

Senate

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COMMITTEE ON FEDERAL, STATE AND LOCAL GOVERNMENTS

Minutes of Meeting -- March 6, 1969

The twenty-second meeting of the Committee on Federal, State and Local Governments was held at 3:00 P.M. on March 6, 1969.

Committee members present: Chairman James Gibson
Vernon Bunker
Warren L. Monroe
F. W. Farr
Marvin L. White
Chic Hecht
Carl Dodge

Also present were:

Carl A. Soderblom	Southern Pacific Railroad
E. L. Newton	
Richard G. Campbell	Sierra Pacific Power Company
Clark J. Guild, Jr.	Attorney representing Union Pac. Railroad
Bob Lewis	Sierra Pacific Power Company
Jim Gist	City of Las Vegas
George Ogilvie	Chief Deputy City Attorney, Las Vegas
Clinton E. Wooster	Reno City Attorney
Curt Blyth	N.M.A. Executive Director
W. Howard Gray	Nevada Power
Mickey Laxalt	Attorney at Law
Tom Bergin	City Manager, Sparks

Chairman Gibson called the meeting to order at 3:00 P.M. Several bills were under consideration on assessment districts, improvement districts and their relationship to each other.

SB-27 Proposed by Committee on Federal, State and Local Governments. Authorizes incorporated cities and towns to acquire, improve, equip, operate and maintain public improvements and to issue bonds to acquire, improve and equip public improvements.

Mr. McDonald: This bill was discussed generally. I have no particular brief for it one way or the other except that bond counsel in drafting legislation for the Boulder City problem -- which has been aired and ventilated in both Houses now -- came up with the idea that a city bond law patterned after the county bond law, there might be some appetite for. As I recall, some inquiry was made as to the projects that were suggested by bond counsel. I might refer to a letter from Dawson, Nagel, Sherman and Howard that did the initial drafting:

"The bill is modeled after the County Bond Law and will provide comparable legislation for incorporated cities and incorporated towns. The basic purpose of the bill is to specify a number of purposes for which such municipalities may issue bonds and to give those municipalities the power to acquire, improve, operate and maintain such facilities.

"At present many such municipalities are authorized to issue bonds, either under the municipalities legislative charter or possibly a general act for 'any corporate purposes' or phrase of similar import. In such event it is necessary to examine relevant laws to determine whether the municipality is authorized to carry on a specified activity or to acquire specified facilities for which the municipality desires to issue bonds to determine if such purpose is a proper 'corporate purpose'. If such statutes pertaining to the issuance of bonds for any corporate purpose were otherwise construed, that is, as a broad general grant of power, a serious problem would exist as to whether the statute was invalid as an improper delegate of legislative power.

"The enclosed bill designates a number of different types of projects for which bonds are commonly authorized by such municipalities."

Senator Dodge then stated that in regard to Section 4 of this bill, he felt it was too broad, and that he felt it wasn't necessary, at this point in time, to give the cities any more authority than was necessary to carry on their government. Chairman Gibson then asked if the provisions in this particular Section 4 were things the city had asked for?

Mr. McDonald: No, this was suggested by bond counsel. In reply to Senator Dodge, if this bill is buried -- and I don't speak for the cities, but I think those of you who look to your special charters, and also to Chapter 266 -- can well find in there the authority to issue some of the things that Senator Dodge is apprehensive about right now.

Senator Dodge said that he had introduced a resolution to review the city charters, and this is one of the things he wanted to restrict from the city charters in the interim between now and another session of the legislature, as far as recommendations to the next session. Senator Farr then asked if the special charters have these provisions, with the exception of one or two right now?

Mr. McDonald: Not in all cases. You can't generalize, Senator, in my opinion. If you'll pardon me saying so, I think Sparks needs a charter and Senator Dodge's approach is good in that case -- I'm not critical of all of them. What is the corporate purpose, and this is what Bond Counsel points out -- you can be more competitive now. If the people of Sparks are authorized the issuance of general obligation bonds, and he's asking to render an approving opinion to market the bonds, he looks back at the precise nature of the statute to see that purpose is there. And there again, it's been known that they shop around. If he says, no, you go to counsel A and somebody might give you a marketable opinion based upon corporate purposes. There again, what is related to government as against proprietary interest? That would include the transportation system, possibly the museum, all of those things that Senator Dodge observed.

Senator Dodge, again referring to Section 4, pointed out that it contained the phrase "including without limitation," which he felt could lead to all sorts of promotional deals. Senator Monroe pointed out a further listing

of possible city projects. At this point Senator Farr again renewed his question, as to whether or not present city charters already contained these provisions, to which Mr. McDonald said that they probably provide for all and more than is in this bill.

Chairman Gibson read a comment from Nick Smith as follows: "Senate Bill 27 clarifies for the first time the powers of incorporated cities and town, sets forth the types of projects which they are authorized to undertake, and eliminates some of the difficult legal research which has in the past been required to obtain bond counsel's opinion on bonds issued for certain projects in Nevada. For example, some cities have had no statutory authority to own and operate a sewage system. General areas of municipal activities now being carried on in the state are not broadened, but they are clarifying." Chairman Gibson said he felt that Boulder City's charter was one that had rather limited authorities, and perhaps that was the reason for this bill, but it had to be drawn as a general bill. Senator White voiced his opinion that he concurred with Senator Dodge that there should be some limitation on these things.

Chairman Gibson then asked that consideration be given to the "general" aspects of the bill. He stated that the objections he had received to this bill had almost entirely to do with the definitions. He referred to a letter from Cal Pacific and said that other utilities also had voiced concern on Section 6 on "Communications project" and Section 8, on "Electric project." Mr. Blyth said he felt that some of these people had their objections only because they misunderstood the bill. Senator Dodge referred to page, section 32, subsection 2, and asked if even though the constitutions or charters don't provide it, could this type of procedure be placed under the surveillance of the bond commission?

