for roads maintenance, using all the remaining tax authority would reduce the ability for the City to increase revenues for purposes of promoting tourism, and for providing library, parks and recreation, and senior citizens facilities and services.

Flexibility of Service Provision. Public road improvement and maintenance is authorized by NRS 277A – Regional Transportation Commissions Chapter, as described below:

The acquisition, operation or use of any material, equipment or facility that is used exclusively for the construction, maintenance or repair of a public road and is necessary for the safe and efficient use of the public road, including, without limitation, grades and regrades; graveling, oiling, surfacing, macadamizing and paving; sweeping, cleaning and sanding roads and removing snow from a public road; crosswalks and sidewalks; culverts, catch basins, drains, sewers and manholes; inlets and outlets; retaining walls, bridges, overpasses, underpasses, tunnels and approaches; artificial lights and lighting equipment, parkways, control of vegetation and sprinkling facilities; rights-of-way; grade and traffic separators; fences, cattle guards and other devices to control access to a public road; signs and devices for the control of traffic; and facilities for personnel and the storage of equipment used to construct, maintain or repair a public road.

In addition to public roads infrastructure and services, the tax may fund public transit systems (including ride-share communication services, transportation for elderly and disabled persons, parking for passengers using the transit system, stations and appurtenant facilities, and several other public transit facilities and services as provided for in NRS 277A).

Legal Autonomy and Accountability. The BOS can enact an ordinance imposing a tax for a public transit system, for the construction, maintenance and repair of public roads, for the improvement of air quality or for any combination of those purposes. The ordinance may only be adopted upon approval of the majority of registered voters at a general election. In addition, any subsequent increase to the rate of the tax or change of previously approved uses of the proceeds of the tax must be put to the registered voters at a general election.

The City must maintain a separate fund to account for the revenues and expenses associated with the tax.

The Regional Transportation Commission (RTC) may appropriate money in the fund to provide a public transit system, support transportation activities for the elderly and disabled, establish public transit fares, and may adopt regulations for the operation of systems or services. The RTC may only withdraw money for (a) public transit and other activities, services and programs related to transportation which are included in the Regional

Transportation Plan, (b) construction, maintenance and repair of public roads; (c) activities, services and programs that relate to the improvement of air quality, and (d) payment of principal and interest on debt instruments.

Boundaries. The ordinance applies Citywide.

Formation Steps. The ordinance must specify the date on which the tax must first be imposed or on which an increase in the rate of the tax becomes effective, which must be the first day of the first calendar quarter that begins at least 120 days after the approval of the question by the voters.

Revenue Sources and Collection. Sales tax collected on taxable goods by merchants is reported and remitted to the State. The State distributes the sales tax revenue to Carson City. The State takes 1.75% of the sales tax as payment for its administration services.

There would be low organizational set-up costs with this funding mechanism as the collection procedure is already established with the State.

Method of Apportionment. A sales tax of up to 0.25% is added to all taxable transactions for all authorized improvements and services under NRS 377A included in the City's ordinance.

Authority to Issue Debt Securities. The City can pledge the revenue source as payment toward a special or general obligation bond. The RTC can pledge the revenue source as payment toward a special obligation bond. The sales tax may be the sole source of repayment, or it may be one of several sources of repayment on a bond series. If the RTC issues bonds or other debt securities, it must have first executed an interlocal agreement with the City to issue debt. The issuing local government may pledge and create a lien on the receipts of the tax.

Removal / Dissolution. The BOS may gradually reduce the amount of the tax. The effective date of reduction must be the first day of the first calendar quarter that begins at least 120 days after the effective date of the ordinance reducing the amount of the tax. At such time that any debt securities issued against the sales tax have been fully paid, the BOS may dissolve the RTC, if it was created solely for the purpose of activity associated with the tax.

Infrastructure Sales Tax Continuation - NRS 377B

The Virginia and Truckee (V&T) Railroad and Streets and Highway Sales Tax is already in place, imposing sales tax at the maximum allowable 0.125% (the maximum allowable under NRS 377B is 0.25%; however, 0.125% has already been imposed for street and pedestrian improvements in the downtown area, Carson Street and William Street/Highway 50 East commercial corridors, a new animal services facility, new athletic center, and upgrades of the community center (which Plan of Expenditure does not expire until June 30, 2047)).

The repurposed revenue source would be generated by the portion of sales tax that is currently used to pay for V&T Railroad bonds debt service. Once these bonds have been paid off (December 2025), the 0.125% sales tax rate imposed specifically for these bonds can no longer be collected for that purpose; however, it can be repurposed for other allowable uses, including roads.

This revenue source is not new. No new tax is created; revenues from an existing tax are repurposed.

Unlike the Transportation Sales Tax, sales tax authorized under NRS 377B is not subject to voter approval.

Flexibility of Service Provision. Sales taxes must be spent only on activities authorized under NRS 377B and described in a Plan of Expenditure, which is adopted by the BOS. Road functions that may be funded by a sales tax adopted under NRS 377B are described in NRS 373.028; specifically, they include:

Street and highway construction, maintenance or repair, or any combination thereof, including, without limitation, the acquisition, maintenance, repair and improvement of highway truck parking or any street, avenue, boulevard, alley, highway or other public right-of-way used for any vehicular traffic, and including a sidewalk designed primarily for use by pedestrians, and also, including, without limitation, grades, regrades, gravel, oiling, surfacing, macadamizing, paving, crosswalks, sidewalks, pedestrian rights-of-way, driveway approaches, curb cuts, curbs, gutters, culverts, catch basins, drains, sewers, manholes, inlets, outlets, retaining walls, bridges, overpasses, tunnels, underpasses, approaches, sprinkling facilities, artificial lights and lighting equipment, parkways, grade separators, traffic separators, and traffic control equipment, and all appurtenances and incidentals, or any combination thereof, including, without limitation, the acquisition, maintenance, repair and improvement of all types of property therefor.

Transit construction and maintenance costs are not authorized unless they provide cultural, historical, or recreational value (such as the V&T Railroad).

Legal Autonomy and Accountability. The sales tax was most recently updated by ordinance of the BOS to account for an amended Plan of Expenditure December 2018. The amended Plan of Expenditure includes expenditures of sales tax greater than that needed to service debt payments secured by sales tax for the V&T railroad bonds on street and highway preservation and rehabilitation projects. Certain named projects in the Plan of Expenditure include the Roop Street rehabilitation and East Clearview Drive preservation projects. Un-named roads authorized to receive sales tax include regional roadways defined by NDOT's functional classification maps.

