

## RENO ISSUES & SOLUTIONS ~ February 2016 SUMMARY:

Are your property taxes going up next year? Absolutely! It could go up 20%, proof on request: email us: [RenoPublicSafety@Cox.net](mailto:RenoPublicSafety@Cox.net)

Folks, as you read this you'll note we cite sources and offer documentation on request. Ask the same from those with opposing views. We have experts Reno hired saying we are broke and fact finders and auditors. All cited. We have a Nevada Attorney General Opinion and various reputable news articles! Drive by the closed stations yourself- even on red flag fire days. Read the ballot measures yourself. Read for yourself the outrageous policy that allows Reno firefighters to work with illegal drugs and alcohol in their system. Get mad- then get involved.

Reno faces many serious financial issues on its road to bankruptcy. Luckily the economy and property tax revenue are improving but it won't be enough. At the present rate insolvency is unavoidable sooner or later. Your property and sales taxes will go up, the only question is how much. Don't say you were not warned.

In 1999 Reno had \$64 million in debt and in 2016 it is \$500 million in debt. \$220 million (and growing) is what is called OPEBs- including lifetime healthcare for police & fire retirees. \$38 million of the debt is so called Workmans Comp, mostly police and fire again.

The main causes are a series of bad decisions based on a prayer of a never ending strong economy (are we going down that road again?) coupled with Reno's high labor costs especially its Police- Fire unfunded lifetime healthcare (OPEB) & their being the highest compensated career officers in the entire USA! Those bad decisions resulted in various bonds we can't pay (trench, etc). Then add a state law called Heart-Lung. Add ridiculous state laws that allow secret labor negotiations (NRS 288). Throw in bond issues nationwide from bankruptcy in Detroit and San Bernardino and changes in credit reporting (GASB). Next let's ignore NRS 288.153 requiring us to report to the taxpayer the true costs of labor contracts. After all, no one will enforce this toothless law.

Then consider what other shoes out there are about to drop that we don't even know about. Note: After I first wrote this a few years ago, the SAFER grant ended and we did not get a follow on grant. Grants were never intended to be perpetual and somehow Reno seemed shocked even though the previous grant was presented as serving 6000 sq miles of Washoe vs 100 sq mi of Reno. Then Reno sued Washoe County (9-16-14) over a dispute over the fire department break up. Who paid for the lawyers from both sides- you do! The next shoe;

We just became aware of an alleged \$8 million dollar unpaid bill! April 14, 2014 Sheriff Haley reported that Reno owed the county, \$8 million dollars in unpaid bills for the crime lab. The additional yearly cost to Reno about \$1,4 million yearly. He reported other cities paid their share but not Reno. Washoe apparently will be seeking their money. Documentation upon request. Contact your County Commissioner and ask. It's on record. This is one big shoe drop and how many other unpaid bills are out there?

We also learn Reno has no contract for assistance from the Raven Helicopter for crime, search or fire purposes.

Be aware too the Goldman Sachs trench debt is believed to be \$47 million. Will the forbearance agreement be continued forever? What happens if not?

The next two heavy boots to fall involve two ballot measures: Safety 88 and Fire R-3 for additional police and fire personnel we are not getting. More on that below.

One easy thing I ask, that Reno refuses, is to simply ask the Attorney General for a legal opinion (to be made public) on these issues: Healthcare, Safety 88 & illegal labor contracts and agreements, but they won't as they don't want to know the answer. If they did, it may be criminal or unethical to continue on the present path. All I ask to start is a legal opinion!

One must read the annual CAFR (audit) found on line at Reno.gov.

Simple Analogy: I make 60,000 a year (\$5000 monthly). I buy a \$250,000 house with a \$1500 monthly mortgage- so I owe more than I make but not a problem. I have managed debt. But if I spend beyond my means and my credit card debt interest keeps rising as I make minimum payments; but I claim I'm solvent and have balanced my budget. The amount I owe goes up and up until sooner or later... but I paint a rosy picture and say I balanced the budget. That's Reno, in massive debt and it simply can't pay.