Mr. McDonald: Yes, irrespective of the method of authorization. Elko has such a provision in its charter. I know that Sparks and Reno have -- where action by the city council by the adoption of a resolution indicating intention to issue bonds for government purposes, puts the people on notice, and within a time certain if they don't come in with a petition indicating they want an election that then authorizes the council to proceed to issue bonds of a general obligation nature and sell them and spend the monies for the purposes in the resolution.

Mr. Wooster, Reno City Attorney, said that this provision is no longer in the Reno charter, although Sparks still has it. Senator Dodge asked if this was subject to bonding commission?

Mr. McDonald: Yes, in other words, in the approval to issue bonds, irrespective of the method of issuance, you have to go to the bond commission as a condition precedent, on general obligations.

Senator Dodge asked the committee and Mr. McDonald if they felt that possibly they should just write a bill that would take care of Boulder City for the present and forget the city bond law during this session? Chairman Gibson said that there would be a study undertaken in the next two years that would help them in this regard, and that this particular bill would help Boulder City with a problem they now have.

Mr. McDonald: I was under the impression that because of the peculiarities of Boulder City that you'd taken care of them in two or three other general bills with such limitations as this or some other committee put on it by limiting it to a population of not to exceed 4,000 and being a commission form of government.

You could do this -- I think probably get away with it if you want to refer to a possible study of special charters and municipalities. You could say this would become a bond law for cities of the city council-manager-type commission pursuant to section so-and-so of the Code, which, in fact, points it right at Boulder City and excludes Carlin, which is the only other city incorporated under the commission form of government, and allow them to take advantage of this, and then you could eliminate the other 16 cities.

Now, with the problem of Boulder City, this would be my suggestion. Certainly I think you will come to something of this nature, if there's any coalition in the study of the charters.

Senator Dodge moved Amend and Do Pass (restrict to Boulder City), seconded by Senator White. Vote for this action was unanimous.

SB-74 Proposed by Committee on Federal, State and Local Governments. Amends Consolidated Local Improvements Law, County Improvements Law and certain city charters to clarify special assessment proceedings.

Mr. McDonald: This draft proposes to amend the consolidated local improvements law, the county improvements law, and the charters of Sparks, Henderson, and North Las Vegas, so as to clarify special assessment proceedings thereunder. The amendments, as proposed, have the following purposes: Sections 1-3 are intended to permit municipalities and counties utilizing the general laws and Sparks to adopt ordinances relating to special assessments as if an emergency existed. The charters of Henderson and North Las Vegas were not similarly amended because counsel had no opportunity to check with municipal officers with regard to their feelings on the subject. We were particularly sensitive about interfering in North Las Vegas, which was the city concerning which the emergency ordinance case was decided in the Supreme Court recently.

Section 4 is a housekeeping amendment to NRS 271.015, which was reflected in a recent case.

Sections 5-9 -- and these again now would be sections 2, 3, 4, and 5 -- are intended to permit the use of assessor's parcel numbers as the description of property in a special assessment district. This objective was accomplished by referring over to the general tax procedure for describing property. This amendment applies to municipalities, counties, Henderson, Sparks, and North Las Vegas.

Sections 10-13 are amendments to the Sparks charter and consolidated local improvement law in the Henderson charter to permit assessments to be

collected either by the city treasurer or the county treasurer. This amendment is acceptable to Henderson as well as Sparks.

Now, because of the Lake Adair situation which you imposed in the Henderson charter last time and the conditions not being met, certain provisions here take out any reference to the Lake Adair procedures because that went down the tube with the failure to meet the conditions subsequent by the filing of the papers.

Subsequent sections provide additional methods for enforcing special assessments, summary sale foreclosure by court action commenced by the city, foreclosure by court action commenced by a bond holder, receiverships, specific performance and other remedies. The remedy of summary sale is based on existing Idaho and Wyoming statutes and only applies when the municipal treasurer is collecting assessments.

Hopefully the other remedies listed above should apply to every city irrespective of which law authorizes the assessment in question. It is our understanding that the availability of the second remedy, that is proposed by court action commenced by the municipality, is the subject of a lawsuit between North Las Vegas and certain property owners in one of those districts. This case is now pending in the Supreme Court, which of course has gone back to the District Court.

Subsequent sections are technical amendments providing the methods of notice of the 30-day tax payment method and the annual installments of assessments. We have tried to incorporate into this act most, if not all, of the various changes which have been suggested over a period of years. About the only other special assessment legislation would recommend would be the ad valorem method of assessment requested by Clark County. (And that bill is still in limbo somewhere.)

That states generally the purpose of the bill. The sections which I alluded to were the first draft -- it was in three drafts.

There was some inter-committee discussion at this point with regard to assessment districts and tightening up the controls. Senator White stated that under past procedure a hearing would be set up and if 51% of the people didn't object they would assume it was a "yes" vote, but this would be changed under the present proposal which would require written consent of 51%. Chairman Gibson then asked Mr. McDonald why they wanted the language in the bill, "that any ordinance required or permitted herein may be adopted as if an emergency existed"?

Mr. McDonald: There again, it's because of the inconsistencies in the various charters, as to when an ordinance may become effective. Now, there's no emergency provisions at all (Reno) -- you can go through and publish a notice of your intentions to enact, refer to committee, come back to the council, adopt it, and there's no problem of emergency -- that is as fast as Reno can go. I think in Henderson and some of the other cities, that unless the council makes a finding of emergency, you go through an

extended period of possibly 30 days before the ordinance can become effective. Now, in North Las Vegas -- this is what he alludes to in the letter I read -- I think that there was a declaration of emergency, Senator White, and somebody questioned that, and this Section 1 attempts to spell that out. In other words, this applies because the local improvement law applies to all cities irrespective of the nature of their creation. The consolidated local improvement law is in the City of North Las Vegas, in Henderson, and in the Sparks charters right now almost verbatim.

Chairman Gibson: Now, under emergency procedure don't they need unanimous approval of council?

Mr. McDonald: Yes.

There was some brief committee discussion regarding the emergency ordinance. Senator Monroe said he felt it was important to give the people time, and when you go into an emergency ordinance you don't give the people time to take action. Mr. Wooster pointed out that Reno has no emergency ordinance, and Mr. Ogilvie said that in the City of Las Vegas it means two weeks, and added that the City of Las Vegas has no particular desire one way or the other on the emergency ordinance.