Although repurposing of the tax does not require voter approval, there are high levels of accountability for use of the tax.

The City must maintain a separate fund to account for the revenues and expenses associated with the tax.

Boundaries. The ordinance applies Citywide.

Formation Steps. The BOS may impose a sales tax for infrastructure by ordinance. The ordinance must be approved by a two-thirds majority of the BOS, and any changes to the ordinance must also be approved by a two-thirds majority of the BOS. Before enacting the ordinance, the BOS must first develop a Plan of Expenditure. The Plan of Expenditure describes what types of projects, or even specific projects, the proceeds of the tax may be spent on (note that regional projects for which two or more counties have entered into an interlocal agreement to jointly expend on a project may be included).

The Plan of Expenditure must include:

1. The date on which the plan expires.
2. Description of the proposed project(s).
3. Method of financing of each project (or project type).
4. Costs related to each project (or project type).

The formation steps are not required for this funding source because it is not new; rather, a finding of necessity to continue and repurpose the tax must be made by the BOS. There are no organizational set-up costs with this funding mechanism as it is already in place.

At least one public hearing must be held on the Plan of Expenditure (or Amended Plan of Expenditure).

Revenue Sources and Collection. Sales tax collected on taxable goods by merchants is reported and remitted to the State. The State distributes the sales tax revenue to Carson City. The State takes 1.75% of the sales tax as payment for its administration services.

Method of Apportionment. A sales tax of 0.125% would be continued after December 2025 on all taxable transactions.

Authority to Issue Debt Securities. The City can pledge the sales tax future revenue stream as payment toward a special or general obligation bond. The sales tax may be the sole source of repayment, or it may be one of several sources of repayment on a bond series.

Removal / Dissolution. On or before the expiration date stated in the Plan of Expenditure – or when the project(s) described in the Plan of Expenditure are complete, the City must make a finding of necessity to continue collection of the sales tax under the Plan of Expenditure (or Amended Plan of Expenditure). If no finding of necessity is found, the sales tax ordinance must be repealed by the BOS.



03. Use of Funding Mechanisms

Potential Revenue Generation

Potential revenues from the two sales tax funding options are based on the fiscal year 2023 budget revenues for the Streets Maintenance sales tax (which is 0.25%) and V&T Railroad sales tax (which is 0.125%).

Sales Tax Source	Rate of Tax	Estimated Annual Revenue
Special Purposes Sales Tax	Maximum 0.25%	\$3,979,000
Infrastructure Sales Tax Continuation	52.5% of 0.125% *	\$1,045,000

*Only the V&T Railroad debt service portion of the authorized 0.125% would be additional revenue; the remaining 47.5% is already allocated to highway expenditures.

Potential revenue from a SID or a NID is project and area specific, and cannot reasonably be estimated at this time. Revenue that could be generated by a GID with assessments to pay for neighborhood street improvements was estimated by using ranges of monthly assessments for a typical single-family home. The assessment methodology affects the cost allocation to the single-family home customer group; a methodology more heavily weighted on lineal front footage would shift more of the cost burden to residential; a methodology more heavily focused on trips would shift more of the cost burden to non-residential. The estimated annual revenue shown below is for all potential GID customers (land use types), not just single-family homes.

GID Assessments	Monthly Assessment	Estimated Annual Revenue
Typical SF Home	\$10 to \$18	\$5,000,000
Typical SF Home	\$20 to \$36	\$10,000,000
Typical SF Home	\$30 to \$58	\$15,000,000

The total annual pavement funding estimate in 2022 dollars to keep roads in their current conditions (PCI 74 Regional Roads and PCI 56 Local Roads) is \$25.5 million. The funding gap is \$21.0 million. If the City re-purposed the V&T Railroad current debt revenue collection to roads (Infrastructure Sales Tax Continuation) and was successful in a vote to support a 0.25% sales tax for roads (Special Purposes Sales Tax), for example, the funding gap could be reduced to \$16.0 million.

If, for example, a new GID generated \$13.0 million per year, the funding gap could be reduced to \$3.0 million per year. The GID could generate revenue from assessments for roads pavement maintenance, and parcel charges for snow removal and street lighting, which would release existing revenue sources paying for these services to pay for pavement maintenance. The remaining funding gap could possibly be filled with grants and SIDs for regional roads. An illustration of this funding example is shown on the next page. In this illustration, which is not a proposal, the majority of sales taxes are directed to regional roads, GID assessments pay for pavement maintenance of local roads only, and GID parcel charges are directed to snow removal and street lighting on both local and regional roads.

	Regional	Local	Total
Pavement Funding Need	\$11,500,000	\$14,000,000	\$25,000,000
Funded Amount	\$4,250,000	\$250,000	\$4,500,000
Funding Gap	\$7,250,000	\$13,750,000	\$21,000,000
Special Purposes Sales Tax	\$3,000,000	\$1,000,000	\$4,000,000
Infrastructure Sales Tax Continuation	\$1,000,000	\$0	\$1,000,000
Funding Gap with Sales Taxes	\$2,250,000	\$13,750,000	\$16,000,000
GID Assessment Revenue	\$0	\$12,200,000	\$12,200,000
GID Parcel Charges	\$250,000	\$550,000	\$800,000
Remaining Funding Gap (Grants / SIDs)	\$3,000,000	\$0	\$3,000,000

Note: numbers are rounded to fifty-thousands and continuation of the diesel tax is assumed.

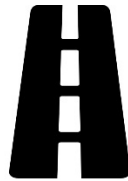
Funding Sources by Function

The next few pages illustrate which of the road and road-related functions each of the four funding mechanisms can be used for. The illustrations separate out construction activities from maintenance activities. Green indicates that the funding source can be used for that function; amber indicates that the funding source can be used but only under certain limitations; red indicates that the funding sources cannot be used for the function.

