

Assembly
GOVERNMENT AFFAIRS COMMITTEE
MINUTES OF THE MEETING
APRIL 6, 1973

MEMBERS PRESENT: VICE-CHAIRMAN ULLOM
 ASSEMBLYMAN BROOKMAN
 ASSEMBLYMAN MAY
 ASSEMBLYMAN SMITH
 ASSEMBLYMAN GETTO
 ASSEMBLYMAN GOJACK
 ASSEMBLYMAN FORD

MEMBERS ABSENT: CHAIRMAN DINI
 ASSEMBLYMAN YOUNG

The meeting was called to order by the Vice-chairman.

AB 944 - Creates State Fire Marshal Division in Department of Commerce, including jurisdiction over mobile home and travel trailer standards.

Mr. Hendrickson spoke for the sub-committee appointed to draft this bill. He stated that the sub-committee was in agreement that this was a compromise that everyone accepted. Mr. Hoy concurred.

Assemblyman Smith stated that as he read the bill the Board would be more than advisory.

Mr. Hendrickson said that in some instances the board would be more than advisory.

Mr. Hoy said this was a compromise.

Assemblyman Smith moved that the bill be amended as suggested by Mr. Hoy and agreed to by Mr. Hendrickson - page 5, line 41 change "or" to "nor"; on page 3, line 12 add "pursuant to Chapter 482 NRS; and on line 13, same page "period" after manufacturers and delete the rest of the section.

Assemblyman Smith moved "AMEND AND DO PASS".

Assemblyman Getto seconded the motion.

The motion carried unanimously.

Assemblyman Brookman moved that the committee rescind its action on SB 293.

Assemblyman Smith seconded the motion.

The motion carried.

Assemblyman May did not vote.

Assemblyman Brookman moved that SB 293 be "INDEFINITELY POSTPONED".

Assemblyman Smith seconded the motion.

The motion carried.

Assemblyman May did not vote.

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AB 919 - Prescribes procedure for changes of boundaries of weed control district.

Mr. Galloway of the Agriculture Department told the committee that this bill was a request of that department. At present the Attorney General's office has ruled that boundaries of a weed control district cannot be changed except by abolishing the district. He stated he had talked with groups all over the State and had heard no opposition to it. It provides for public hearings and the decision by the board of directors of the district.

Assemblyman Getto moved "DO PASS".
Assemblyman May seconded the motion.
The motion carried unanimously.

SB 484 - Amends current charter of city of Reno to increase maximum salary of police judge.

Assemblyman Gojack told the committee that this was permissive legislation which would allow for an increase, but did not provide that one must be granted.

Assemblyman Gojack moved "DO PASS".
Assemblyman May seconded the motion.
The motion carried unanimously.

It was decided to take no action on ^{*}AB 418.
Mr. Gagnier presented copies of the amendments to the committee.

* Attachment #1

AB 818 - lengthy attachment (#2)

#1
Proposed amendments to AB 418

On page 1, Sec. 8, strike lines 20 through 23.

On page 3, line 23, insert a new Section 13 and renumber the remaining sections.

Sec. 13. The mandatory scope of bargaining referred to in Section 12 and in this act shall be limited to the following subject matter:

- (a) Salary or wage rates or other forms of direct monetary compensation.
- (b) Sick leave
- (c) Vacation leave
- (d) Holidays
- (e) Other paid or non-paid leaves of absence
- (f) Insurance benefits
- (g) Total hours of work required of an employee on each work day
- (h) Total number of days worked required of an employee in a work year
- (i) Discharge and disciplinary procedures
- (j) Recognition clause
- (k) Classification of employees in the negotiating unit
- (l) Procedures for promotion to other classification within the negotiating unit
- (m) Deduction of dues for the recognized employee organization
- (n) Management rights provision
- (o) Provision protecting employees in negotiating unit from discrimination because of participation in recognized employee organization.
- (p) No strike provision
- (q) Grievance and arbitration procedures for resolution of disputes relating to interpretation or application of collective bargaining agreement.
- (r) General savings clause
- (s) Term or duration of collective bargaining agreement

2. Those subject matters which are not within the scope of mandatory bargaining and are reserved to the employer without negotiations are:
 - (a) The right to hire, direct, assign and transfer any employee
 - (b) The right to reduce in force or layoff any employee because of lack of work, lack of funds, or in the interest of economy and/or efficiency of the governmental operation involved.
 - (c) The right to determine appropriate staffing levels, work performance standards, content of the work day, including workload factors, work schedules and the quality and quantity of services to be offered to the public and the means and methods of offering those services.
3. Notwithstanding the provisions of Section 2 above or the provisions of any collective bargaining agreement negotiated pursuant to this Chapter, the employer shall have the right to take whatever actions may be necessary to carry out its responsibilities in an emergency.
4. The provisions of this Chapter and the provisions of this section shall be so construed to recognize the ultimate right and responsibility of the government employer to manage its operation in the most economical and efficient manner consistent with the best interest of all its citizens, its taxpayers and its employees.

On page 4, Sec. 14, strike subsection 3, lines 20 through 23

On page 5, Sec. 17, strike lines 1 through 26 and insert in its place:

2. Either party may request from the American Arbitration Association a list of seven potential arbitrators. The parties shall select their arbitrator from this list by alternately striking one name until the name of only one remains, who will be the arbitrator for the dispute in question. The employee organization shall strike the first name.
3. The state and the employee organization each shall pay one-half of the cost of arbitration. However, each party shall pay its own costs incurred in the preparation and presentation of its case.
4. The arbitrator shall report his decision to the parties to the dispute no later than December 1.

Amend the remaining sections by changing the term arbitrators to arbitrator (singular).

TESTIMONY:

#2

Lee J. Cavanaugh of A. J. Cavanaugh Associates, who along with Custom Cabs, Inc. have an agreement with the City of Las Vegas and the County of Clark to prepare a feasibility study and a proposal including investigations of all available hardware, studies, traffic surveys, preliminary planning and engineering, development of performance criteria, preparation of cost estimates and such other things as may be necessary in order to determine the engineering and economical feasibility of the system. Contractors will promptly proceed to get paid for such preliminary work and agree that a report as to the technical and economic feasibility of systems shall be made to the trustees of such public trust within a two year period.

When the Nevada Trust Law was passed, we entered into a contract with the county on December 30, 1971, and put together a big companies to prepare this information composed of the American Bridge Division of United States Steel, John Devene and Company, a whole owned subsidiary of Diversified Services and Hedges, Thompson Ball associates, an architectural engineering firm from Oklahoma City, Oklahoma and Washington, D.C. We proceeded to contact every company that we could find that had showed any interest in making a proposal of this kind, and U. S. Steel and Hedges, Thompson, Ball prepared a set of specifications, performance specification requirements. We sent this to a large number of companies and on the 12th of last month, we received proposals from any and all that wanted to make proposals at a public hearing in Las Vegas. The three companies that made proposals were Pulman Bendix, Roar, Inc, and Lane. It took all day. There were people there from the city, the county and the trustees and from a great many sections of the United States.

