

Facts about the Effluent Pipeline Proposal

Just a note: This deal is changing every day...the part about using our taxes isn't changing but other aspects are....also, the drop dead date for this is October since the state doesn't issue Bonds past November and the deal makers would have to wait until the middle of next year. From what I hear this thing is being rushed.

The Pipeline will be paid for by revenues out of TRIC—OUR tax dollars. The County will float a Bond which the State will buy.

Before getting into the detail below, remember that any tax revenues produced at TRI regardless of where it comes from, excluding what the state takes as their share, belongs to the citizens of Storey County....that means it belongs to those of us who live here to be used for the delivery of services.

The County will be borrowing \$35 million dollars to pay for the Pipeline but with interest it will cost the County at least \$60 Million Dollars. \$60 Million Dollars of OUR tax dollars over the proposed 20-25 year period.

The County has a borrowing/debt ceiling of around \$68 million dollars.... If the County were having to pay for that Bond directly out of the General Fund (like the VC sewer Bond is paid) this Bond would push the County to or over the debt limit.

Government has very specific definitions of what debt is ,but because of the way that this deal is structured it doesn't "look" like it's coming from the general fund therefore the \$60 million dollars of debt (\$35 million plus interest) doesn't go against our debt ceiling.

The \$47+/- million dollars that we owe TRIC for infrastructure does not count against the debt ceiling either let's not forget that we also have that debt and that we have to repay it with 35% of the revenue that we get from TRI after a threshold is met and expenses are taken out.

It's like your "income to debt ratio" when you apply for a loan...you list all of your formal debts but slyly leave off the money that you owe your dad....so it doesn't count against you....but it's still debt....in this case the County has over \$100 million dollars of "sly" debt....with a debt ceiling of \$68 Million Dollars. All of it has to be paid back regardless of whether it counts against the debt ceiling or not.

The Pipeline deal says that the 6 companies using the water will pay for the Pipeline thru a Special Assessment District (SAD) which will be formed to include all of their parcels. The companies in this District will reimburse the County for the principal and interest that the County has to pay the State for the Bond.

BUT these same 6 companies are also in a special Tax Increment Area (TIA) which is the same land area as the SAD. That TIA will divert the taxes paid from that area back to the 6 companies to reimburse them for making the payment to the County.

Read that again....the companies in the SAD "pay the County" for the loan that the County has taken out to pay for the pipeline....but then the County reimburses those companies for that payment by giving them back the taxes that they pay on their own property in the TIA ,which is the same land that is in the SAD.

Additionally, this deal looks like it is going to send water to companies who need it for manufacturing and cooling server farms..four of the companies are Tesla, Switch, Google and Blockchains LLC, but two of the companies are land developers; Reno Land and Emerald City Empire.

We've been told that the County is paying for the pipeline for manufacturing and industrial purposes, and yet they are giving money to land developers so that they can develop the land.

The pipeline when completed and paid for by our tax dollars will be given to the TRI GID. The TRI GID will assume ownership and maintenance of the pipeline along with the other infrastructure that they will have to build inside of TRI to provide water to the 6 companies and possibly others. The total cost of this project is projected to be around \$150 Million dollars with the pipeline being \$35 million of that.

Last but not least...the TIA ,where OUR tax dollars are going to be diverted back to the companies for “paying the County”, is currently un-developed land. The companies currently pay taxes on that land.

The current tax base is very low. The deal promises that the current level or “baseline” taxes from the TIA will go into the County’s general fund 100%.....and that only OUR FUTURE taxes on that Area will be diverted to reimburse the companies for “paying the County”.

Once that land gets developed, the assessment and the taxes that the companies currently pay on their properties goes up.....they will be getting some portion of their tax dollars back from the County on this now developed land to reimburse them for “paying the County” for the Bond.

They pay the County so the County can pay the Bond, the County reimburses that payment by giving them their tax money back.

Remember that 35% of our future taxes at TRI already have to go to repay the \$47 Million dollar debt to Roger Norman, that Tesla has full abatements for the next 6 and 16 years, Switch and a few others have partial abatements and the County still has to provide services (growing expenses) to a growing TRI. Recall that we were promised some sort of property tax action to reduce our taxes which has not happened.