Reasons for the limited (amber-colored) functions include:

- (1) Pavement Maintenance: SIDs can fund a road maintenance project but the district cannot provide revenues for maintenance of the asset in perpetuity. When the asset needs to be maintained again in the future, a new SID would have to be established. Note, this is not true of a SID for transit, which can provide a revenue source for operation and maintenance of the transit assets in perpetuity.
- (2) Landscape and Public Spaces: GIDs can only fund facilities in sidewalks to the extent that they are “necessary and incidental unto” the sidewalk.
- (3) Access, Mobility and Safety: Mobility and safety features that are incorporated into a street project are permitted uses of revenues raised through GIDs and SIDs, but such features cannot be funded if they are not explicitly part of a street project. Dedicated bike paths through City neighborhoods, for example, could not be funded with these revenue sources; except, however, a GID with recreational facilities as a basic power could fund bike- and pedestrian-only paths with the levy of parcel charges.
- (4) Traffic Operations: Items such as traffic control equipment, lights and signs that are part of a road project can be funded with a road reconstruction or maintenance project in a SID, but just as with (1) the funding source is not in perpetuity unless it is a SID created solely for transit.
- (5) Transit: The Infrastructure Sales Tax Continuation (use of sales tax authorized under NRS 377B) can only be used for transit projects that are of cultural, historical, or recreational value (such as a trolley service around the State capital buildings).

Pavement Maintenance



MAINTENANCE

Infrastructure Sales Tax Continuation

Maintenance and repair of any street, avenue, boulevard, alley, highway or other public right-of-way used by vehicles

Special Purposes (Transportation) Sales Tax

Repair of public roads and any facilities for personnel and storage of equipment for public roads

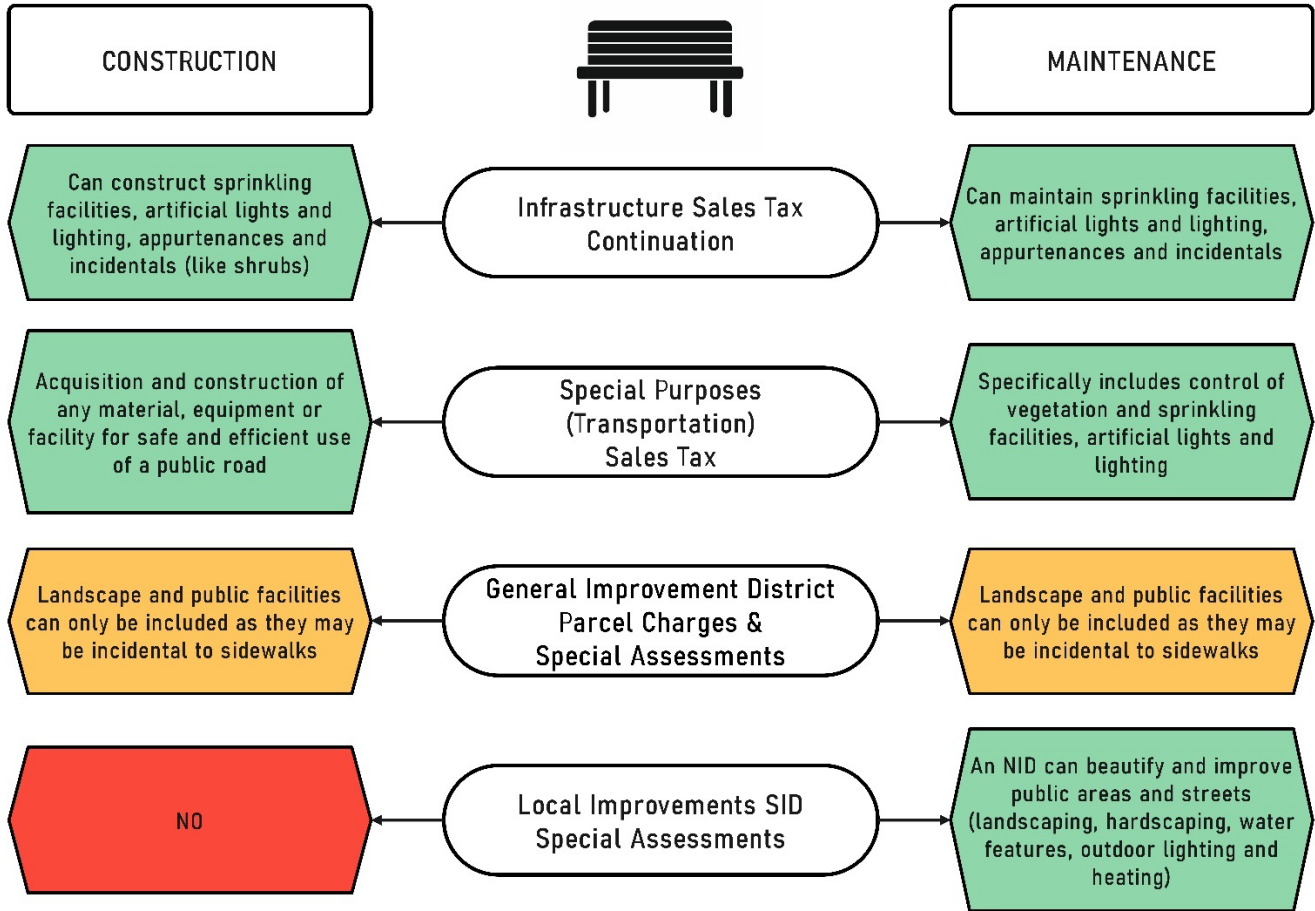
General Improvement District Parcel Charges & Special Assessments

Re-grading, re-surfacing streets, alleys and public highways, bridges, overpasses, tunnels, underpasses, off-street parking