At this particular time, the only trust that is in effect is the county trust with three trustees, and they have elected not to meet until such time the city formally appoints their trustees and joins them and as an agreement between the city and the county, the relationship between themselves, so, we have not met with the trustees, who are the body that we would meet with.

Now under our contract, when you make a proposal, its completely, the bounds would be completely liquidating. There isn't today any money been spent as far as the cities or the counties are concerned. The bonds will be set liquidating like a tow, and time that we make our proposal, there is a clause in there if the city and the county do not like our proposal and decide to walk away from it, they only pass a resolution. That is the city and the county commissioners, that they have approved of what the trust has done. No bonds can be sold, no contracts can be let. We can't do anything about it. The expense is all ours.

Now, in the event that within a five year period and almost two years have gone by, the city or county or both should use the plans and specifications and these development studies and all the work that these various entities have put together at great expense, they would have to pay us for that under this contract, but if they use some other system, or employ their own architect engineer and did it in some other manner, they would owe us nothing.

What we've tried to do is interest investors throughout the country that we are interested in other projects in the past in becoming interested in build-

ing a system of this kind to serve the airport and the strip and the hotels and the casinos and the downtown area, and to finance it with private funds entirely. Feasibility studies that we've seen so far indicate that it would pay itself out. Now, those feasibility studies are not finished, we have about 30 to 45 days left to finish up all the work that needs to be done by U. S. Steel and the other people involved. Pete, Marlick and Mitchell are the people who are doing the feasibility studies and they are here and can speak for themselves. The people from our group that are here today are Mr. Ted Welling of Pete Marlick and Mitchell, Mr. Byron Davis who represents John Lavine and Company and Leo Oppenheim and Company are the financial group, Joe Garretty of U. S. Steel, Mr. Tom Bell who represents Pulman Bendix and Mr. Blakey who is one of our lawyers and Mr. Robert McDonald who is one of our lawyers and Mr. Jim Wells, who is with Morrison Knudson as one of my associates.

Now the first statement here that the city and the county wrote into this contract was that "whereas there exists a critical need for elevated rapid transit system to serve the city of Las Vegas and portions of Clark County outside the corporate boundaries of said city which would connect McCarran International Airport with various business districts of the city, the entertainment centers, the hotels, and other points of interest in the Las Vegas metropolitan area and whereas neither the city nor the county presently has funds with which to plan, construct, acquire and operate such system and whereas a vehicle for the financing, construction and operation of various public improvements was made available by the enactment of SB 607 at the 1971 session of the Nevada Legislature which provides for the creation of public trust having the state while any county, municipality, political or governmental subdivision has been officially thereof, such trusts having authority to issue securities or evidence of indebtedness to provide funds for the furthering of authorized and proper functions of the beneficiaries and to prepay indebtedness out of revenue." Now, that simply means that the trusts can do nothing that the city and the counties are not already authorized to do. The indebtedness as far as the bonds are concerned are coming out of revenues.

Q Mr. Cavanaugh, are these bonds being backed up by _____ of the county?

A No sir, it would just be the system itself would be the collateral.

Q There would be no repercussions on the credit of Clark County?

A As far as the base of credit of Clark County or the city is concerned, they would not be behind it and they would not have to pay any of it off. If something fails in a community and it isn't worked out somehow, some how, why there would be some people who would not be so free to invest in that particular community if they thought it was an economic situation that caused it to fail.

Q So it's not just a matter of the bonding people but you can probably get bonding but you would have trouble selling those bonds?

A That's correct and I'm sure you are aware of this, and that is that the people that we expect to sell these bonds to are not about to buy these bonds unless they feel that the community and the traffic would pay it off over the period of time that they have in mind, and the same way that they do with

total bonds and any other self liquidating system. In most instances you are able to find people, who because of the tax free part of this type of bond, well they'll invest in it and we think they'll invest in this one. We think it will pay off.

Q Well that will depend upon how successful the operation is.

A That's right.

Q Well, I don't know how to go about gauging things, but.....

A Well, there's companies like Pete, Marwick and Mitchell and Wilber Smith and Associates who did a study, a transportation study, for your whole community here some years back, and I think they might be doing an updated one or have done an updated one recently. They have people who go back historical over things of this kind and can arrive at this kind of information and we have investors that believe in them and if they like the feasibility studies and their costs are as low as we hope they're going to be when U. S. Steel gets through working out all the apples and oranges, and etc., why, that it will work on its own. And, if it won't walk on its own, why, we're not the least bit interested in pursuing it and won't pursue it, won't even make a proposal.

Q Do I understand that under that proposal that the city and county would purchase the right-a-way or the ground that would give you the right-a-way and would lease this property to the company to....

A No, Sir. Our....in this contract, and again I want to reiterate, that this is an agreement to set down and work out a mutually agreeable definitive contract. This is an agreement to sit down and agree after we get all the figures together. And, article three says:

"The city/county shall furnish all necessary rights-of-way for the system at no cost or expense to the trust or contractors by permitting the use of street and highway rights-of-way, other public ways and land owned or controlled by either of them for such purposes."

Q Well, this, in substance, would authorize the city that if there were areas that they would have to purchase, giving the free right-of-way, that they could buy the land....

A This has no reference to that at all. What we have in mind, is using the streets and the right-of-ways and public areas that are already available. That won't cost the city or the county or us or anyone else, anything else. Now, the bill that is before you here today, some of the banking attorneys felt like it would be safer to have the condemnation backing of the city and the county behind the trust just in case that someone thinking to block this program might go in and buy a particular piece of land that was right in the big middle of the thing and then just simply refuse to sell. Now, for that reason, they put that in this particular bill that you are considering today as an amendment.

Q Well that's what I was following, the bill, not the contract. It does give the authority to use this power to acquire the property and then lease it to the other company, which, if the bill is passed, would not only effect our particular contract but would effect other and future contracts, any

other future proposals, giving the cities and counties the right of filing of eminent domain for some trust similar to yours?

A Yes, that's true. As far as we're concerned if....

Q In other words, if this were amended out, it still would not effect your particular contract or proposal?

A Well, frankly, I got a -- we've got a number of investors, we've got a number of lawyers, we've got bond attorneys, and they're not in complete agreement. Some of them feel like that this bill today isn't passed that it might be fatal to this for reasons that I state, that someone might like to buy a certain area or someone that owns a certain area that was necessary that we don't know about right now. Then the power of eminent domain could be applied as far as the city and county is concerned. If it were, as far as we're concerned, we'd be perfectly willing to put in this contract, that we would pay the cost of whatever it took to buy that piece of property, at our expense.

Q The question I would like to ask, is the purchase price of the end properties coming out of trust rather than out of the taxpaying units?

A That's correct, we'd put it in the bond issue. Well, that's about all I have to say except I will try to answer any questions to any of you that would care to ask, that I can, or I'll throw the ball to these people back here.

Q Could you provide a summary of the action that has taken place with the development of this and the number of people who had opportunities to bid on this project, if any, at the time of awarding this contract?

A You mean as far as this particular agreement is concerned?

Q Yes.

