

Assembly

GOVERNMENT AFFAIRS COMMITTEE
MINUTES OF THE MEETING
MARCH 17, 1971

56th ASSEMBLY SESSION

ALL MEMBERS PRESENT EXCEPT ASSEMBLYMAN FRAZZINI

ALSO PRESENT:

- DAVID HENRY, CLARK COUNTY MANAGER
- BOB BROADBENT, CLARK COUNTY
- GEORGE C. MONAHAN, CLARK COUNTY
- MYRON LEAVITT, CLARK COUNTY
- R. GUILD GRAY, BUAROWS, SMITH, CO.
- CURT BLYTH, NMA
- RAY KNISLEY
- ASSEMBLYMAN GLASER
- ASSEMBLYMAN ASHWORTH
- ASSEMBLYMAN CAPURRO
- J.H. PARROTT, CLARK COUNTY SANITATION DISTRICT
- MR. CAPURRO OF THE NEVADA TRANSPORTATION ASSOC.

The meeting was called to order by Chairman Smith.

AB 333 - Authorizes Clark County Sanitation District No. 1 to improve, equip its sanitary sewer system and to issue general obligation bonds, other general obligation securities for such project not exceeding \$6,500,000.

Dr. Gray presented the committee with a report that had been requested by the Chairman last week as to the feasibility of using North Las Vegas bond money for this project and the possibility of a co-operative agreement by the political subdivisions in Clark County about this project.

SEE ATTACHED REPORT

Mr. Leavitt reported to the committee that the plant in the CCSD had been built to handle 12,000,000 gallons and at present it was handling up to 18,000,000. gallons at peak time. He stated that they must either have a new plant or put untreated sewerage in Lake Mead.

Dr. Gray stated that if the county sold revenue bonds they would have to pay back 9 million dollars to obtain the 6½ million dollars they need. If AB 333 is passed the rate increase to users will be approximately 6½% with the general obligation bonds. It would be much higher with revenue bonds. Chairman Smith questioned Dr. Gray as to the way the bond issue was advertised.

Mr. Henry explained to the committee that a fiscal consultant was selected by the county for every bond issue and that the county followed the law which required publication of a bond issue and then the fiscal consultants took over. Dr. Gray explained that the consultants put together all

the information concerning the bond issue and circulated it to between 300 and 400 financial firms in the country and advertized it in the trade magazine "Bond Buyer" and the "Wall Street Journal".

Dr. Gray also repeted his earlier testimony concerning AN 631, SB 290 and Spoke against AB 65.

AB 536 - Enables establishment of transportation districts.

Assemblyman Capurro explained that this bill was introduced because sometime in the future the airport will have to be moved from the urban area in Reno to an area outside of Washoe County. A transportation district would allow this.

Mr. Darrell Capurro explained that his organization had no objections to the intent of the bill but felt that the authority of the PSC was not clearly outlined and that they would like to see the bill amended along this line. Chairman Smith asked Mr. Capurro to bring to the committee a suggested amendment.

Mr. Blyth stated that he felt the NMA had no objection to the intent of the bill but felt that the money from the cities and counties would not be used for such a district.

Assemblyman Hawkins qestioned whether the smaller subdivisions in such a district could not suffer if the district was not managed properly.

AB 593 - Provides for investment of moneys deposited in court.

Assemblyman Glaser explained to the county that there was a great deal of money deposited in the court which was not drawing interest and not being used and he felt that this money should be put to use.

Assemblyman Lauri asked whose money it was.

Assemblyman Bryan explained that such money is sometimes deposited with the court by an insurance company awaiting the disposition of a case or is bond money or can be judgement money.

Assemblyman Glaser suggested the bill be amended so that the money goes into the general fund of the county.

Assemblyman Ashworth explained that there were several ways that the money could be invested so that it could be readily available when awarded. He also explained how it could be taken care of by the clerk of the county in a revolving fund.

Mr. Mac Donald spoke to the committee in favor of this bill and suggested it be amended so that the county general fund was where the money was placed.

Assemblyman Bryan moved DO PASS AS AMENDED.

Assemblyman Hawkins seconded the motion.

The motion carried.

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AB 670 - Permits governing bodies of cities to set salaries of city officers.
Assemblyman Branch moved that this bill be indefinitely postponed.
Assemblyman Ronzone seconded the motion.
The motion carried.

AB 175 - Authorizes certain county fair and recreation boards to expend "surplus" revenues; removes limitation on boards' power; provides salary for members of certain boards.
Mr. Mac Donald that this bill had been introduced to satisfy the bonding attorneys.
Assemblyman Bryan moved DO PASS.
Assemblyman Ronzone seconded the motion.
The motion carried.

AB 333 - Assemblyman Bryan moved DO PASS.
Assemblyman Ronzone seconded the motion.
The motion carried.