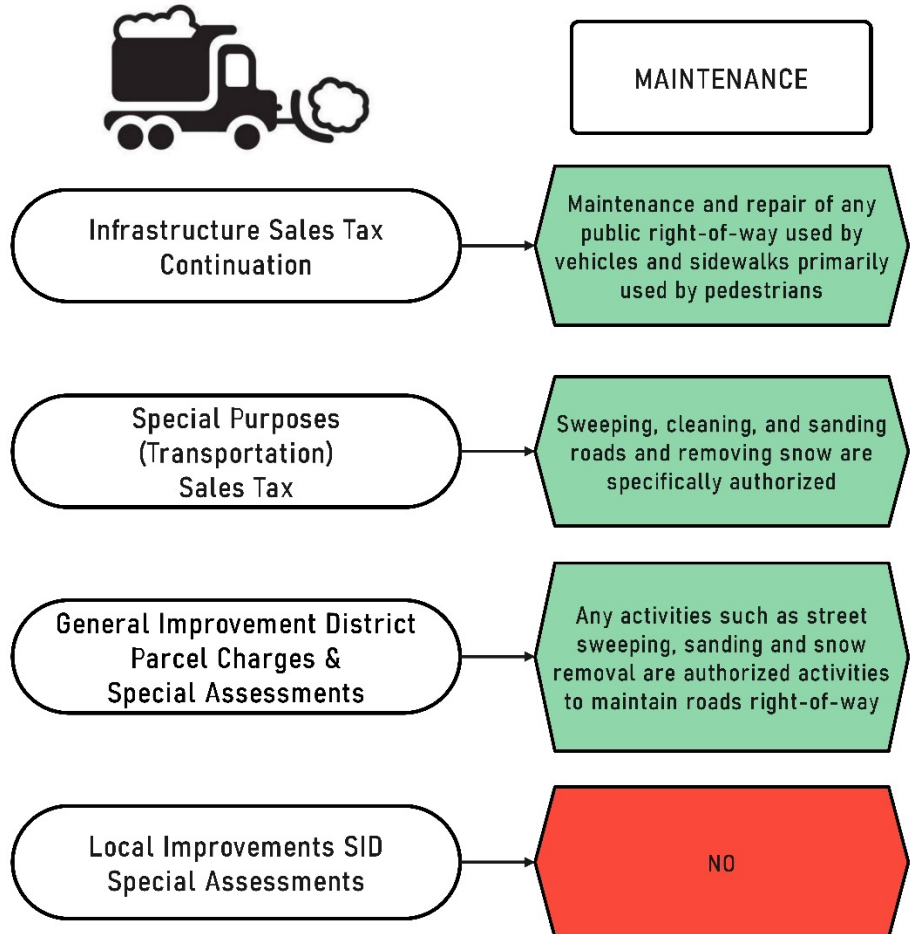
Local Improvements SID Special Assessments

Re-grading, gravel, oiling, surfacing, paving streets, bridges, overpasses, tunnels, underpasses on a project basis, not in perpetuity