HEALTHCARE & OPEB: This is the #1 financial issue facing us. That is a big issue for Reno. Reno career police and fire are possibly the highest compensated in the country! One reason is the UNFUNDED LIFETIME healthcare. Impossible to accurately estimate but cops, like me, retired in their late 40's and my current premium paid 100% by Reno is @ \$600 monthly. Total healthcare costs could be \$500,000 per person lifetime. To the best of my knowledge, Reno is the only local government to do this nationwide that I found. It is illegal in some states and may be illegal here. The correct way is you simply move to Medicare at age 62 or set up a trust or allow employees to buy into City healthcare at their expense. That's how others do it. Those still have costs. Reno did change some labor contracts to stop benefits ONLY FOR FUTURE HIREES at "Medicare" age but what will Medicare age be in 25 years. All those current police & fire personnel and retirees continue to raise the OPEB debt.

Two consultants recently told Reno what I told them for free. That free unlimited unfunded lifetime healthcare for police and fire are unsustainable. See:  
<http://www.rgj.com/article/20140130/NEWS/301300042/Reno-gets-warning-overretirement-benefit-costs>

The city of Reno is facing a ballooning bill to provide health insurance and other benefits to its retiring employees – a bill that could put the city in the red or force it to cut services soon, according to a consultant hired by City Manager Andrew Clinger to assess the problem. The analysis, conducted by Las Vegas-based consultant Jeremy Aguero, ... As it stands, the city is on a pay-as-you-go plan, paying for retirement benefits for its current retirees each year. The cost to provide those benefits will grow each year, Aguero found. He estimated a 7.2 percent cost increase by 2021, boosting the city's annual cost to \$6.5 million from \$4.2 million in direct costs...

They wasted that taxpayer money as they already had a report from 2009: 2009 Actuary Report by BRS: Bickmore Risk Services. I have a copy. It lists Reno's unfunded OPEB (healthcare) liability at over \$236,000,000. How can a city of 200,000 pay this?

Again the CAFR is a must read. In 2011, Reno falsely reported information and I drew this to the attention of auditors. The CAFR had to be restated. The terms used by auditors were troubling. From the 2010-2011 CAFR page 16 (remember it has grown since 2011): "The net OPEB cost represents the unfunded portion of the annual required contribution (ARC) necessary to accrue for the actuarial liability for health care and other post-retirement benefit costs for future retirees. The City's ARC for FYI 2010-2011 was approximately \$22.5 million of which \$5.99 million was funded in the form of pay-as-you go costs and implicit subsidy payments. Approximately \$40.6 million of the \$51.8 net OPEB is attributable to the Police and Fire functions." <http://www.reno.gov/Modules/ShowDocument.aspx?documentid=32711>

As if that wasn't enough for skeptics, two labor fact finders (RPPA & RPAG) heard days of testimony with the unions having the opportunity to present their experts. Both fact finders concluded Reno was broke and echoed the previous consultant findings.

I'm happy to say I appeared before CLGF and City Council and others bringing this and other personnel costs to light and Reno finally hired a firm to set up a trust and Reno may take a more hard line stance against the unions. Setting it up is one thing but funding it is next.

LABOR CONTRACTS: Reno Police and Fire Career Personnel are likely the highest compensated in the USA, far ahead of other area agencies (documentation upon request). The most expensive costs to Reno taxpayers-by far- are labor contracts. Police & Fire are- by far- the biggest cost of those. Reno is broke, has millions of dollars in labor- healthcare related unfunded liability.

Current practice is to rush these expensive labor contracts through with no review. When I asked to see the IAFF contract before a council vote Reno refused and I lost my complaint on Open Meeting Law before the A.G.! Documentation on request.

Then the City's Financial Advisory Board (FAB) formally asked that they be allowed to review labor contracts and that true costs be reported. No on both counts as the City Council declined to have these labor contracts reviewed by the experts. (Oct 2014 RCC)

After NRS 288 negotiations are completed, all contracts should be posted on line at least two weeks before any council ratification and should be reviewed by the Reno FAB and by a separate meeting open to citizen review. What good is the FAB if they don't see and advise on our biggest governmental costs?

Reno grants police & fire various forms of lifetime healthcare. Does it violate City Charter 7A.210 as it can exceed 50 years? Does it violate other laws including NRS 354.626 or NRS 277.069? Why can't we get a legal opinion on this?

Reno may be violating NRS 288.153 and misinforming City Council & taxpayers of the true costs of labor contracts by millions of dollars. NRS 288.153 requires at public hearing that the City report the fiscal impact of any labor agreement. As suggested by the FAB, the accounting firm of Hobbs, Ong and Associates developed guidelines on reporting this, which the City ignores.