Chairman Gibson said he felt that this might be incidental to the substance of this act, and because there was some apprehension about the short cuts on assessment districts and improvement districts, if this couldn't be left out. He said that the main substance of this bill was allowing access to the procedure where it can get the lien against the property that's in forfeit quickly. Also, the addition of the electrical project under the assessment district is the part that Boulder City is interested in, and North Las Vegas is interested in access to the procedure on foreclosure, and they are not included in the bill.

After further discussion, Chairman Gibson then asked the committee if they would be amenable to writing North Las Vegas into this as far as the procedures on foreclosure. It was agreed that this would be done. Senator Dodge moved that they write this to accelerate the court procedures that North Las Vegas proposed, and include North Las Vegas in provisions on foreclosure. He amended the motion to say that they should delete this language, and if in fact, they want to examine some change in the publication provision having to do with the sale of bonds, it be done at the proper place in the act. This motion was seconded by Senator Monroe. The vote for this action was unanimous.

Chairman Gibson referred to the provision in the bill regarding the electrical project, and said that this was the part of the bill that Boulder City is interested in because of the extension of their utilities into their developing land area. He also noted that he had checked with Mr. McAdam and they were not objecting to it.

Mr. Campbell: (Sierra Pacific Power Company) We have a particular problem relating to Section 6 that is also correlated with the amendment in Section 244 county bond. Two years ago you amended 318 to serve the

same type of authority although with different wording into the General Improvement District Bond Act. Our particular problem is one where we're now dealing with people who want underground utilities. We've found that there's so many bond opinions outstanding on this particular subject that we find it very difficult to deal with the subdivider or with the district -- whether it be 318, 244, or 271, and we don't believe, for instance, that Section 6 would permit the district under any of these definitions to come and ask for an underground service and to be paid for by an improvement district type operation. This is, of course, the obvious purpose for which many of these districts are being created -- so that they can come to us and finance the initial fund money in getting the utilities underground -- and of course then they'll be refunded back as soon as the houses are built.

We would suggest these for our part, without Boulder City or anybody else, that we would certainly like to see a more thorough bill brought up for this particular purpose. We need it badly -- we can't really deal effectively now with this particular problem. It's now impossible to create an assessment district in some areas to get the utilities underground without 100% cooperation of all the different lot owners. We cannot live with this land -- there are some bond attorneys that say they cannot put up the money for the utilities and not own it, so you need an advance on the utility and then the utility will refund it as soon as construction is done, but we get another project and it's a real problem with us.

Many many people want to convert from overhead to underground, and for instance, there's nothing in there, I think, that authorizes the district or the county or anyone else to forfeit the existing overhead customer and convert from overhead to underground. I know in California that they have specific authorization in the statutes there which allows the council to declare that it be an underground district and as such, authorize the utilities to discontinue overhead service. We are now in the process of writing -- I have written the first draft -- a general underground bill that would be applicable to everybody, and we want to, of course, get the industries and the cities and everybody else to take a look at this thing. But I don't think we could possibly have it ready this session.

Chairman Gibson: Mr. Campbell, would this interfere with that? This won't accomplish that, but do you have an objection to this?

Mr. Campbell: Well, the only objection I have is if you get these laws on the books sometimes it's awful hard to change them. It isn't really going to help anybody possibly but Boulder City. It's a real pressing problem, and I think all of us would like to see something done. There's a lot of pressure to get the job done, but we don't have the tools ready.

Chairman Gibson: What would you recommend we do?

Mr. Campbell: Well, I'm just saying our opinion in regard to this section. I think that the bonding attorneys are going to be our big problem -- I can't get those people to agree. I have one in San Mateo that says one thing, and another in Denver that says something else. But we

certainly would like to see this thing done and done right so that we can move in and do these things in all the areas that we now have asking for this service. We're trying to get something that we think will stand up. Many of us go into an area and 60% of the people say go underground and you have a mad 40%.

Mr. McDonald: I would suggest recognizing the apprehension. I'm not completely aware of the problem, but I have run into it myself in private practice. I don't think that you should oppose 74 on that ground just now because its electrical definition is pointed only to Boulder City. If you're not ready to go, I'm certain that my office will cooperate with you in reviewing all of these in order that we bring all these bond counsel in and get them to agree as to what they do on it, so that we can take you off the hook. Right now I think this only goes to the point that this is a special assessment ownership with the project owned by the city per se subject to the liens. You bring in the juice and you drop it at that point -- then of course it spreads from your obligations and regulation of PSC, your debt structure, and your service operation.

I think you overlook the fact, Mr. Campbell, that the proposed Chapter 271, which is the Local Government Improvement District Law -- it's not general in its application -- it applies only to cities. 244 applies to county assessment districts.

Chairman Gibson: We're taking 244 out of here -- the electrical project language here applies only in the city law. Then we will work with you on that and hope to have something ready the next time. Are there any other comments or questions on this bill?

There was further discussion, and the suggestion that the draft be amended to remove the words "front door" from page 4, line 5.

Senator Monroe moved Amend and Do Pass, seconded by Senator White. Vote for this action was unanimous.

SB-152 Proposed by Committee on Federal, State and Local Governments.
Revises laws pertaining to public securities.

Mr. McDonald: You have enacted three major pieces of security legislation -- the University Securities Law, the State Securities Law, and the Local Government Securities Law. These laws appear to be free from any major defects and last time when we discussed these we had some rather extensive areas in which I testified at length as to the necessity for them. If you'll recall we never had a state bond commission and every time the legislature decided to authorize the issuance of general obligation or any other types of bonds, that you'd get a bill of some 40 pages in length with 9/10ths of it being boilerplate. The three laws which you enacted contain the boilerplate and each have a trigger section that does not authorize the issuance unless the legislature or the legislative, as it might be, takes affirmative action. In other words, we have now the State Securities Law -- a rather extensive law and if you decide to issue bonds for capital improvements on the state level this time, the bill will probably not be over a page and a half in length.