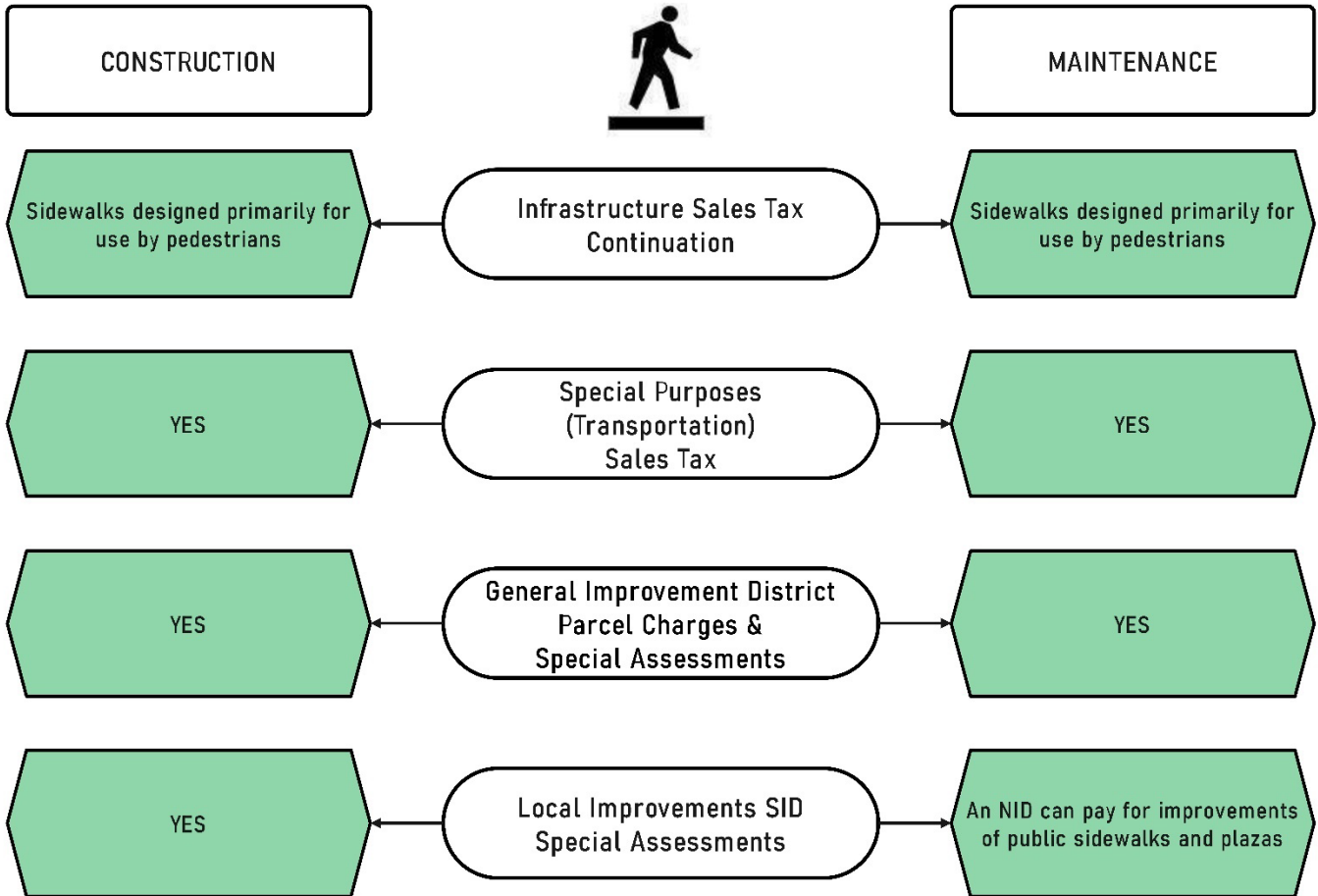
Landscape and Public Spaces



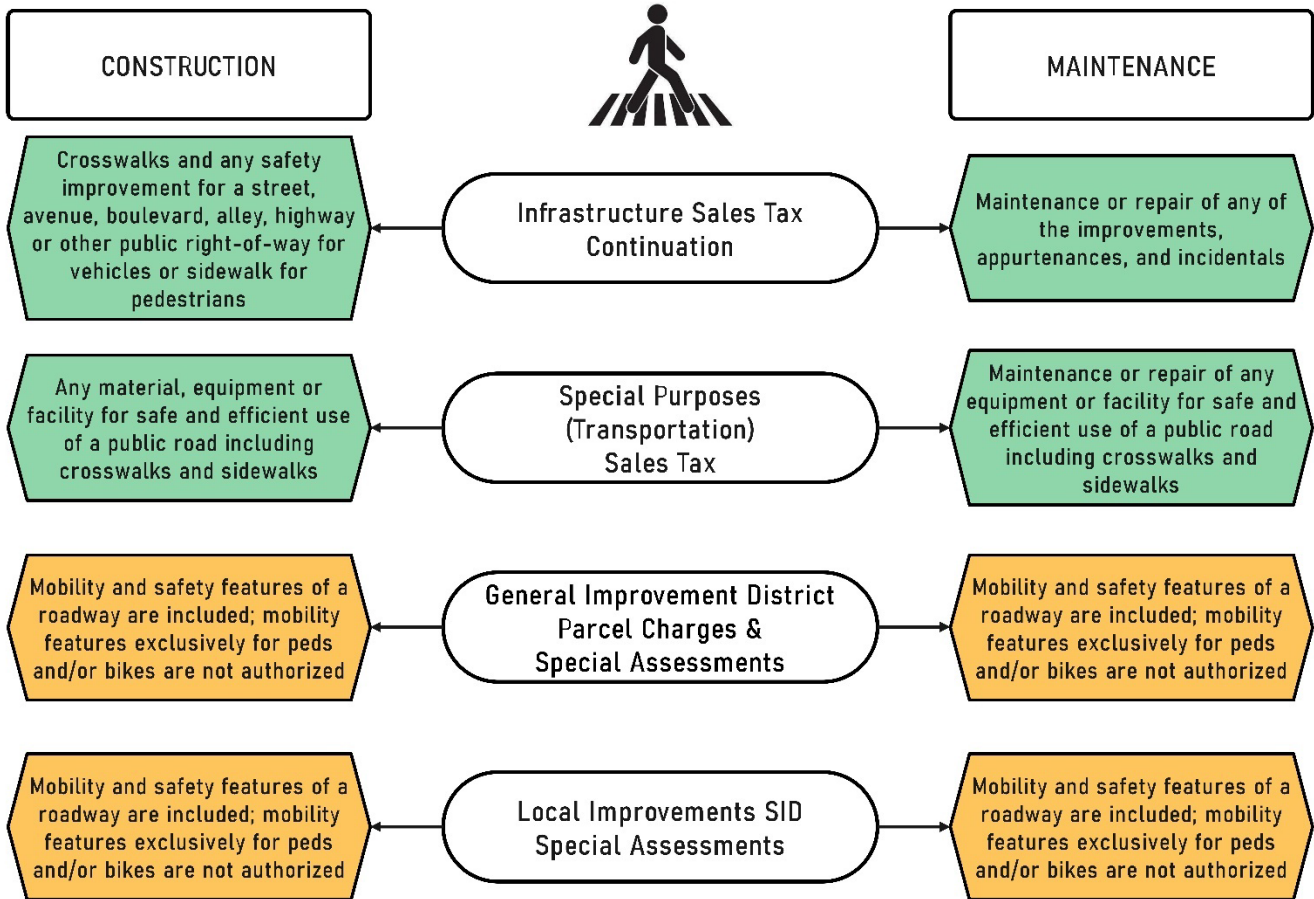
Right-of-Way



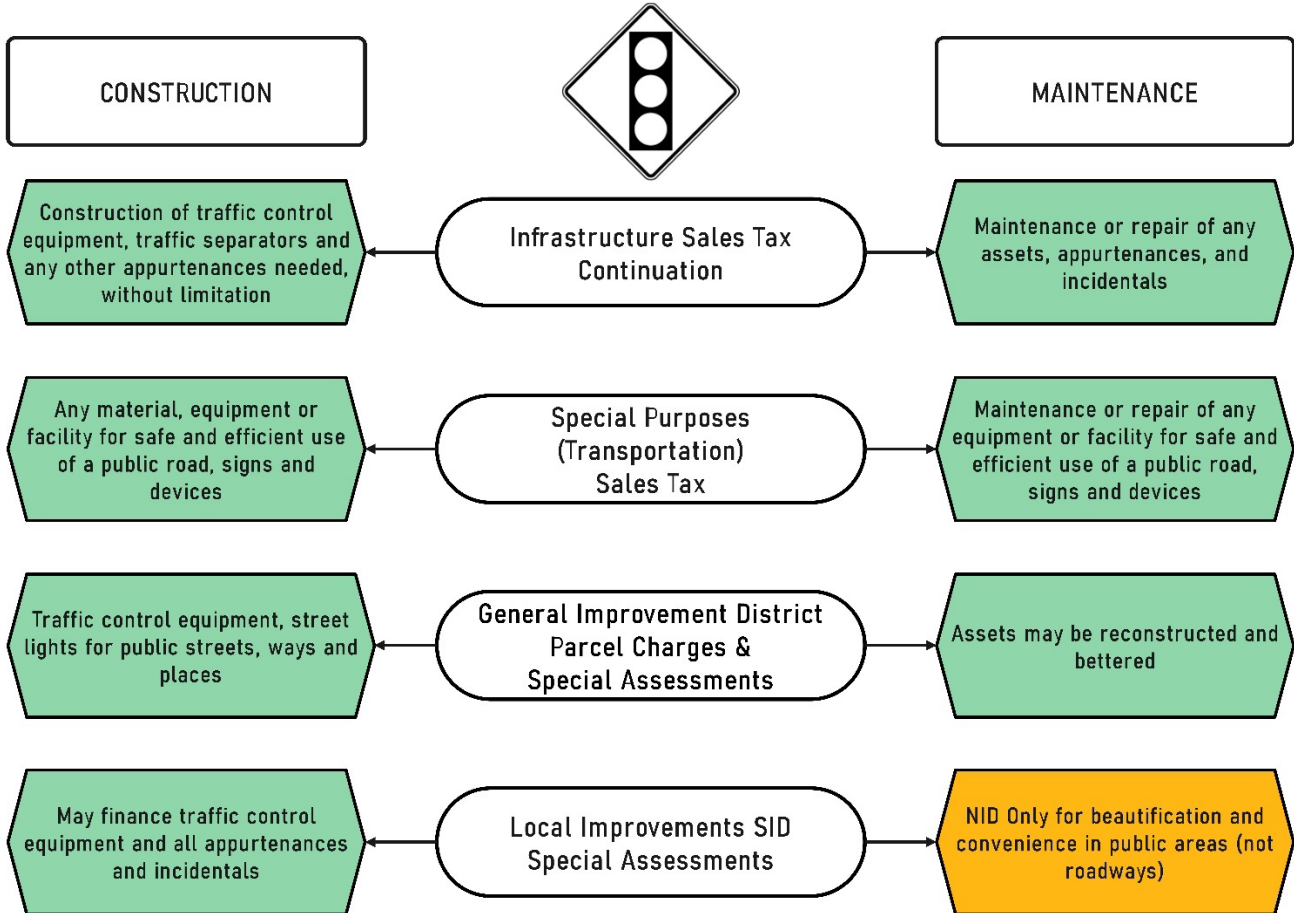
Sidewalk Management



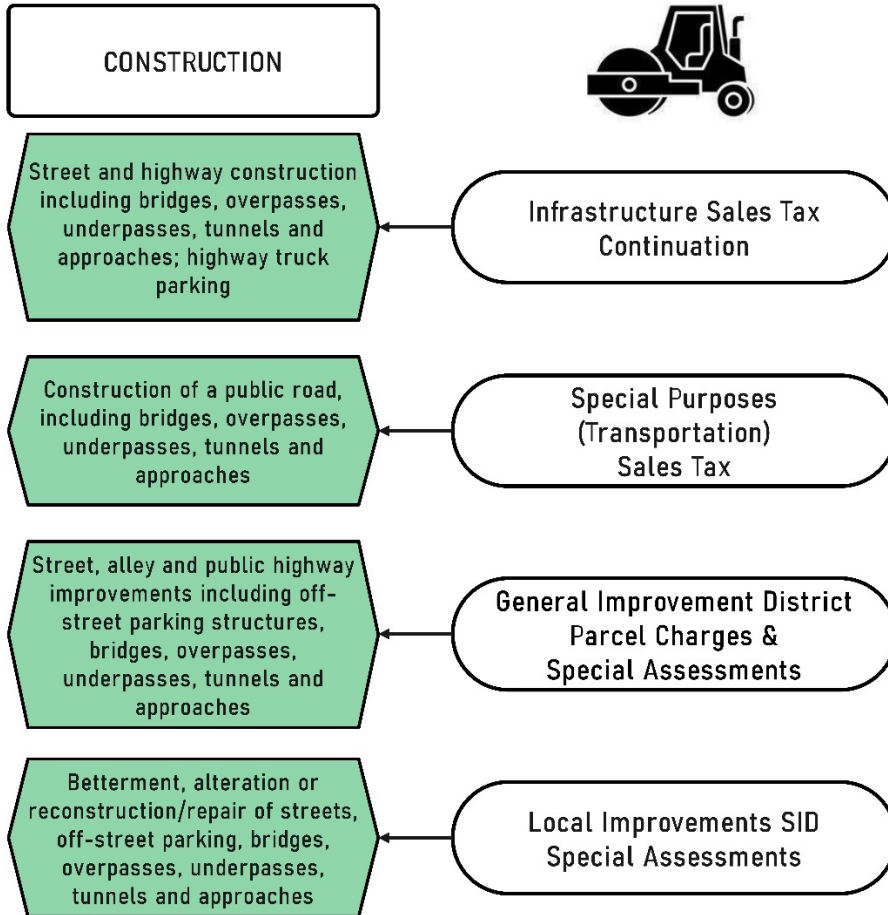
Access, Mobility and Safety



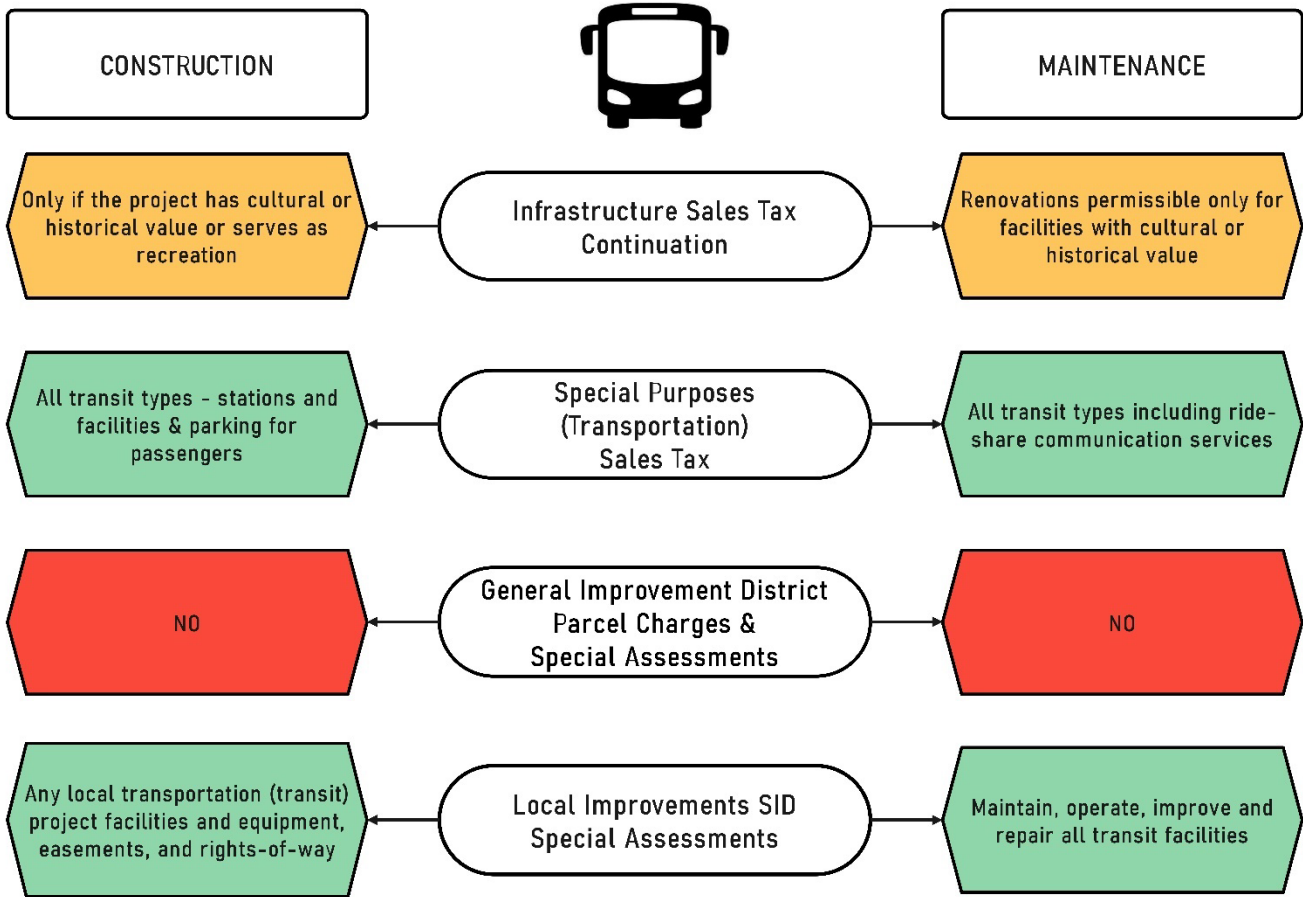
Traffic Operations



Road Reconstruction



Transit





04. Defining the Path Forward

Having determined what each of the four potential funding sources is authorized to fund, described comparison attributes of each funding source (legal autonomy and accountability, revenue sources and collection, flexibility of service provision, authority to issue debt securities, formation steps, boundaries, and dissolution), and estimated revenue potential from each funding option, general observations and findings are summarized before defining the next steps in the path forward.

Findings

1. The City has a lot of flexibility under its existing legal authority

Current and potential roads funding sources are summarized in Figure 4 (on the next page). Current funding sources can be used for both neighborhood streets and regional roads; however, codified City policy restricts some of the revenue sources for particular uses. With BOS direction, the City has the flexibility to re-allocate existing funds among the road and road-related functions it performs as part of the overall funding strategy.

None of the potential new funding sources are restricted to just neighborhood streets or regional roads either; as such, not only does the City have a lot of flexibility with use of most of its existing roads funding mechanisms (grants are typically restricted), but it can also craft revenue collection structures that best fit Carson City's needs and values with additional revenue sources, including a GID or a SID (or NID).

2. One funding source does not include any new entity or formation process

The V&T Infrastructure and Highways Tax is already in place and it requires minimal administrative effort to keep the revenue stream. It does not require voter-approval to continue to collect the tax and repurpose it from paying V&T Railroad bond debt service to road maintenance. Repurposing the revenue requires approval by two-thirds majority of the BOS. The BOS is accountable to the public with the Plan of Expenditure