CLGF is a state committee that oversees local governments that are in peril, Reno being one that has been required to appear before them many times. They are off the hook for now but far from out of the woods. They are also looking at how cities report their health care costs- "Heart- Lung". In the past they have been hidden, making the entity appear more solvent than it is. Please research Heart-Lung if you are not familiar. It will bankrupt all local governments in the state and only Nevada offers such a presumptive law. [http://risk.nv.gov/uploadedFiles/risknvgov/content/Workers\\_Comp/HeartLungProgramPolicy.pdf](http://risk.nv.gov/uploadedFiles/risknvgov/content/Workers_Comp/HeartLungProgramPolicy.pdf)

New reporting requirements will make it harder to get credit & bonds. Meanwhile various bonds have been downgraded.

TAXATION: See also Safety 88 below. Reno is the highest taxed local government in the state. It is taxed at the maximum property tax rate allowed by law and even higher in the Downtown Tax District with both a Special Police District and Trench "tax" which may be illegal. Not just property tax but gas prices are about 30 cents per gallon higher than in Fernley & Douglas County even though the gas comes from Sparks. Only Vegas has a higher sales tax which- (see Safety 88 again) was promised for more cops but instead went to pay raises. There is an Attorney General opinion 2011-4 supporting our claim that such tax revenues must be above the floor staffing at time of enactment.

## FIRE ISSUES: BROWN OUTS & FIRE RESPONSE:

Reno reported that during the 90 day period ending on September 30th, 2013, they closed two fire stations at times. • Station 19 in Somersett was closed 84 times, for 68 full 24 hour days and 16 partial days • Station 7 on Skyline was closed 42 times, for 32 full 24 hour days and 10 partial days. Reno has 14 fire stations in total. In 2016 they sit closed at or near 100% of the time!

The reason for the closures violates the very nature of government as spelled out in our Nevada Constitution and City Charter: PUBLIC SAFETY. On a given day you have 4 person fire crews as required by contract. For example at station you may have folks off: vacation, sick, military, maternity, training, etc. So you may end up with 3 firefighters protecting areas of Reno. Not so, under contract they are pulled out of the station and reassigned to already staffed stations leaving that unprotected and fire trucks sitting unattended- insanity at its best thanks to the Reno City Council & IAFF Labor contracts. Sparks, Washoe, NDF and others all use 3 person crews- but not Reno. More insanity! If the City reaches into funds for mandatory OT- it's over double time, not time and a half!

Your Reno City Council declined an offer of Automatic Aid from Washoe. Just as an example the insanity: TM station at Damonte Ranch or right by Boomtown. Neither is sent to incidents at Boomtown or the Damonte Walmart shopping center as those are City of Reno. People die, fires burn, the closest firefighter watches. Likewise for the Raleys Mt Rose Center. RFD responds from much farther away and in some cases that station may be closed! When TMFPD units show up- they are ORDERED to leave by RFD under contract rules. Ask those in charge, ask TMFPD- insanity.

Finally the 2015 Legislature stepped in and ordered Automatic Aid between the two but ONLY for fires. Most calls are medical/ accidents/ hazmat and Reno still refuses Automatic Aid!

RFD Staffing has been reduced 265 listed in the SAFER grant to 204 as of August, 2014.

Now the long awaited but soon ignored Blue Ribbon Fire Report has been released. It basically calls the areas fire-emergency service dysfunctional.

You must read the IAFF contract in detail and look at fire costs on transparentnevada.com (TN). Then realize those labor costs are under- reported on TN as lifetime healthcare and other OPEBs are not included. Please have someone familiar with these contracts go over them and note the 4 person crew requirement, the call back, the lack of volunteers and how Reno has painted themselves in a corner on not being able to share response with Washoe (TMFPD). For example we have two stations in Stead: TMPPD & RFD, we only need one. Look at Damonte Ranch by Walmart- TMFPD and RFD. Look at the high number of grievances by the IAFF as they refuse to give an inch.