But when you did adopt these three, you've also left on the books a multitude of superfluous language, mostly procedural, both in the charters and particularly in NRS, because there just wasn't time to knock it out. So what this bill in the main proposes to do is a housekeeping bill, as we refer to it, to get rid of these superfluous statutory provisions because of the adoption of the three major acts last time.

Mr. McDonald went on to read some of the redundant language on the various bond acts that had been previously passed. He said their first inclination had been to recommend an appeal, but felt that maybe somebody was using them, or maybe there were outstanding bonds, so they were left in there with appropriate amendments to conform the language.

Mr. McDonald then went back to section 91 concerning the emergency provision. He stated that the reason bond counsel had put this in the bill was because in the case of Ames versus the City of North Las Vegas, decided in 1967, the opinion created a serious situation in connection with issuance of municipal securities because of the time it takes to adopt the non-emergency ordinance. In the case of a recent county issue there was great concern in the declining market as to whether the purchaser would decline to accept delivery within a reasonable time, and within the time fixed by the purchase contract because of the time required to draft and adopt a post-sale ordinance. He said that Section 91 is to accelerate the sale provisions and not the formation, et cetera. He went on to suggest that they check with counsel to see that nobody is put in a bind by knocking the language out concerning authorization. He added that there is good authority to accelerate.

Senator Dodge suggested that they write the language to set up the types of notices that are realistic and that would comply with what the problem is and write them in -- on sale and issuance, and so on. Mr. McDonald pointed out that this bill does attempt to take up amendments to city charters to attempt to conform them to the local government procedures.

There was further discussion on the various provisions of this bill, with Chairman Gibson stating that they should study this further in the Committee.

SB-47 Proposed by Committee on Federal, State and Local Governments.
Amends provisions concerning electric light and power, sanitary sewers and water in unincorporated cities, towns.

Mr. McDonald stated that they felt this bill could not be incorporated in the other one because of the subject matter. He pointed out that the main subject of SB-152 (the housekeeping bill) is public securities and obligations, and that this one has to do with respect to the organization of counties, towns, et cetera, and the water systems and the power systems themselves. He said again, that they do not recommend repeal but "cleaning it up".

Mr. McDonald went on to say that this bill clarifies provisions concerning a district created for two or more unincorporated towns by reference to the

General Improvement Law. It also clarifies the existing problem as to whether the Act applies to a town governed by a board established by the '67 Act, or by the county commissioners. It provides for a combined water and sewage system, as well as the existing provision for a combined light and water system, and light, water and sewage. It makes the appropriate exception concerning the use of surplus utility revenues so that the cities under the Local Government Security Law pertaining to the outstanding bonds and other securities, if any, may control the flow of funds; provides for the payment not only of bonds, but also other outstanding securities in accordance with the provisions of the Local Government Security Law. Mr. McDonald added that he thought if this bill was not passed that nobody would be hurt, but if it is left on the books it should be cleaned up.

SB-291 Proposed by Senator Dodge.
Amends 1963 special statute authorizing issuance of bonds by Walker River Irrigation District.

Mr. Laxalt: Senator Gibson and committee members. The Walker River Irrigation District has been discussing the construction of a storage facility on the West Walker River since about 1932, and finally after an election in 1963, by a vote of approximately 88% of the electors in the district, we decided to go ahead with the issuance of bonds in the approximate amount of \$957,000 for the construction of this reservoir. However, at that point we were confronted with objections of bond counsel, Dawson, Nagel, Sherman and Howard, to the effect that there were certain discrepancies in Nevada law at that time pertaining to the priorities of the lien of the bond issue on an irrigation district as compared to other liens.

In addition, there was the threat of litigation made against us and the State of Nevada by the Attorney General of the State of California, because as you will recall at that time the Compact Committee had not yet resolved the dispute over the allocation of the excess waters of the Walker River. We came before the legislature in 1963 -- we had one or two hearings, I believe, before this committee, and an equal amount in the Assembly. The result was the passage of a special act authorizing the issuance of the bonds by the district. Thereafter we proceeded to an apportionment of benefits as required by law, but we were unable to market the bonds, and were discouraged from doing so by bond counsel because of the continuing threat of litigation from the State of California.

We came in two years ago and requested an extension of time on the authorization of the issue of the bonds, and that was granted by the legislature and the extension time terminates as of May 1, of this year.

The Board of Directors of the District wishes to pursue the construction of this reservoir and therefore, has asked for amendment of the 1963 statute to increase the authorization time to 1974, and because of the increase in construction costs since our original estimates, the Board has also asked for an increase in the authorization bond amount to two million dollars.

In addition the Board, through bond counsel primarily, have requested certain other modifications of the act which pertain to the status of the bond market today. Raising the authorized rate of interest to 7%; increasing the maturity length of the bond; things that have been dictated solely by the advice of counsel of bond attorneys.

Gentlemen, the major change that they are requesting in this particular amendment legislation, is that the issuance of the bond be subject to a new voter election. As I indicated, the last election held in this matter was in 1963 and actually they are resting on an apportionment of benefits calculated in 1963. So if you see fit to pass this amendatory legislation, I want to make it clear to you that the electors themselves of the District must approve the issuance of the bonds, and I simply would not want to predict what the outcome of the election would be. We've had a good deal of publicity; there's a great amount of, I think, sophisticated knowledge on the part of these farming people out there as to what this reservoir means, and arguments pro and con. Just a week ago we had a large public hearing in Yerington attended by over 300 water users in the District, and the engineering firm, Sharp & Krater of Reno, put on almost a two-hour presentation on the benefits that could be derived by the District if the reservoir were to be completed, and in addition the cost to the electors in the District.