which describes exactly what the tax can be spent on. There is highly visible accountability for how the revenue is spent. This revenue source is appealing to keep because of these reasons, and because revenues would be collected from both locals and visitors. Since visitors also contribute to this funding source, it is appropriate that at least some portion of the tax revenue be spent on regional roads. A portion of existing revenues could be redirected to neighborhood streets with some portion of the sales tax being put toward regional roads. Sales tax keeps up with inflation, unlike fuel taxes.

3. A new Roads GID holds a lot of potential for flexibility, accountability, and creativity

A new Roads GID allows for a lot of public input and City creativity. The GID can include limited or several basic powers related to roads (such as sidewalks, snow removal, street lighting) and it can be very flexible; it can establish a dedicated revenue source for neighborhood streets only if that is the primary objective, or it can fund all types of roads. Basic powers can also be added after the GID is created.

**Figure 4
Current and Potential Road Funding Sources (Local and Regional Roads)**

LOCAL ROADS				
Road and Road-Related Functions	Policy-Directed Existing Funding Sources		Additional Potential Funding Sources	
Pavement Maintenance <i>Actions to maintain or improve PCI ratings (crack seals, slurry seals, resurfacing, striping)</i>	1-cent GAS TAX STREETS MAINT. TAX	STREET CUT PERMITS 5.35-cent GAS TAX	377B SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	SID ASSESSMENTS
Road Reconstruction <i>(Failed road or part of a road redesign)</i>			377B SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	SID ASSESSMENTS
Access, Mobility, and Safety <i>Pedestrian crossings, bike lanes, transit lanes, ADA curb ramps</i>	1-cent GAS TAX STREETS MAINT. TAX	MISCELLANEOUS GRANTS 5.35-cent GAS TAX	377B SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	SID ASSESSMENTS
Sidewalk Management <i>Inspections, repairs</i>	1-cent GAS TAX STREETS MAINT. TAX	MISCELLANEOUS GRANTS 5.35-cent GAS TAX	377B SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	SID ASSESSMENTS
Traffic Operations <i>Signage, traffic lights, street lighting</i>	1-cent GAS TAX STREETS MAINT. TAX	MISCELLANEOUS 5.35-cent GAS TAX	377B SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	GID CHARGES (street lights) SID ASSESSMENTS NID ASSESSMENTS