A It was a completely negotiated contract in which we appeared before the city and county in their regularly -- in their regular meeting and made a proposal to them that we would be willing to do this or attempt to do it at no expense to the city or the county; and that we would make the city and the county a 50% partner in any of the profits, if any; and if there's any losses we absorb them, if there's any profits, the city and the county would get 50%.

Q Were there any other attempts to _____ to avail the people the opportunity, to your knowledge, do you know?

A Not to my knowledge.

Q Mr. Cavanaugh, could you tell us the day on which that agreement was reached?

A It was December 30, 1971.

Q And that was the regular meeting of the county commissioners?

A Well, I'm not sure about the -- that being the date it was signed. It was a regular meeting of the county commission at which they approved it. But, I'm not sure when it was signed. It was dated and then signed by all of these gentlemen after it was approved at the City Hall, and the only way that I'd know about getting those exact dates would just to check the records.

Q Well, let's check. And, there was a public hearing at that time? So that people in the community could voice their opinions?

A Not to my knowledge, as a public hearing. It was a public meeting of the city council and as to that, we were notified to appear before them at that time. Also, to talk to their attorneys and to our attorneys to work out the type of agreement that we had in mind, and this we did, and it was some time in April, I believe, before the City took any action on it.

Q Can you tell me if this was an item on the agenda for that meeting in December?

A I don't know.

Q I have one more question as to the agreement. Expiration is 40 years after the day of completion except as such trust or other _____

A Yes, well, after the bonds are paid off, why, then the contract would be null and void. If it took 40 years to pay it off, well, it would be null and void then. It would be cancelled at that time. Which ever becomes....

Q _____

A Well, if there was an economic recession, say, for instance, and the bond holders forgave the principle payments for three years or whatever length of time might be, and were content to go ahead as far as they were concerned for us to operate it, well then it might go on for more than 40 years. The reason for the 40 years is to hold the _____ service down, because there are no transportation systems of this type, none of them in existence, there's only a few transportation systems that are making any money and what we tried to do here with people like Pulman Bendix and Moore, and Boeing took a crack at it and decided not to bid, and Otis Elevator took a crack at it and decided not to bid, and it's being developed as rapidly as these various companies are able to develop it. What they are trying to do is to design systems that do not require the manpower to operate it, but a push-button control system. To hold the cost down to where they will pay their own way, and we feel like, in the studies that we've made in Las Vegas, that in this particular community, that there are enough people and enough visitors that really what would happen here would be the visitors would more than pay for this thing. That it would throw off a profit which would give the City of Las Vegas and Clark County some revenue to use for other things that they want to do within their community, and that the visitors would pay most of the bill.

Q I'm not sure I understand what the provisions of the bill are, but, as I understand it, political entities, at least some, have the power of eminent domain presently?

A Yes, Sir.

Q Why is it necessary to have that in AB 818?

A Well, not being a lawyer, this is something the lawyers and some of the investors felt would strengthen the possibility of selling the bonds to the bonders. They felt that the eminent domain part would be a part -- that the trust should have the same like in the event that someone, somehow blocked it, or we would have to say go around the block and add maybe several million dollars, and it becomes then, not feasible.

Q Not with the monorail, but any endeavor that might be utilizing this public trust law, as it says right here, that any private concern may ente

into an agreement with political subdivisions and say that for public purposes we are taking that property to release to these people. Is that what does, and if it does isn't that pretty broad powers -- I can understand the legitimacy of the eminent domain in the interest of bettering the community, and I'm not saying that the monorail or any other endeavor wouldn't better the community, but it seems to me that it is, in fact, private enterprise?

A Well, it's really a marriage of private enterprise and private funds with public needs and with the public. I'd say, in light of capitalism and in light of socialism, where the private know-how and private money takes a risk for the City of Las Vegas and Clark County, to have prepared the plans and specifications for a 70 million dollar contract, why it would take several million dollars, which they don't have. In addition to that, they'd either have to have someone ready to buy the property, or they would have to float a bond issue in order to spend the 70 million and own it themselves, which in the future, I would say, in all probability, when this transportation thing gets to going like I think it's going to go, use of the automobile starts going down.....(END OF FIRST SIDE OF TAPE 1 - DID NOT RECORD SOME TESTIMONY.)

CONTINUING ON SECOND SIDE OF TAPE 1 -----

Aand, if you were in that position now, well, probably the way that you would go, and probably the way that you ought to go. But, now, this is a vehicle, that as long as we can use a profit incentive to get people the size of U. S. Steel, for instance, a 3 1/2 billion dollar corporation; Pulman Bendix, a 1 1/2 billion corporation; John Devane handles a 9 billion dollars worth of other people's money, and I have to have something in the way of a profit incentive, you know, to get them interested. And, they're willing to take those kind of chances. Now, this bill under the eminent domain would not permit anybody's property to be taken for any purpose other than a public purpose that the city and the county had at this time. It can't be used for any other purpose.

Q I suggest that the State of Nevada is ^{not} unique in this regard, but, I think we've got some people in local, county, state government that are really operators and I can envision those people approaching a political entity, trying to get on something like this, not the monorail, but this and this and this, and it seems to me that you really expose the governmental entity to being vulnerable to any and to every kind of promotion that someone wants to submit to them.

A Well, I respectfully agree with you from this standpoint. The law specifically states that the trust can do nothing that the city and the county is not empowered to do at this time. And, also, I believe that there are so many services the public deserves to have, any of them that you can make self liquidating need to be made self liquidating. And, only those that can't be made self liquidating, why, be paid for out of general obligation bonds.

Q What kind of venture can't?

A Well, it was expressed in one meeting that I was in that under this trust act that the trust could enter into private business and compete with private enterprise. And, this isn't so. The city can't compete with private enterprise.

I just can't think of any kind of venture, if you could be more specific about what kind of enterprise would be encroached upon?

A Well, I don't think that any private enterprise can be encroached upon under this trust that the city and the county can't encroach on themselves right today without the trust act. You see, we could have gone to the public service commission and made application for this system, and, if they had granted it, done the same thing that the bus companies have, get a franchise or as the taxi-cabs do and we elected not to because under the trust law, we think that the interest rate would be much lower and the fact that the bonds are tax free, federal income tax free, make it a lot more attractive to investors that we are used to doing business with. It's just that simple. We feel like the public service route in getting franchise, that when we put our pencil to that, it didn't look to us like it would walk on that basis. And, it looks like it will walk under this other.

Q I'd like to go to another part of 818. In lines 15 to 20 that relates to the governing body signing the lease grants and other agreement and having the power to _____, particularly the line that says "...no existing law but limiting the term of lease or agreement by any such governmental unit whereby the governing body shall apply to release an agreement entered into...."?

A Well, the reason that our attorney's put that in, because you do have a law on your books that frankly our attorney's overlooked, when the act was first passed, that limits the lease, the leasing, by the county or the city of the right-of-ways owned for longer than 30 years. Which simply would mean that the bonds themselves would have to be no longer than 30 year bonds, which would raise the debt service, of course, and make it less feasible. That is, if it got down to where it was a very close thing as far as Pete, Marwick and Mitchell and the bankers were concerned and they said the 30 year bond they wouldn't buy but the 40 year bond they would, or the 35 year bond that they would, well, we're nailed to 30 years, under the present law.