I also made a presentation on the legal aspects and the secretary-manager of the District and the Board members made a presentation. The public is well advised of the contents of this legislation, and if it's passed will have an opportunity to vote on whether or not they wish to issue the bonds. Even if the electors should approve the bond issue, I should also indicate that we're not over the last hurdle. The Compact Committee did reach an agreement on the allocation of the excess water of the Walker River, and generally we are to get 65% of the so-called excess water and California 35%. Based on that agreement, we have received a letter from the Attorney General of California addressed to the Nevada members of the Compact Commission, that they will not threaten or interpose any legislation on the bond issue provided that the Compact is approved. Well, of course, we don't know how quickly that Compact is going to be approved. The Attorney General, however, did not state that they would interpose litigation even if the Compact fails approval, because we have reached agreement on the allocation of the water. So if the electors approve it, I think that the changes that we could issue the bonds without threat of litigation are excellent.

The companion measure that we asked Senator Dodge to introduce is 318, which is partly housekeeping and partly non-housekeeping, because it has application to irrigation districts generally in increasing bond authorization interest limits and making other changes which would put the bonding capacity and marketability features of an irrigation district on a par with those of other special districts and municipalities. And that generally is it, Senator.

Chairman Gibson: On page 4, it looks like we've left 6% in there -- I don't know if you mentioned we raised it to 7.

Mr. Laxalt: Senator Gibson, if I may, the interest provisions in both of these acts have been set at 7% simply because it was the opinion of bond counsel and Mr. Smith of Burroughs and Smith Company, that this was a realistic authorization for irrigation districts in general. The Board of Directors, however, has already voted and indicated to the electorate that the exact question to be posed to them at the election, if this legislation should be approved, will be for interest at 6% and maturity of the bonds, 40 years. In other words, if the electors approve this authorization and the election question, the Board has already indicated that it will not commit the District to the sale of bonds over 6%.

It was the feeling of Robert Johnson of Dawson, Nagel, Sherman & Howard, that if we're dealing with extensions in 219.074, that it would be highly unrealistic to set these things at the lowest authorization limit.

Senator Dodge: The language that Senator Gibson is talking about would only have application of this particular referendum on election and that you'd have flexibility under the other act to go into that 7% interest rate, or are you nailed with 6?

Mr. Laxalt: Under the special act we're nailed with 6% on the Walker River Retaining projects. It is the opinion of bond counsel that the general interest rate should be raised to 7 on other projects and for other districts, and I think this is realistic.

Senator Dodge said that he felt this should be raised to 7%, with Mr. Laxalt concurring.

Senator Dodge moved Amend (7%) and Do Pass, seconded by Senator Monroe. Vote for this action was unanimous.

SB-318 Proposed by Senator Dodge.
Amends irrigation district law to increase authorized interest rate, redemption premium and denomination of bonds.

Senator Dodge moved Do Pass, seconded by Senator Bunker. Vote for passage was unanimous.

SB-105 Proposed by Senators Swobe, Harris, Hug, Slattery and Young.
Deletes prohibition against charging special assessment districts in City of Reno for certain improvements.

Mr. McDonald stated that the bill was requested by one of the Senators that introduced it. The purpose was to knock out the proviso (pages 1 and 2) so that the special assessment provisions (Reno) in the charter would apply. Mr. Soderblom, representing Southern Pacific Railroad, said that there had been a difference of opinion between their company and the Renovation Project, so this bill had some connection in this matter. Mr. Wooster, Reno City Attorney, stated that SB-105 and SB-108 had not been requested by the Reno City Council. There was further discussion regarding this bill, and it was decided to put it aside at this time.

SB-108 Proposed by Senator Swobe.
Authorizes regulation of railroad crossings for best interests of people.

Mr. Guild made several comments on behalf of the Union Pacific Railroad with regard to this bill. He said that this bill would affect all crossings of the Union Pacific Railroad in Clark County and Lincoln County. Mr. Guild said that the purpose of 704.300 when it was enacted, was for safety only and the term "public interest" that now comes to pass in that bill, is something entirely different -- the findings of the PSC relate only to the safety of the traveling public under 704.300, but if it is changed to "public interest" then you have a judicial body who is going to make a determination of what is public interest -- safety of the traveling public is included in it, but it's a much more limited term than the term public interest. He added that 704.300 is in litigation at the present time, and he felt that this particular bill, SB-108, is directed only to Reno and not anything in Clark County. Mr. Guild also said that both the PSC and the railroads have bills ready to be introduced in reference to 704.300.

SB-107 Proposed by Senators Swobe, Harris, Hug, Slattery and Young.
Amends Reno city charter concerning special assessments and improvement bonds.

Mr. Wooster explained this bill, and said that what it does in Section 1 is change their Reno City Charter so that their current assessment bonds that they are planning to sell under districts already established could be sold at multiple rates of interest. Bond buyers no longer want to buy bonds at a single rate of interest.

Mr. Wooster also stated that this bill does two other things: (1) It includes provisions that are identical to Chapter 271; and (2) allows them to use Chapter 271.

Senator Dodge moved Do Pass, seconded by Senator Bunker. Vote for passage was unanimous.

SB-241 Proposed by Clark County Delegation.
Permits board of commissioners of Las Vegas to enter into long-term lease-purchase contracts for public purposes.

Chairman Gibson asked Mr. McDonald for his comments on this bill. Mr. McDonald said that he had received a copy of a resolution adopted by the commissioners in Las Vegas seeking an amendment to Chapter 2, Section 31, Subsections 81 and 82 of their charter -- "To enter into long-term lease-purchase arrangements with private financing, wherein city facilities may be constructed and leased to the municipality on a lease purchase agreement." Mr. McDonald added that they had, rather than following the request of the resolution, made an exception in Subsection 81 and added Subsection 90 to effect the purpose.

There was further brief discussion on the various provisions of this bill, and several comments made by Mr. Ogilvie, the City Attorney of Las Vegas.

SB-169 Proposed by Committee on Federal, State and Local Governments.
Adds certain requirements for local improvement assessments.

Chairman Gibson then asked Mr. McDonald to go over this bill with the Committee. Mr. McDonald said that the original request for SB-169 came from Senator White. What the bill does is have the various assessment law provisions require that any person or governmental entity, which proposes to establish an assessment district, with respect to local improvements, obtain the assenting signatures of a majority of number of the property owners in the proposed district. Mr. McDonald added that it was his observation that this bill was a "Pandora's Box" because of the scope of the thing. He had received correspondence from bond counsel in San Mateo pointing out certain difficulties in this bill.