Landscape and Public Spaces Maintenance <i>Landscape (includes medians) - benches, retaining walls, fountains for example</i>	1-cent GAS TAX STREETS MAINT. TAX	5.35-cent GAS TAX	377B SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX	GID ASSESSMENTS NID ASSESSMENTS
Right-of-Way <i>Sweeping, sanding, snow removal</i>	1-cent GAS TAX STREETS MAINT. TAX	5.35-cent GAS TAX	377B SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX	GID CHARGES
ARTERIAL AND COLLECTOR (REGIONAL) ROADS				
Road and Road-Related Functions	Policy-Directed Existing Funding Sources		Additional Potential Funding Sources	
Pavement Maintenance <i>Actions to maintain or improve PCI ratings (crack seals, slurry seals, resurfacing, striping)</i>	GRANTS FRANCHISE FEES STREETS MAINT. TAX	V&T SALES TAX 9-cent GAS TAX DIESEL TAX	V&T SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	SID ASSESSMENTS
Road Reconstruction <i>(Failed road or part of a road redesign)</i>	GRANTS V&T SALES TAX	9-cent GAS TAX DIESEL TAX	V&T SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	SID ASSESSMENTS
Access, Mobility, and Safety <i>Pedestrian crossings, bike lanes, transit lanes, ADA curb ramps</i>	GRANTS COMPLETE STREETS 9-cent GAS TAX	MISCELLANEOUS DIESEL TAX	V&T SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	SID ASSESSMENTS
Sidewalk Management <i>Inspections, repairs</i>	1-cent GAS TAX STREETS MAINT. TAX	MISCELLANEOUS GRANTS	V&T SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	SID ASSESSMENTS
Traffic Operations <i>Signage, traffic lights, street lighting</i>	1-cent GAS TAX STREETS MAINT. TAX 9-cent GAS TAX	MISCELLANEOUS GRANTS	V&T SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX GID ASSESSMENTS	GID CHARGES (street lights) SID ASSESSMENTS NID ASSESSMENTS
Landscape and Public Spaces Maintenance <i>Landscape (includes medians) - benches, retaining walls, fountains for example</i>	1-cent GAS TAX STREETS MAINT. TAX 9-cent GAS TAX	S. CARSON NID DOWNTOWN NID	V&T SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX	GID ASSESSMENTS NID ASSESSMENTS
Right-of-Way <i>Sweeping, sanding, snow removal</i>	1-cent GAS TAX STREETS MAINT. TAX		V&T SALES TAX CONTINUATION SPECIAL PURPOSES SALES TAX	GID CHARGES (snow mgmt.)