Q And, you're telling me that in our Nevada law there is a provision that our commissioners could sign a contract and extend it beyond 30 years, which _____?

A Yes, Ma'am. They could lease -- what I'm taking about now -- the roads and streets and property that's under the control now, the county property or state property, can not be leased for longer than 30 years, that one and one lease. Now, they can renew it if they wanted to, but the bond holder who has signed a bond, and he is going to want that bond, if that lease is going to run out, he's going to want that to be a 30 year bond. And whatever the debt service is, well, that's what it is.

CHAIRMAN: Thank you Mr. Cavanaugh, may we have the next speaker?

SPEAKER: My name is Ted Wellings with Pete, Marwick, Mitchell in San Francisco California. To give you a little background on Pete Marwick, Mitchell, Inc., Co In the last five years or so, we have conducted financial feasibility studies for revenue bonds in the neighborhood totalling some 2 billion dollars worth of bonds. We have covered industries such as airports, amusement parks, hospitals and stadiums. We perform this function as independent accountants providing this service. Not all the studies that we have performed have turned out to be feasible. That is to say, if they have not been feasible, when it stops the forward -- it reaches the point of being raised, so you never hear about it. The only ones you ever hear about are the ones that are feasible as they go forward to market.

We, in this particular instance, provided two services in the Las Vegas area.

One was to perform a demand analysis of ridership some two years ago, in which we forecast the numbers of riders we anticipated to ride monorail system in Las Vegas based on a variety of different assumptions, diversion of the total market, waiting period and etc., and then most recently we performed preliminary financial feasibility study to give some idea as to whether it appears the project as had been proposed by one of the proposers would, in fact, be feasible in Las Vegas.

Using the information that they gave us, using techniques which we have developed over the years in revenue bonding, financial feasibility analyses, we found that the project would be highly feasible. This is not the report that would be used for the sale of bonds because there is still this additional information that we have to get our hands on before we are ready to go put our name on the line; and assume the _____ third party liability as independent consultants and tell the bond buyers that we think that the project is feasible. But, at this point in time, it looks like it is highly feasible.

Q I'd like to know what kind of contact did you have with our people?

A We worked with the regional planning council in developing the forecast of activity two years ago. In fact, we used as a basis, a study that had been performed by -- the name escapes me -- a group in Las Vegas. But, we did work with them at that time.

Q What kind of use _____ ?

A Well, we used our forecasted numbers, which you have some 22 million riders in 1977, 21 million in 1976, and we found that there was more than enough. Now we did not try to calculate just what the break-even point would be to provide the minimum coverage on the debt service to the bonds, but it would probably fall in the neighborhood of 18 or 19 million, something like that. We were not asked that question. We are only using our forecast and then using the costs which have been committed to by, in fact, in the same general area, by all three developers for the system. That's not materially effect things. And using our forecast, their construction costs, one of whom has committed themselves to, and other associated costs and expenses has been anticipated with the operation of the system when it becomes operational with the setting of the reserves that are customarily set aside as part of the bond issues, we find that the coverage in that instance exceeds 2 to 1, that is to say, the net revenue available for debt service relative to the debt service that would have to be incurred for that particular project, that particular ratio is in excess of 2 to 1. And the bond investment bankers with whom we are developing this information say that they would think that the financial community would probably insist on a minimum coverage of 1.5. We don't know that that is necessarily true, but that's the measure of excess that is in there. That you have right now, the difference between those two coverage factors.

Q The figure of 18 or 19 million. That's an annual type of figure.

A Yes.

Q The Sheriff's Department of Clark County has often referred to room tax, tourists numbers, etc., justify additional personnel. Now, they refer to 16 million. Now, would your analysis mean that everyone would have to ride that train?

No, in our particular analysis on the forecast of riders, we used again as a basis of study that had been performed for the county and the city in which projections had been made by some other organization in the area. I believe

was about 3 years ago that that study was made. We used that as the input and we identified what we thought was the potential market, and then using various curves that had been used and accepted elsewhere around the country, we estimated that on the basis of a 2 minute wait, to be specific, we had various different waits, (because each of the waiting period effected the ridership) and the diversion would take place from users of private automobiles and from taxi cabs. So using the number of the two-minute wait, and then using the market of only those who ride taxi-cabs and that use their private automobiles, excluding all local usage, and then coming up with a number that is slightly under 50% of that market, as we identified it, the taxi-cabs and private automobiles, we came up with our projection. 20 to 22 million. I don't know where your number of 16 million came from as I don't have the precise document that we used as an input for the forecast, but it was something that was developed by the city and county.

Q Suppose we go with this thing. I wouldn't want to get into the situation where, I realize the bonding, the liability of the entity, but how many public transportation systems are subsidized by the federal government and I wonder if we wouldn't be caught in a position where we might be one of those entities that would have to be subsidized.

A I think that everybody would look foolish if that happened. We have every reason to believe that it will not.

CHAIRMAN: Thank you Mr. Wellings, May we have the next speaker?

SPEAKER: I'm Joe Garretty of the U. S. Steel Corporation and I think that mine will be the briefest statement.

U. S. Steel is interested in this project because of the forecasts that have been presented to us. And, we are probably one of the most conservative corporations in the country when it comes to spending our own money to get a venture off the ground, and our financial committee has viewed this project as one of the good projects that we should pursue as a corporation. So, with that in mind, we've gone ahead and spent some money of our own in research and engineering, preliminary work, and based on everything that we've seen we feel that it is a good project. The return on money, of course, as everyone is interested in, we feel that this one will go. There are very few projects around the country that we do this on and you could probably count them on your hand. Every year thousands of them are presented to our board but turned down. So, that's about as much as we can say at this time. We do think this is a good project.

Q Your main interest would be in the construction?

A In the construction, yes, but, on the other hand, you see we tie up many millions of dollars before any money comes back to us. We have to be very careful about even though someone may come and give us a multi-million steel order, we don't necessarily take it. Lots of them are turned down but this one is desirable from what we've seen and Las Vegas seems to be the ideal spot as far as we are concerned for a venture of this type. But, we're not about to tie up, you know, 10 million dollars, or whatever, or start before any money is coming back unless we are very sure it's a sound thing and to date U. S. Steel has been sold on this venture as a sound one.

Is U. S. Steel buying the bonds as well?

No.

Q Do you have any other similar projects going on at this time?

A Well, nothing of this type. For instance, the Disney Land project was speculated and we put our money in and built that (in Florida) and it turned out to be so successful that Disney turned around and bought it back from us.

I was referring to ventures where you would be using public trust.

A Well, you can take your toll roads, bridges, and things of that sort, where we do go in and do what we are doing here: Preliminary engineering and an effort to try to build the thing. There are toll bridges and toll roads that are private more or less, but tied in with a governmental agency, but are more or less private bodies. But, as I say, we pursue very few of these. This is one that we are interested in as a good thing.

Q I've been told somewhere along the line that in the event that the monorail were built but failed, that our county would not be responsible for taking down the structure. In the agreement, does it show who would be responsible.