Mr. Bergin made several comments on the provisions of this bill, and there was further committee discussion. Mr. Curt Blyth read a Memorandum from the Nevada Municipal Association to the Committee with regard to Chapter 271. (See attached.)

Senator White stated his purpose for requesting this bill and why he felt it was necessary. Senator Dodge expressed his agreement with Senator White and said he felt they should review some safeguards -- and that they should keep in mind in this whole matter in connection with city charters and their assessment district authorities, to write in some safeguards, so this would not get out of hand. Chairman Gibson said he felt they should not take action on this bill as yet as the impact was too great, and it should be submitted to further study. Mr. Ogilvie and Mr. Gist both spoke at length against this bill. Mr. McDonald said there would have to be further work done on this bill.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patricia F. Burke

Patricia F. Burke,
Committee Secretary

Nevada Municipal Association

POST OFFICE BOX 643 CARSON CITY, NEVADA 89701 PHONE 882-2121

March 3⁶ 1969

MEMORANDUM

TO: ~~Senator Tom Gibson, Chairman~~
~~Assemblyman Smith, Chairman~~
~~Committee on Government Affairs~~
Federal State & Local Govts

FROM: Curt Blyth
 Executive Director

SUBJECT: ~~Assembly Bill No. 398~~
SB 169

Chapter 271 was adopted in 1965 by the legislature after lengthy discussion, hearings and consideration. While our Association is suggesting some changes in the act, we believe the basic act itself establishes excellent methods and procedures to provide for much needed municipal improvements.

When the provisions of Chapter 271 were being considered by the 1965 legislature, most careful attention was given to those sections which provide for the creation of a special assessment district. A careful reading of NRS 271.280, 271.300, 271.305, 271.310, 271.315, 271.320 and 271.325 will show that any affected property owner has adequate opportunity to participate in and affect the proceedings used in establishing a special assessment district. To require further that those affected property owners must take a positive, affirmative action is not only unnecessary in itself, but would probably put an end to many prospective special assessment projects in the future.

(I want to point out that NRS 271.285 does provide for the initiation of special assessment projects by the petition method. A few of our cities now rely on this method.)

It is only fair that the cost of any project contemplated by this act should be carried by the benefitted property owners to the extent that benefit can be determined. People being what they are, it is predictable that levying special assessments in accordance with the proposed law would be very difficult. Absentee owners rarely will take affirmative action to request a special assessment project. Many resident owners take a "who cares" attitude and will not take either a positive or negative position. Postponement or cancellation of contemplated projects adds to municipal maintenance and operation costs and deteriorates near-by areas, areas in which the owners may already have paid for similar improvements.

Page Two
Memo To: Assemblyman Smith
March 3, 1969

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Enactment of the proposed bill would have another serious and detrimental effect. It would serve to encourage the creation of single ownership types of special assessment projects. While we do not believe these types of districts should be outlawed, we certainly do not believe they should be encouraged.

In summary, we believe that present law provides a practical method for the installation of much needed municipal improvements, that present requirements protect the interests of the property owners and that the proposed amendments would have a definite negative effect on attempts to improve our urban areas.

For these reasons we strongly urge that Assembly Bill No. 398 be indefinitely postponed.

SB. 169

Curtis H. Plym

CHB/hs

City of Las Vegas
Selected Capital Financing

	<u>Year</u>	<u>Gen. Fund</u>	<u>Sp. Assmt's.</u>	<u>Bond Funds</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>Street Construction</u>	1968/9 (7 mos)	91,019	203,348	12,223		306,590
	1967/8	173,509	289,407	-		462,916
	1966/7	311,775	277,573	561,101		1,150,449
	1965/6	203,198	448,462	813,702		1,465,362
	1964/5	512,702	169,915	1,187,164		1,869,781
<u>Total Street Construction</u>		<u>1,292,203</u>	<u>1,388,705</u>	<u>2,574,190</u>		<u>5,255,098</u>
<u>Street Light Construction</u>	1968/9 (7 mos)	207	36,696			36,903
	1967/8	2,975	200,129			203,104
	1966/7	4,759	239,182			243,941
	1965/6	3,193	113,609			116,802
	1964/5	184	131			315
<u>Total Street Light Construction</u>		<u>11,318</u>	<u>589,747</u>			<u>601,065</u>
<u>Sanitary Sewer Construction</u>	1968/9 (7 mos)		20,590	550	24,604	45,744
	1967/8		10,833		31,004	41,837
	1966/7		34,339		457	34,796
	1965/6		326,390	933,799	39,147	1,299,336
	1964/5		606	774,945	93,357	868,908
<u>Total Sanitary Sewer Construction</u>			<u>392,758</u>	<u>1,709,294</u>	<u>188,569</u>	<u>2,290,621</u>
<u>Total Construction Listed Above</u>		<u>1,303,521</u>	<u>2,371,210</u>	<u>4,283,484</u>	<u>188,569</u>	<u>8,146,784</u>

S. B. 27

**SENATE BILL NO. 27—COMMITTEE ON FEDERAL,
STATE AND LOCAL GOVERNMENTS**

JANUARY 21, 1969

Referred to Committee on Federal, State and Local Governments

SUMMARY—Authorizes incorporated cities and towns to acquire, improve, equip, operate and maintain public improvements and to issue bonds to acquire, improve and equip public improvements. (BDR 21-575)



EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT to amend chapter 268 of NRS, relating to the government of incorporated cities and incorporated towns, by adding new sections authorizing public improvements, their acquisition, improvement, equipment, operation and maintenance, and the issuance of bonds for public improvements; providing for the payment of such bonds and additionally securing their payment by a pledge of municipal revenues; concerning other securities pertaining to such improvements; otherwise concerning powers, duties, rights, privileges, immunities, liabilities, disabilities, limitations and other details in connection therewith; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,
do enact as follows:*