Notes:

MISCELLANEOUS may include funding such as the City's Redevelopment Authority, or other Regional Transportation Commission (RTC) safety money.
GRANTS refers to one-time sources of funding from programs such as Community Development Block Grant (CDBG), Surface Transportation Block Grant (STBG), Transportation Alternatives Program (TAP), and Federal Transit Administration (FTA).

Money collected by the GID can be spent in any part of the City on any part of the City; or alternatively, sub-improvement areas can be created to keep dollars in certain parts of the City. Included areas need not be contiguous, allowing the City to tailor the GID as best fits the needs of its constituents. The City can determine the most equitable method of apportionment by soliciting customer input in the formation steps creating the GID.

Although a new GID would be a separate legal entity from the City, it could be governed by the same BOS or by the RTC, ensuring the vision and execution of activities of the GID are in line with the City's objectives. A GID can also create SIDs for major neighborhood street capital projects if the City wanted to keep all roads special assessments under the umbrella of one entity.

4. A new sales tax could help close the funding gap, but it decreases potential funding for other City infrastructure projects

The City needs to evaluate its financial needs for other City services when considering an up to 0.25% additional sales tax under NRS 377A because this funding source can be used for other infrastructure projects in addition to roads, and the total sales tax is capped by statute at 0.5% (the City already levies 0.25% for roads maintenance). In addition, the City would need to gauge public support for such a tax, and to what level, as it requires a general election vote in favor of the new tax.

The timing of a potential new sales tax can determine whether the initiative is successful or not, since it may be affected by the state of the national or statewide economy. As such, this funding tool may not be in an initial funding strategy; whether it is or not, it should be kept in the toolbox for roads and roads-related funding and it can be visited and revisited periodically. The current 0.25% sales tax for roads funding was approved by voters in 1986.

5. SIDs and NIDs are excellent for funding specific projects

A program of SIDs throughout the City (versus a GID) would be administratively very burdensome to set up (note however that annual administration can be contracted to a third party which could minimize City staff time). SIDs have to be formed for every street maintenance project each time improvements are needed (the funding cannot continue in perpetuity as it can with a GID). But for specific one-time projects, they can work very well.

SIDs and NIDs are formed by protest procedure (more than 50% required to stop formation of a SID, and more than 33.33% required to stop formation of a NID), unless the City is providing at least 50% of the total project cost. Since the goal is to create a new funding source, it is unlikely the City will have the more than matching amount, unless the match is a grant. Garnering support for one-time projects with demonstrated need can be less challenging than garnering support for multiple repetitive maintenance projects.

6. Some of the funding mechanisms are well-suited to fund transit

A new Special Purposes (Transportation) sales tax and a Local Improvements SID are excellent funding mechanisms for transit services and programs. The City could form a Transit SID that is assessed to all or only certain property owners (depending on the benefits received from the project, programs and services), and it can fund ongoing operations and maintenance (as well as programs and services) within the boundary of the SID.

7. Earliest timeline to collect each revenue differs

- The soonest the repurposed Infrastructure sales tax revenue currently collected for debt service of the V&T Railroad bonds could be repurposed to roads is January 2026.
- A new Special Purposes (Transportation) sales tax collected under NRS 377A could first be collected 120 days after an ordinance with its authorization has been adopted by the BOS. Since this new sales tax would have to be approved by the voters at a general election (November 2024), the City would most likely not be able to receive revenues from this source until April 2025.
- Formation of a GID would likely take six to nine months; if the process is started in early 2023, revenues could be received beginning January 2024.
- Formation of a SID would take four or five months. Several SIDs could be created at the same time to reap administrative efficiencies.

Next Steps

The next steps to fund road preservation and halt deterioration of the PCI are to:

- Discuss the findings of the technical report and potential revenue-raising ability of each mechanism with decision-makers (the BOS and RTC Boards) for input,
- Present the alternatives to the public for input,
- Determine the level of service the City aims to fund (expressed as an overall PCI for regional roads and an overall PCI for local roads), and
- Create a funding strategy with implementation steps and timeline.

Endnotes

- ⁱ Nevada Sustainable Transportation Funding Advisory Work Group background information for AWG Meeting #2, August 2021.
- ⁱⁱ Carson City Roadway Needs and Funding Report, 2021.
- ⁱⁱⁱ Applied Pavement Technology, Carson City Pavement Condition Analysis Report, August 2022.
- ^{iv} Department of Taxation, Division of Local Government Services, Annual Local Government Indebtedness as of June 30, 2021.
- ^v Understanding Nevada's Property Tax System, 2015-2016 Edition, Nevada Taxpayers Association publication.
- ^{vi} "Prospects for Transportation Utility Fees", Journal of Transport and Land Use, Vol. 5, No. 1 (spring 2012).
- ^{vii} In the event that special assessments and City General Fund monies are insufficient to pay for special assessment bonds debt service, ad valorem taxes shall be charged (NRS 271.495).