## RENO FIREFIGHTERS MAY SHOW UP TO WORK IMPAIRED BY ALCOHOL OR ILLEGAL DRUGS:

But that wasn't enough. The RGJ newspaper released a story on drug & alcohol use by RFD members and a policy that can't be believed. <http://www.rgj.com/story/news/politics/2014/07/03/damon-fire-drug-policy-result-troubled-past/12200863/> <http://www.rgj.com/story/news/2014/06/22/reno-policy-allowsbac-firefighters/11178803/>

Reno firefighters can show up to work with up to a .08 percent blood alcohol level or more than twice the legal driving limit of a variety of illegal drugs in their system without facing discipline under a 12-year-old policy negotiated by the city and the fire union. According to the policy obtained by the Reno Gazette-

Journal, drug and alcohol use "shall not be permitted." But an alcohol test is not considered positive below .08 percent, which is also the limit for driving under the influence. The allowable limit of marijuana is

five times the legal limit for driving. The allowable limit of amphetamines and cocaine is twice the legal limit for driving. The policy, which dates back to 2002, cannot be changed unless it goes through the collective bargaining process – during which the city and union must agree on any changes. Yet, despite the high threshold in the policy – which exceeds the policy limits for firefighters and law enforcement who work for Washoe County and Sparks – neither the fire chief, nor the president of Reno Firefighters Local 731 believe it is a high enough priority to change.

How could our elected officials do this to us? Having read the policy- it is even worse than the article indicates, gut wrenching. Copy on request! Reno says there is nothing they can do! BULL! Together we can! (See below on Public Policy & Public Safety)

FIRE BALLOT R-3 1996: This is potentially big! Essentially on R-3: Fire Facilities; Equipment: .0715 per \$100 assessed value, passed 11/5/1996 (started FY 98) Used word "hiring additional firefighting personnel..." It appears we are below that now. The base then was approx 226-238 so R-3 money would appear to be required to use in addition to that. Instead, like Safety 88, the \$4 million it generates goes to the General Fund and being used for existing firefighters or other purposes as it is mixed in the General Fund. Copy on request. Please see Nevada Attorney General Opinion 2011-4 that back us up- yet no one acts!

SAFETY 88: In 1988 Reno citizens approved a tax increase for more police and instead it- now about 10 Million annually- went to pay raises and to the general fund. To comply with Safety 88 Reno needs to hire about 20+ more officers! Reno's 1988 ballot measure "Safety 88" requires a floor of 313 sworn officers and Reno fell to 268 and rebounded to about 285 (per RGJ) in 2012, still below the 313 requirement. Today we have approx. 302 officers but about 12 are funded by the downtown tax district and some other community officers by federal grants. See again AG Opinion 2011-4.

Misappropriating specific ballot approved money could be violating various NRS laws including a criminal statute: NRS 354.626 Unlawful expenditure of money in excess of amount appropriated. Why can't we get a legal opinion on this?

1988 the Mayor said "...If the ballot issue is approved, we will hire 88 additional police officers...for a total of 313... The money approved by the voters will be permanently restricted by law to hire ... the 88 additional police officers." Similar written promises were made by the Chief and council. Have they no credibility?

Bear in mind since 1988, the population of Reno has grown by 100,000 yet we have less cops now than then! Geographically we doubled our size. 313 cops in 1989 and 25 years later the money goes to General Fund and we have 303 cops.

PUBLIC SAFETY & PUBLIC POLICY: This requires pages of legal research but the basic purpose of government is public safety. Policy that violates the basic concept of public safety are void. The City has under its authority right now the legal authority to institute 3 person crews and even lower wages for RFD (NRS 414, NRS 288, RMC 8.23, IAFF contract Art 2, Sect 4).

NEVADA CONSTITUTION Section. 1. Inalienable rights. All men are by Nature free and equal and have certain inalienable rights among which are those of enjoying and defending life and liberty; Acquiring, Possessing and Protecting property and pursuing and obtaining safety and happiness. Sec: 2. ... for the protection, security and benefit of the Government is instituted people; and they have the right to alter or reform the same whenever the public good may require it.

RENO CITY CHARTER NRS 662., Sec. 1.019 Construction of Charter. 2. This Charter being necessary to secure and preserve the public health, safety, prosperity, security, comfort, convenience, general welfare and property of the residents of the City...

CASE LAW: "Any agreement which is contrary to the policy of the law, or public policy, because of its mischievous nature or tendency, is illegal and void, though the acts contemplated may not be expressly prohibited either by the common law or by statute."

HOMELESS: In the 1990s I was Board President of the Community Homeless Project, our first and successful drop-in resource center before Record St. I was also the founder and Police Sergeant in charge of Reno's Homeless (HELP) program. I'm happy to discuss these issues anytime. Bottomline we are stuck with a massive homeless facility too close to downtown A few critical aspects are missing and the cost is extremely high.