- 1 SECTION 1. Chapter 268 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 36, inclusive, of this act.
3 SEC. 2. *Sections 2 to 36, inclusive, of this act shall be known as the*
4 *City Bond Law.*
5 SEC. 3. *Except as otherwise provided in the City Bond Law, terms*
6 *used or referred to herein are as defined in the Local Government Securi-*
7 *ties Law; but the definitions in sections 4 to 30, inclusive, of the City*
8 *Bond Law, except where the context otherwise requires, govern the con-*
9 *struction hereof.*
10 SEC. 4. *“Building project” means any public building or complex of*
11 *buildings to accommodate or house lawful municipal activities, including*
12 *without limitation courts, records, municipal personnel, administrative*
13 *offices, welfare facilities, hospital facilities, detention home facilities, jail*
14 *facilities, juvenile home facilities, library facilities, museum facilities, the-*
15 *ater facilities, art galleries, picture galleries, auditorium facilities, exposi-*
16 *tion facilities, athletic facilities, maintenance shops, off-street parking*
17 *facilities, fire protection and fire-fighting facilities, transportation terminal*
18 *facilities and fallout shelter facilities (or any combination thereof), and*
19 *structures, fixtures, furnishings and equipment therefor.*

Original bill is 7 pages long.
Contact the Research Library for
a copy of the complete bill.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 291

SENATE BILL NO. 291—SENATOR DODGE

FEBRUARY 27, 1969

Referred to Committee on Federal, State and Local Governments

SUMMARY—Amends 1963 special statute authorizing issuance of bonds by Walker River Irrigation District. (BDR S-1010)



EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT to amend the title of, the preambles of, and to amend an act entitled "An Act authorizing the Walker River Irrigation District, with the consent of the California-Nevada interstate compact commission of the State of Nevada, to issue its bonds in an aggregate principal amount not exceeding \$957,000, to improve the District's irrigation works by the construction and other acquisition of a dam and reservoir at Hoye Canyon on the West Walker River, and of other works appurtenant or incidental thereto; otherwise relating to such bonds and to the levy and collection of annual assessments and general taxes for their payment; specifying powers, duties, rights, privileges, liabilities and limitations, and prescribing other details in connection therewith; making provisions pertaining thereto and relating to finances, loans, bonds and other obligations, special assessments, and general taxes; ratifying proceedings and actions previously taken; and providing other matters properly relating thereto," approved April 26, 1963, as amended.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

1 SECTION 1. Section 1 of the above-entitled act, being chapter 400,
2 Statutes of Nevada 1963, at pages 997 and 998, is hereby amended to
3 read as follows:
4 Section 1. [With the consent of the California-Nevada interstate
5 compact commission of the State of Nevada created pursuant to the
6 provisions of NRS 538.280 first had and obtained and evidenced by a
7 resolution adopted by and entered in the minutes of the California-
8 Nevada interstate compact commission of the State of Nevada,] *Subject*
9 *to the approval of the bonds by the qualified electors of the District as*
10 *provided in subsection 3 of NRS 539.553 at a general, primary, regular*
11 *or special election held by the District pursuant to NRS 539.150, 539.-*
12 *115, 539.123 to 539.155, inclusive, and 539.545 to 539.557, inclusive,*
13 *the board of directors of the Walker River Irrigation District, in the*
14 *counties of Lyon and Douglas and the State of Nevada, in addition to the*
15 *powers elsewhere conferred upon the board, is hereby authorized and*
16 *empowered, upon behalf of the District, without the necessity of [an*

Original bill is 7 pages long.
Contact the Research Library for
a copy of the complete bill.

Feb

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 74

SENATE BILL NO. 74—COMMITTEE ON FEDERAL,
STATE AND LOCAL GOVERNMENTS

JANUARY 27, 1969

Referred to Committee on Federal, State and Local Governments

SUMMARY—Amends Consolidated Local Improvements Law, County Improve-
ments Law and certain city charters to clarify special assessment proceedings.
(BDR 20-396)



EXPLANATION—Matter in *italics* is new; matter in brackets [] is
material to be omitted.

AN ACT concerning local improvement districts and the levy, collection and
enforcement of special assessments pertaining thereto; amending general stat-
utes and the special charters of the cities of Henderson, North Las Vegas and
Sparks relating to special assessment proceedings; and providing other matters
properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,
do enact as follows:*

- 1 SECTION 1. (Deleted by amendment.)
- 2 SEC. 2. NRS 244.859 is hereby amended to read as follows:
- 3 244.859 "Tract" means any tract, lot or other parcel of land for
- 4 assessment purposes, whether platted or unplatted, regardless of lot or
- 5 land lines. Lots, plots, blocks and other subdivisions may be designated in
- 6 accordance with any recorded plat thereof; and all lands, platted and
- 7 unplatted, shall be designated by a definite description. *For all purposes*
- 8 *of the County Improvements Law and any law amendatory thereof or*
- 9 *supplemental thereto, any tract which is assessable property in an*
- 10 *improvement district may be legally described pursuant to NRS 361.190*
- 11 *to 361.220, inclusive, as from time to time amended.*
- 12 SEC. 3. NRS 244.893 is hereby amended to read as follows:
- 13 244.893 1. All assessments made in pursuance of the assessment
- 14 ordinance shall be due and payable without demand within 30 days after
- 15 the effective date of the assessment ordinance.
- 16 2. All such assessments may at the election of the owner be paid in
- 17 installments with interest as hereinafter provided, whenever the board so
- 18 authorizes the payment of assessments.
- 19 3. Failure to pay the whole assessment within such period of 30 days
- 20 shall be conclusively considered and held an election on the part of all
- 21 persons interested, whether under disability or otherwise, to pay in install-
- 22 ments the amount of the assessment then unpaid.

Original bill is 15 pages long.
Contact the Research Library for
a copy of the complete bill.