A (By Mr. Cavanaugh) Well, the only agreement we have is this one and I intend to leave the copies with you folks if you don't have one. It's part of our understanding with the city and county and the trustees that we have agreed within the contract and why. I do have an understanding with U. S. Steel that if they do like the contract that they can buy into it. And frankly, I'm hoping that they do.

Q But, it would be your plan that it would not be Clark Counties liable for taking this down, it would be your agreement between you and U. S. Steel.

That's right. We would take it down and move it.

Q Would this be written into your contract with the county?

A Yes.

CHAIRMAN: Thank you, Sir. Next speaker.

SPEAKER: Gentlemen, I'm Byron Davis with Leo Oppenheim and Company of Oklahoma City and Tulsa and I'm also representing John Lavine and Company. We expressed a tentative willingness to underwrite the bond issue, that is, to purchase the bonds in the event that Pete Marwick and Mitchell feasibility report actually shows sufficient financial feasibility by market standards. We have, and I would dare to say, the entire investment banking fraternity, complete confidence in Pete Marwick and Mitchell, by virtue of the fact that they have done so much feasibility reporting that works, and have worked closely with any number of investment bankers. And, it is upon their study that we'd be willing to underwrite the bonds.

We feel from what we've seen so far, although these feasibility figures and other figures of course that have not been performed, that we can say definitively one way or another what we've seen so far these feasibility figures are excellent and that we would be more than happy to underwrite the bonds.

A. What in your opinion would be the effect on the general obligation bonds?

Q On the general obligation bonding capacity, I would say there would be virtually no effect, because what your investor is looking at when he's talking about general obligation bonds is the taxing power of the entity involved and

those taxes are going to be collected regardless of what's happened on the revenue issue. A revenue issue stands by itself. And, each revenue issue stands separately from any other revenue issue, unless, of course, it's a second issue on top of that. A good example, I think, is the Chesapeake Bay Bridge Tunnel, which of course was a revenue bond issue and has not done well, but never the less, those cities that are involved at each end of the Chesapeake Bay Bridge, which have provided members of the authority, they're standing as far as general obligation bonds have not been effected one way or the other.

Q I'd like to ask if you've been involved with _____?

A Well, what I've personally been involved with is various water and sewer projects. This is where entire water-sewer systems within a particular town would be leased to a public authority and they in turn would issue revenue bonds which would be self-liquidating based upon water and sewer charges to the public. Many towns have gone to this in Oklahoma, simply because of the fact that after you reach a certain number of bonds outstanding there either is, in some states, a constitutional limit as to how much debt a city can have, even if there is not, and there is not in Oklahoma, you reach a certain point you scare away all the investors, nobody wants to come bid on a bond issue that is going to through your debt above 50% of your taxable evaluation.

Q According to my information the bonds would have to be awarded to the lowest bidder, is that the case.

A Well, that's not always the case. There is a provision that with the vote of 2/3rds of the members of the authority involved, you can negotiate. And this is in there because there are certain types of bond issues issued by an authority especially after it has been in operation for a number of years. where a competitive bid is the best situation....(END OF TAPE NUMBER 1 - DID NOT GET ALL OF THIS TESTIMONY.

START OF TAPE #2 (NEW SPEAKER - NO NAME)

SPEAKER: For approximately two and one-half years, I represented Pulman and Bendix which are a joint venture to put in a personalized rapid transit system in Clark County. These two companies have confidence in the project. They have spent over 2.7 million dollars developing vehicle and developing an automated system specifically designed for Las Vegas. Not a piece of hardware or system that was used elsewhere but strictly and specifically designed for Las Vegas. To design a vehicle and hope that the general public will buy it, that's not the nature of the Pulman and Bendix project. Las Vegas only, 2.7 million dollars. Now, the County Commissioners and the City Councilman of Las Vegas are aware of this. We've had a number of public hearings. We've spoken on all these points to the governmental authorities in Clark County. I submit to you that it should be the judgment of Clark County whether they want this project or they don't want it. And, I, at this time, would like to commend the officials of Clark County for the wisdom and judgment they have exercised in entering into the contract in the trust _____ agreement. What they have done, and I refer to a specific provision of that agreement shortly; what they have done by being imaginative, exercising wisdom and judgment, have enticed large companies in this country to invest their own money to develop a comprehensive transit system for Las Vegas at no expense to the taxpayers and no expense to the county. None, what so ever. Strictly on the come. Pullman Bendix, for example, have spent 2.7 million dollars developing _____s specific project. At the present time they will have a prototype, not at the present time -- but, in the first week in May they will have a prototype vehicle in tract, built and finished in Chicago. It will be the precise vehicle

in every detail that they propose to install in Las Vegas. This costs a lot of money.

The public officials, business people, hotel owners, will be invited to Chicago to ride that vehicle. It would be no different than going to the clothing store and buying new clothes. You try it on and if you don't like it you don't take it. In the trust and venture, notwithstanding the expenditure of all of this money by these private companies, the county commissioners have shown the wisdom and judgment to reserve the veto power to themselves. In article 14 of the Trust and Venture, which was entered into by the county on the 25th of April, 1972, and notwithstanding some public criticism, or smear campaign that's been undertaken to destroy the monorail concept, here is the language that the county commissioners put into their agreement:

"Notwithstanding any provisions to the contrary here & above set forth, no bonds, notes or any other evidence of indebtedness shall be issued or sold by the trustees to provide financing for any of the facility in purposes mentioned in article 3 hereof, and no contract for the construction or operation of any of the facilities shall be entered into by the trustees without the prior approval of the county commissioners of Clark County, Nevada. It is further understood and agreed that no refunding bonds, notes or other evidence of indebtedness shall be issued or sold or other refinancing arrangement entered into by the trustees which would extend any obligation of this trust beyond the maturity date of the initial bond, notes or other evidence of indebtedness without the prior approval of the County Commissioners."

Now, Gentlemen, I don't think you should inhibit the county and their governmental authorities from going forward with a program that they have indicated being desirable, they have indicated they want, that they have indicated they want these private companies to spend their money and develop, at no cost to the county. This bill that you have before you enables the County of Clark to proceed to develop this program and be repetitious, at no cost to the county, and I am saying this because there has been a smear campaign indicating that the taxpayers are going to pay for this. That is not the fact. The fact is that the county is not going to pay for anything. Not one dollar that I know of has been spent by the County of Clark or the City of Las Vegas in this program.

I submit to you that this program is a very highly desirable one. It's a dynamic one. It opens up a whole new dimension for Las Vegas. It's a Clark County project.

Getting to the bonds, and perhaps some of Mr. Ullums questions, remember this. The bonds have to be sold. Sophisticated investors are going to buy those bonds. And, I can assure you that if those investors felt a subsidy was going to be involved they wouldn't buy those bonds. Those investors who are going to buy the bonds are going to have to be convinced this project will generate sufficient revenue to pay those bonds off. Or they aren't going to buy them. Talking about competition with other forms of transportation or other forms of private industry, naturally there will be some competition, but I submit to you that it presents a desirable alternative to the citizens. Desirable from the standpoint of convenience and comfort. And from an economical standpoint, it's a cheaper ride, a more comfortable ride. The public is entitled to a more desirable alternative, if they want it. If it doesn't cost them anything to build.