The BALLPARK: What a contractual mess! So complicated no one understands it but if that shoe drops- watch out! Have they paid tall their property tax? (google it)

SOLUTIONS: Having been a Reno Police Sergeant and traveled the nation teaching on Law Enforcement issues and observing other agencies, I do have some specific suggestions to comply with Safety 88 and labor contract issues.

Think outside the box with innovative solutions and perhaps an outside consultant. I know of a few highly qualified and educated individuals that might help.

Bottomline is we need legal opinions on the issues I presented- Healthcare, Safety 88, Labor Agreements, etc. Next we need City Council members willing to take labor issues to arbitration if necessary. We need substantial changes in NRS 288 (nearly impossible I admit). Proposed labor contracts must be reviewed by the community and the FAB. If a contract goes to Arbitration, the public and experts must be allowed to appear and speak, NRS 288.215(b).

Establish labor contracts that reflect Reno's difficult financial situation and at best, represent contracts similar to local area agencies. Establish contracts that address unfunded liability and healthcare knowing that arbitration may be required. Establish fire contracts that allow Reno to determine allocation of resources and automatic aid and coverage. Volunteers are prohibited under contract- this must be changed. To receive more SAFER grants, one criteria is use of volunteers! Give in to the IAFF demand for 4 person crews but allow leeway in backfilling positions when crew strength falls to three due to sick, vacation or other leave.

Comply with Safety 88 requirement for 313 minimum sworn staffing (not counting downtown or federally funded positions). Simply put, move that revenue out of General Fund and spend the \$10+ million Safety 88 funds for the required purpose of more officers. These could be contracted or reserve personnel if necessary.

Comply with NRS 288.153 reporting true labor costs in accordance with listed guidelines per Hobbs, Ong and Associates.

Hold open Finance and NAB or other hearings to allow citizen review of labor contracts.

Obtain legal opinion on issues raised, preferably from the state A.G.

The courts may just be our best solution in many areas of public safety and public policy.

Myself and others are happy to debate the unions or City anytime. New media are you listening? Let's have a true public safety forum with both sides presented.

An example of innovative solutions includes the following:

Police and perhaps fire staffing can be met by returning to the use of paid Reserve officers. We could have police RPD or separate part time Parks & Rec Rangers (Full peace officers). We have had such Park Police/Rangers in the past. All being fully POST certified, many being retirees or even current officers nearby. For example many deputy sheriffs would jump at the chance to earn extra income and gain street experience and get their foot in the door with higher paid Reno. I know of at least two northern Nevada agencies that have done this using state peace officers hired part time. Reserve officers would not be subject to the same heart lung requirements. As many agencies do, reserves/ retirees could be used as a second officer in car, select assignments such as polygraph, prisoner transport, training, IA, security assignments (City Council), special events\*, etc.

\*Using reserves for special events lowers costs and makes Reno more appealing to those seeking a venue. At this time we have priced ourselves out of the market and Sparks, "The Festival City" has reaped the benefits.

A second option is contracted services, generally with Washoe County but other options exist. By contracting services (in addition to crime lab, dispatch, etc) it saves costs, complies with Safety 88, avoids heart lung liability, etc. More details upon requests.

Some options I simply don't want to put here. Hire fully qualified fire fighters or POST certified peace officers eliminating the need for expensive academies and drop outs. Reno should only hire these fully qualified officers providing a short in- house refresher Reno specific academy. For reasons I can explain there is a glut of such personnel available. Lacking City compliance, we need outside lawyers willing to represent the citizen's interests and litigate some of these issues.

You read this far- good for you: Now what can you do?

Don't do nothing! Be outraged!

Contact us! 800-554-9519

Contact your Reno elected officials! 775 334 2099, bring your kids and speak at council: City Hall, First & Virginia,

Contact the Nevada Attorney General: Office of the Attorney General 5420 Kietzke Lane, Suite 202, Reno, NV 89511, 775-688-1818

Contact and speak at Washoe County Commission, ask them about the Crime Lab debt.

Contact the Firefighter's union and get their side: Reno Firefighters Local 731, 390 Kirman Ave, Reno, NV 89502, 775-355-9010. Ask them about Articles 46 & 52 & 53. Ask them if volunteers are allowed? Ask them if three person crews are allowed if a 4th members if off. Ask them if the policy allows them to work with cocaine in their system- ask for a yes or no not double talk or "we're working on it". We have heard the "we are willing to negotiate" for years, it is simply a stall tactic to wear us out.

Sincerely,

JEFF

RenoPublicSafety@Cox.net