SENATE BILL NO. 107—SENATORS SWOBE, HARRIS,
HUG, SLATTERY AND YOUNG

JANUARY 31, 1969

Referred to Committee on Federal, State and Local Governments

SUMMARY—Amends Reno city charter concerning special assessments and
improvement bonds. (BDR S-592)



EXPLANATION—Matter in *italics* is new; matter in brackets [] is
material to be omitted.

AN ACT to amend an act entitled "An act to incorporate the Town of Reno, in
Washoe County, and defining the boundaries thereof, and to authorize the
establishing of a city government therefor, and other matters relating thereto,"
approved March 16, 1903, as amended.

*The People of the State of Nevada, represented in Senate and Assembly,
do enact as follows:*

1 SECTION 1. The above-entitled act, being chapter 102, Statutes of
2 Nevada 1903, at page 184, is hereby amended by adding thereto three
3 new sections, to be designated as sections 10.151, 10.152 and 10.153 of
4 article XII, respectively, which shall immediately follow section 10.150
5 of article XII, and shall read as follows:

6 *Section 10.151. The interest on special assessments and on improve-*
7 *ment bonds payable out of the fund created by special assessment may be*
8 *fixed at one or more rates.*

9 *Section 10.152. Any action or proceeding to contest the validity of:*
10 *1. Any proceeding relating to the creation or designation of any*
11 *improvement district or area for special assessment;*

12 *2. Any ordinance creating or designating such district or area; or*

13 *3. The creation or designation of such district or area, must be*
14 *commenced within 30 days after the adoption of the ordinance creating*
15 *or designating such district or area. Any action or proceeding to contest*
16 *any of the proceedings thereafter or any special assessment must be*
17 *commenced within 15 days after the special assessment is confirmed by*
18 *the city council.*

19 *Section 10.153. 1. The provisions of this charter relative to special*
20 *assessments, improvement bonds payable therefrom and proceedings in*
21 *connection therewith are in addition and supplemental to, and not in*
22 *substitution for, the powers conferred by any general law, including but*
23 *not limited to the Consolidated Local Improvements Law (chapter 271*

— 2 —

1 *of NRS), as amended. The provisions of this charter are intended to pro-*
2 *vide a separate and alternate method, not an exclusive one, to the*
3 *methods provided by general law, and the provisions of this charter shall*
4 *not operate as a limitation on special assessments imposed, bonds issued*
5 *or proceedings taken pursuant to general law or a special act which*
6 *provides an alternate method or proceeding therefor.*

7 *2. The provisions of subsection 1 are not a change in, but are declara-*
8 *tory of, the preexisting law.*

9 SEC. 2. This act shall become effective upon passage and approval.

S. B. 318

SENATE BILL NO. 318—SENATOR DODGE

MARCH 3, 1969

Referred to Committee on Federal, State and Local Governments

SUMMARY—Amends irrigation district law to increase authorized interest rate, redemption premium and denomination of bonds. (BDR 48-1009)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to irrigation districts; increasing the authorized redemption premiums on bonds of such districts; increasing the authorized denominations of such bonds and increasing the authorized interest rate; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. NRS 539.620 is hereby amended to read as follows:
 2 539.620 The board of directors shall have the power, with the
 3 approval of a majority of the members of the irrigation district bond com-
 4 mission, to fix and determine otherwise than as provided in NRS 539.617
 5 the time for the issuance and maturity of the bonds, the manner, method,
 6 terms and conditions of their payment, and to provide for the calling and
 7 redeeming of the bonds before maturity at a premium not in excess of [2]
 8 7 percent above par; but in no case shall the maturity of any bond be more
 9 than 50 years from the date thereof.
- 10 SEC. 2. NRS 539.627 is hereby amended to read as follows:
 11 539.627 The bonds shall each be of a denomination of not less than
 12 \$100. [, nor more than \$1,000.]
- 13 SEC. 3. NRS 539.630 is hereby amended to read as follows:
 14 539.630 The bonds shall bear interest at the rate of not to exceed [6]
 15 7 percent per annum, payable semiannually on January 1 and July 1 of
 16 each year.
- 17 SEC. 4. NRS 539.6363 is hereby amended to read as follows:
 18 539.6363 1. To levy and collect taxes, the board of directors shall:
 19 (a) Determine in each year the amount of money necessary to be raised
 20 by general (ad valorem) taxation, taking into consideration other sources
 21 of revenue of the district; and
 22 (b) Fix a rate of levy which, when levied upon every dollar of assessed
 23 valuation of taxable property within the district and together with other
 24 revenues, will raise the amount required by the district annually to supply

Original bill is on file at
 the Research Library.

1 funds for paying promptly in full, when due, all interest on and principal
2 of bonds of the district.

3 In the event of accruing defaults or deficiencies, an additional levy may be
4 made as provided in NRS 539.6364.

5 2. The board of directors shall certify to the board of county commis-
6 sioners of each county within the district, or having a portion of its terri-
7 tory within the district, at the same time as fixed by law for certifying
8 thereto tax levies of incorporated cities, the rate so fixed, with directions
9 that at the time and in the manner required by law for levying taxes for
10 county purposes, such board of county commissioners shall levy such tax
11 upon the assessed valuation of all taxable property within the district, in
12 addition to such other taxes as may be levied by such board of county
13 commissioners at the rate so fixed and determined.

14 3. The board of directors shall levy such general (ad valorem) taxes
15 upon all property in the district which is by law taxable for state, county
16 and municipal purposes, without regard to any statutory tax limitation
17 now or hereafter existing and without limitation as to rate or amount,
18 fully sufficient, after making due allowance for probable delinquencies,
19 to provide for the prompt payment of such bonds as they become due,
20 both principal and interest, but subject to the limitation of section 2 of
21 article 10 of the constitution of the state.

22 4. Any such general (ad valorem) tax levy shall enjoy the same pri-
23 ority as provided by NRS [350.250,] 350.600, as from time to time
24 amended, for other taxes levied for the payment of bonded indebtedness
25 over taxes levied for all other purposes where reduction is necessary in
26 order to comply with the limitations of section 2 of article 10 of the
27 constitution of the state.

28 SEC. 5. This act shall become effective upon passage and approval.