Talking about the Sheriff's report on the number of tourists, 16 million or what ever the figure was, I submit to you that may well be the number of

tourists that come into Las Vegas or Clark County, but that doesn't have any indication as to what the inner action of those people is while in Las Vegas and Clark County. Going from hotel to hotel, from the Strip to downtown, from the Strip to the Convention Center, back and forth; those figures would not reflect inner action of people who are in Las Vegas.

This bill that you have before you simply enables the county commissioners of Clark County to extend the time limit on the bonds to say 40 years, to 30 to 40. The county has the last word. They don't have to agree to anything at this point in time. As Mr. Cavanaugh pointed out, the definitive contract is yet to be drawn. Now withstanding the lack of a definitive contract, these private companies have spent millions of dollars doing something for Clark County that they couldn't afford to do and then telling them, "if you don't like what we are doing, you don't have to take it." "You can tell us to go home with our papers in our briefcase and forget about Las Vegas." "If you convince us, through your experts that this a feasible project, economically and otherwise, and we're convinced, we'll let you built it, but, if we're not, you can't build it."

There's a lot been said about jumping into the water here. The county has not jumped into the water. There's been ads run in the newspaper, no public hearings, giving away the county. There's a cost to the taxpayer's money. That is not the fact. That is not true. Let the county proceed with this program. They have reserved to themselves the veto power. Let them put together the package if it is desireable, if it is economically feasible in Clark County, if it does give to the public a desireable alternative.

Now, it's also been said that this is tourist oriented. It doesn't help the elderly, it doesn't help Henderson, it doesn't help Boulder City; it wasn't designed for that. That me tell you this: if we didn't have a tourist problem in Las Vegas, we wouldn't have to expand our airport. We wouldn't have as many hotels as we have if we didn't have a tourist problem. The tourist is who is causing the traffic congestion. This project is trying to alleviate the automobile problem. The cab companies are still going to exist, people are still going to ride cabs. It will sustain Las Vegas for even a longer period of time by attracting world wide attention. It will bring people to Las Vegas that have never been there before. It will bring people from cities throughout the world to see the system. It's a very unique system. It has very big companies behind it. Companies that are willing to make corporate commitments to the project; financial and otherwise. Why not let Clark County go forward with it. Don't inhibit them.

In my opinion, I feel that section 1 of the bill is essential. The bonding company concurs with me. Bonding counsel also say that section 2 is. I'm not in necessarily agreement with that. They say it is. And, I say to you that if you can leave it in, it will help the project, but there is some dispute or some opinion as to section 2. Essentially, this project is going to run down the public right-of-way. There were some newspaper articles in Las Vegas, that we were going to take some poor old ladies home to put the system in. I've been in Las Vegas for 32 years and I haven't seen a homestead on the public right-of-way yet. But that's the kind of campaign that has been run against this project, which is a big one, and is a dynamic one, which the officials of Clark County agree is good for Clark County. I would let them go forward with it, to give them the additional authority they need by virtue of the bill. Thank you.

Q One question, Mr. Bell? (Can not understand question - humming and mumbling.)

A Are you talking about such courts, such entities and enterprises. Not the public trust that has been created for the proposed monorail?

Q Is there anyway that you can change the _____

A. I can't answer that.

Q You said that the county had veto powers _____

A I don't know of any liability on the county of the terms of the contract that they entered into. The only liability that I am aware is if Pullman and Bendix, for example, spent 3 million, 4 million dollars in developing hardware equipment and the county says we don't want you or give it to someone else but we want your equipment, then the county would have to pay for it. Other than that they could tell us, when we walked in somewhere down the road that here we are ready to go. Here's our vehicle, we're ready, we've spent all this money, and they could look us right in the eye and say, "Go home, we don't want your system for Las Vegas". We'd have to pack our bags and leave the room, with no recourse against the county.

Q (Could not hear)

A Oh! you mean if they want to get it from somewhere else and use our feasibility study.

A (By Mr. Cavanaugh) All of this will be put on the table, the trustees will see it all, the engineers will see it all, it will be public information. Now, if they should say, "We're not going to deal with you," but if someone, somehow kept a copy of that information and then went ahead and worked out some type of financing from some other group and took it out to bid. Well, the bidders would not have spent there several million dollars. Now, if the group now, had to compete with a group that did not have those dollars invested, why, then we feel that the trustees, or the city or the county should pay for that engineering work that was done. And, in our contract, it spells out that all has to be shown, the bills have to be shown and it was agreed that if we built this within five years and used our feasibility studies and engineering drafts then they will have to reimburse our company if someone else uses these for building the monorail. If they didn't use ours then they wouldn't have to pay for them.

A (Mr. Bell) They've quoted that sections 1 and 2 are necessary, which I indicated that I can generally concur with section 1 but I have not given them my concurrence on section 2. I'm talking about subsection 2 of section 1. One thing we want to avoid is going back to the Nevada Supreme Court again because of some minor change in language which would require that. We have been there.....

AT THIS POINT THERE WAS SOME DISCUSSION AMONGST THE COMMITTEE MEMBERS WHICH WAS NOT UNDERSTANDABLE ON THE TAPE.

Q Would there be any of the hotels which would not want this service on their properties?

A No, I can't envision that at all. I can't envision a hotel not wanting this service.

A (Mr. Cavanaugh) The way we have it planned the stations would be out over the streets and if the hotel wants the service close to the street or on their property, it would be entirely up to them. We will have an allowance for the station and an allowance for the certain number of feet of track and storage which would be available as far as they are concerned. If they want to go beyond that.....(UNDECIPHERABLE.)

One thing that I would like to say is that it is a whole expandable system. Once you put it in there, that doesn't mean its a fixed route forever. It could be expanded to the University if you wanted to or a large shopping center.

CHAIRMAN: Thank you, next speaker please.

SPEAKER: My name is Richard Blakey and I represent A. J. Cavanaugh. I shall be brief for two reasons, I feel the same as (END OF 1ST SIDE OF TAPE 2, LOST PART OF TESTIMONY.

TO CONTINUE ON 2nd SIDE OF TAPE 2: Subsection 1 - My chief reason for saying that is that it appropriate for this body (and I mean the Legislature) to enact, to modify the statutes 242 in such a way as to give the people in Clark County the right to make their own decision. I think it would be inappropriate for the legislature to require them to do anything, and on the other hand I think it is equally inappropriate to do anything to stand in their way. And if Section 1 is suitable, will make more feasible the sale of bonds, I think it is good legislation for you to permit that. There is a limitation now on the leases of property by county commissioners for the space of 30 years, and that apparently is an economical stumbling block. I think it appropriate for you to consider favorably the provision of bonds for 40 year duration to be sold. There is one other part of Subsection 1 which has a good purpose. A possible contract between the county commissioners and the city councilmen of Las Vegas. I think that's equally appropriate. If the City of Las Vegas desire to enter into a long time agreement with the county commissioners, I think that it is appropriate for you to enact legislation to permit them to do it. And, it's that part of the bill which I think is extremely important, and I urge you to consider it favorably.