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Burrows, Smith and Company

of Nevada 2-123



March 16, 1971

The Honorable Hal Smith
Chairman
Committee on Government Affairs
Nevada State Legislature
Legislative Building
Carson City, Nevada 89701

Dear Hal:

Thank you again for the time you and other members of the Committee on Government Affairs gave to us on Thursday, March 11, 1971. You will recall that I was requested to obtain information relative to the feasibility of applying North Las Vegas sewer bond funds to the needs of the Clark County Sanitation District which I have done and which are reviewed below.

1. North Las Vegas citizens approved a sewer bond issue on May 7, 1963 in the amount of \$2,326,000.
2. These bonds were subsequently sold and a part of the funds spent. There is remaining the amount of \$941,800.25.
3. The bond ordinance (North Las Vegas City Ordinance 245) reads that the issue is for the purpose of "The building, constructing, installing and otherwise acquiring of necessary interceptors, and a sewage treatment plant; with all necessary buildings, equipment and appurtenances, and acquiring sites therefor. . . ."
4. At one time the City of North Las Vegas explored the idea of pumping part or all of North Las Vegas sewage to a disposal site on high ground from where effluent might flow by gravity for open space irrigation, but studies by outside engineering consultants revealed that such a plan was not economically practical at the present time, and the City continues to have its sewage treated by the City of Las Vegas.
5. There is an agreement between the Cities of Las Vegas and North Las Vegas for sewage treatment and a separate agreement between the City of Las Vegas and the Clark County Sanitation District. In each case the City of Las Vegas treats the sewage of the other two entities and there are no facilities for the Clark County Sanitation District to receive sewage from the Las Vegas City plant.

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6. The City of North Las Vegas, even if it were feasible, is not interested in investing its funds for a sewage disposal plant which it cannot use and furthermore the City of North Las Vegas is holding its present funds for expansion of its present system. Especially is the City interested in having funds for the development of a high capacity line for the North Las Vegas Industrial Park.

7. The above notwithstanding, a discussion of the problem with Bond Counsel resulted in the following comments:

a. The development of a contract between the Clark County Sanitation District, the City of Las Vegas and North Las Vegas whereby equitable investment involving direct and indirect service might be obtained is next to impossible.

b. If such a contract were possible, the time involved in developing it would probably extend far beyond the time necessary to meet the present emergency.

c. There is a serious question as to whether or not bond covenants would be violated if North Las Vegas should invest in a sewage facility for which it could not have direct use.

8. In reference to 7.c. immediately above, for North Las Vegas to have direct use of the Clark County Sanitation District treatment plant a line would have to be constructed between the Las Vegas distribution system and the County treatment plant.

9. Enlarging any one of the existing treatment plants is not economically inappropriate at a time when master plans are under consideration for in no plan is there contemplation of abandoning present treatment plants.

* * * * *

In the light of the above and for other reasons which would make this letter even more lengthy, it is our considered judgment that any proposal suggesting that North Las Vegas contribute to the financing of the expansion of the Clark County Sanitation District is probably impossible of fulfilling and certainly impossible of fulfilling in time to meet the present emergency.

I can only repeat what I have said before:

1. The existing County plant is at capacity.
2. The Las Vegas plant is near capacity.

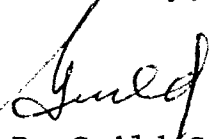
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3. With just a little more growth the Clark County Sanitation District has only two alternatives.
 - a. Allow improperly treated sewage to flow into Lake Mead.
 - b. Place a moratorium on further expansion in the area it serves.
4. It seems certain that health and ecological forces will not allow improperly treated sewage to further contaminate Lake Mead.
5. To restrict or prohibit the growth in Paradise Valley and on the Strip will have a serious negative effect on the entire County.
6. This is not only a County problem but also a State and National problem because of the Colorado River.
7. Revenue bonds for the expansion of the Clark County Sanitation District treatment plant can probably be sold under existing law, but only at a discount which would require the District to borrow \$6,825,000 instead of \$6,500,000 and would require the District to meet service charge earnings tests which would increase service rates higher than would be necessary should general obligation bonds be sold.
8. The Clark County Commissioners acting ex officio as the Board of Trustees of the District could call for an election to sell general obligation bonds, but if the election should fail it would be expecting too much for the Board to then sell revenue bonds which would require higher service rates than the rates would be for general obligation bonds which the people had turned down.
9. There is a possibility that the election would fail. It is difficult to predict the will of the people at this time especially when a yes vote would mean a 50% increase in sewer service rates.
10. Because of the danger of a failure of a bond election in a District of some 70,000 population which would directly affect the economic welfare of 270,000 people in the County; and because the law presently makes it possible for the District to sell revenue bonds without the vote of the people, it is hoped that Legislators in the interest of economy and the general welfare will support Assembly Bill 333.
11. We repeat that revenue bonds can be sold without the vote of the people now, for previous legislatures have realized that it was in the best interests of the general welfare to allow general improvement districts of this type to issue bonds without an election.

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12. Assembly Bill 333 would simply allow the Board of the Clark County Sanitation District to issue general obligation bonds instead of revenue bonds. In either case the bonds would be retired from service charge revenues, but if revenue bonds are sold the required rate increase would be higher.

Sincerely,



R. Guild Gray
Vice President

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