Q Well I think if I could insert one word right after the word subdivision, put the word hereafter, to show that it doesn't effect public trust now in existence, it would meet, what Mr. Smith now has in mind.

A One of your reasons for the monorail, you mentioned the air pollution problem in Clark County. As I understand it, 90% of the automotive pollution is contributed by the residence of Las Vegas, rather than the tourism. And, again these other figures are that the users of the monorail system will be mostly the tourists. Is that right.

AT THIS POINT THERE WAS WIDE AND VARIED DISCUSSIONS ON POLLUTION AND WHO CAUSED IT AND WHO MADE THE STUDIES - BUT, IT WAS IMPOSSIBLE TO GET THIS VERBATUM OFF OF THE TAPES.

Q What subsection of the NRS was that.

A It's in Chapter 244. I don't carry the subdivision numbers around in my head, but it's the limitations on county commissioners and there is a general limitation that county commissioners may not vote for anything that extends beyond the term of his office. There are several exceptions to that though.

CHAIRMAN: Thank you. Are there any more proponents of the bill?

SPEAKER: Mr. Chairman, members of the committee, my name is Morton Colane and I'm an attorney that practices law in Las Vegas, Nevada. I am speaking today on behalf of my client, Checker, Incorporated, which operates the Checker Cab Company pursuant to a certificate of public convenience and necessity originally issued by the Public Service Commission and now under the regulatory jurisdiction of the Clark County Taxi Cab Authority.

In addressing the members of this committee, at the outset, may I make it clear that our status stems from the fact that we would be an economically agrieved party resulting from the diversion of passenger traffic that might result from the installation of a new system particularly designed to serve the airport and the strip hotels. However, the mere fact that the motivation for presenting a view point with respect to proposed legislation is economic in nature can in no way detract from the merits of what we are discussing in a meaningful fashion with the Chairman and the members of this committee. Or put simply, if this proposed legislation is deficient and in addition the contract that has been referred to before Clark County and the City of Las Vegas and the Cavanaugh Contracting group is deficient in the terms of the public interest, this committee, we are confident, will take into consideration those deficiencies and reject this proposed legislation. In fact, history shows that it is those who are economically effected by legislation who frequently present the most intelligent analyses for consideration by legislative bodies, for the very reason that they are in the position to advance all the meaningful arguments that deserve consideration from those, who in turn, are responsible for the public interest. Therefore, starting from that posture, I feel that we should lay to rest what I consider smoke screen accusations about publicity or advertisements or motives. In fact, if one wanted to, in passing reference refer to motives, one can say, that every equipment manufacturer has nothing absolutely to risk. He will be the first to take the revenue or money which is generated from the sale of the bonds. And, when his particular piece of apparatus equipment is accepted by the contracting group, he will be first in line to receive the check for the installation. Therefore, none of us dare project an image before the members of this group in terms of self righteousness today. And, despite what might appear to be _____ sincerety and vehemence with which a particular view point is advanced, we have to understand who the spokesman is and why he has been retained and who he is representing and what, in deed, his risks are.

The manufacturers with their picturesque bulletins and their beautiful photographs are risking nothing because whether this turns out to be a fiasco or success, they are paid for their apparatus equipment or their hardware out of the bonding revenue.

Mr. Chairman and members of the committee, lay to rest in your minds this whole proposition as to the booklets, article in Business Week or the other advertisements that have been passed around today. May we turn together, for I truly feel it is important, and that is the following: This proposed legislation is wrong in law and wrong in morals. It's against the public interest. I will first discuss that with the Chairman and the members of the committee, and when I have finished that, I would appreciate the opportunity to refute representations that have been made here all afternoon. You have had a series of at least seven or eight spokesmen concerning what the effect would be upon the bonding capacity of Clark County or the City of Las Vegas. We believe there can be severe repercussions in the long run if one makes a perceptive analysis of the program which is being advanced by the proponents of this legislation.

In that sequence, may we together turn to the technical provisions of this bill. Where that is the immediate problem which is before the Chairman and the members of the committee.

I'm now referring to AB 818, requested after the 40th day, close to adjournment. This is becoming sort of a historical fact that the original public trust bill was advanced on the eve of adjournment. When there was little time to get serious and have prolonged consideration and once again you are faced with a bill at the closing days.

Let us turn together to paragraph 2 of that bill. I am working with a xerox copy but the members of the committee, I am certain, have the printed bill. If one reads the language, one finds...excuse me Assemblyman, page 2, paragraph 2. I am not only disturbed by this provision because I am an attorney who has been retained by a private vested interest that is grieved economical but I am also sincerely concerned as a citizen in the matter of which there is an effort here to ban the power of eminent domain as has never been done in the history of this state. And when I finish, I will compare it with other legislation and show you how the protected the public interest. And, all the proponents remained silent here today as they talked about the bill in regard to this feature. This provision in paragraph 2 vests almost absolute discretion in the hands of the people who are going to control the money from the sale of the bonds to exercise a power of condemnation and it says, "such acquisition shall be deemed to be for a public purpose." I see no restraint upon the exercise of their judgment as to what acquisitions shall be deemed for a public purpose.

With the permission of the Chairman and the members of this committee, turn, just for illustrative purposes, to chapter 496 of the Municipal Airports Act. Let me read how the public is protected in that bill when it comes to condemnation. I am reading from NRS 496.070, Sub. 1:

"In the acquisition of property by eminent domain proceedings authorized by this Chapter, the municipality shall proceed in the manner provided by Chapter 37 of NRS, etc.,"

Why is Chapter 37 of NRS significant, Mr. Chairman and members of the committee. Because Chapter 37, which is Nevada Statute concerning eminent domain, drafts very strict provisions upon the manner in which private property can be condemned by anybody in the state. For example, NRS 37.040:

"No judgment of condemnation shall be entered unless the court first finds that: (1) the use to which the property is to be applied is a public use; (2) the property is necessary to such public use; (3) if the property is already appropriated to some public use, the public use to which it is to be applied is a more necessary public use."

Throughout Chapter 37, one finds strict requirements that all interested parties are to have an opportunity to be heard before a court. There are strict requirements, official determinations of public use; every step of the way, the right of public property is protected, yet, today, with casual quietness, there is explained to the Chairman and the members of the committee that there is some sort of academic debate on the bonding attorneys, the other attorneys, as to whether chapter 2 didn't mean very much. Perhaps it will aid in the sale of some bonds, perhaps it won't aid and no one meets the issue squarely as he is required to do with a legislative committee and say in clear and blunt terms that Chapter 2 is designed to give and control power in the hands of the proponents of this particular program, to condemn in a manner that they shall deem to be for public purpose. That alone would compel a defeat of this proposed legislation tonight. Assuming, you are faced with the proposition of reaching a final determination upon the merits of the proposed legislation.

Q Are you saying Mr. Delane that if the language was put in Chapter 2 referring back to Chapter 37, that that would satisfy you?

A Not fully, because I haven't yet termed, -- that is only used -- that argument for illustrative purposes to show that there has not been that full and fair disclosure to the Chairman and the members of this committee this afternoon, of basic deficiencies in the bill. But, I would not say that the insertion of that protective provision would warrant enactment of the legislation because I am now prepared to turn to a reputation in totality to what has been represented to the Chairman and the members of this committee concerning this contract with the county concerning the complete insuention of the bonding capacity of the county and the city of our future in Clark County in terms of Federal aid, in terms of development of a comprehensible transportation and traffic and transit plan to solve the needs of the entire community and in terms of the jeopardy in which we'll be placed by the proponents of this one particular, what they call PRT or personal rapid transit or people who are concept on the strip. With the permission of the Chairman and the members of the committee, I ask that a bit more slowness and deliberation, turn to what I deem to be the true history as to what took place here. I don't believe that the Chairman and the members of this committee have been given a full and fair complete disclosure which would be the obligation of the proponents of this plan, if they were dealing as peduciaries desirous of protecting the public interest.

This Mr. Chairman and members of the committee, this history, and then we'll turn to the risks and jeopardy in which the future of Clark County would be placed.

In passing, and this regard, I'm allowing upon hearsay. Since I wasn't present. And I owe the obligation of bringing that disclosure to the committee. But, I believe my source of information is accurate and is subject to check.

The contract that they talk about, first came up in a meeting of the Board of County Commissioners on December 24, 1971. It was a last minute agenda item with no notice. That is subject to check. If I am inaccurate, it means my source of information is incorrect. And, if correct, it means you have already been told that there have been some tremendous public hearings at which all the people of Clark County were given some opportunity to express themselves upon the merits of the contract that has been originally referred to by Mr. Cavanaugh, that is the contract of December 30th, 1971. And that is the basis for the genesis of the events which have flowed since then.

That's the first correction. The next essential correction requires an analysis of the contract. Now, I believe Mr. Cavanaugh gave a copy of that contract to the Secretary of the Committee. But, I have it in front of me. First, the bill was absolutely no competitive bidding for a provision giving a two year exclusive right to what they call a group of contractors and for convenience I'll refer to the Cavanaugh group, consisting apparently of A. J. Cavanaugh and associates, Inc, an Oklahoma Corporation and they refer to a joint venture with Customs Cab, Inc., a Las Vegas Corporation but for convenience we'll call it the Cavanaugh group.

The Cavanaugh group, without competitive bidding was given an exclusive right for a period of two years to conduct certain "preliminary work" and in essence they speak about an engineering and economical feasibility of the system. Now, this is interesting, because the Oklahoma public trust statute, and

assume the Cavanaugh group, having emanated from the State of Oklahoma, is familiar with what is going on in their own state, contains the following provision. I'm reading from Title 60, the Oklahoma Statutes, Section 176, Subsection D:

"Contracts for construction, labor, equipment, material, or repairs in excess of \$2000 shall be awarded by public trust to the lowest and best competitive bidder, pursuant to public invitation to bid, which shall be published in the manner provided in the preceding section hereof. Such advertisement shall appear in the county where the work or the major part of it is to be done or the equipment or materials are to be delivered, or the services are to be rendered, provided, however, should the trustee or the trustees find that an immediate emergency exists which findings shall be entered in the journal of the trust proceedings by reason of which an immediate outlay of trust funds in an amount exceeding \$2000 is necessary in order to avoid loss of life, substantial damage to property, or damage to the public peace or safety, then such contracts may be made and entered into without public notice or competitive bids."

This sub, the state when the Cavanaugh group emanates, to bring about Nevada legislation was scrupulously careful to provide for competitive bidding in practical terms every step of the way in dealing with public trusts. Yet, at this meeting, in which my information was a last minute agenda item with no notice, a contract was signed, giving them a two year exclusive right to conduct a feasibility study and then after the two years, there is further provision that if the feasibility study is deemed acceptable, they get a 40 year franchise in effect. And none of these provisions of this contract contain a requirement for competitive bidding in any way, shape or form. That is just an interesting introductory feature before we get to what is far more important on the.....(END OF TAPE TWO - LOSS OF SOME TESTIMONY.

SEE PAGE 20 for CONTINUATION OF TESTIMONY BY
Mr. ~~De~~lane.

We have raised the question of whether the responsibility for adopting a transit and transportation plan to protect all the people, not just the tourists is exclusively lodged in the Clark County regional planning council and they are enclotted with certain federal powers and that it is arguable that this contract of December 30, 1971 undermines that authority, it is inconsistent with that authority and is illegal in the light of that authority. That is one question.

Now, another question which has never been fully analyzed yet is the local government purchasing act, which my partner, Mrs. Sheering has just brought to my attention, and NRS 332.040 provides "except as otherwise provided by law, in letting all contracts where the estimated aggregate amount required to perform a contract exceeds \$2,500 the governing body shall advertise such contract or contracts twice within a period of ten days with at least five days intervening between such advertisement," and then it goes on to have further requirements. Now, they will say that the Supreme Court may have approved the contract in question because of the statute establishing the trust. But that is not clear from the Supreme Court decision, it is open to debate among lawyers and I find nothing in the public trust statute which repeals the requirements for competitive bidding in the local government purchasing act and it is generally the law that we do not favor repeal by implication. So we are faced with two serious legal questions.

I must be honest with the members of this committee. I am not ready today to express a conclusive judgment of our law firm. Whether there has been a violation of these provisions, but I am ready to say that we are thoroughly investigating these two specific violations and the necessity for an eventual court determination of whether there have been violations and that these questions have never before been brought to the attention of the Supreme Court of the State of Nevada. I think, Mr. chairman, that answers that question.

(there was a question here which was impossible to hear.)

I am ready to get into that at this point. I think it very seriously does, but I don't use the word capability. I am going to cast it - -

Why don't you use the word capability?

I think there is a severe limitation on the capability of the people retained because of the goals they set up and I say this with the full knowledge of the national prestige of the Pete Marwick firm or the equipment manufacturers such as United States Steel who have spoken here today. I will explain precisely what I mean by my answer.

(another question which I could not hear.)

My answer, sir, is that this contract was not signed by the trust but by the County and that statute did not exempt the county and before we were to put on our books of legislation of this state and exemption of county commissioners or city commissioners from a competitive bidding requirement I think the Legislature would want to have some very thorough hearings on that kind of exemption. There is a difference between a public trust which is specifically formed as a vehicle to

obtain private financing for projects where there might be restrictions or limitations on the general obligation bonds or the full faith and credit of governmental bonds. And an exemption given to a board of county commissioners to sign exclusive contracts, that's a very serious nature because of the many political ramifications of county commissions and city commissions giving out contracts on a negotiated basis. I think those are two different things. That statute - that particular exemption, sir, we believe is directed toward contracts signed by the trust and is not directed toward franchises or exclusive contracts awarded by the boards of county commissioners.

The entire political context in which a problem would arise, I think, is totally different. We are particularly, at this present time, we must be very concerned with the precision with which a board of county commissioners complies with the requirements of law. There is just too much concern by the people of Clark County with the function of the board of county commissioners to read into a piece of legislation designed to set up a vehicle for private financing, to read into that an exemption of a board of county commissioners from competitive bidding, for obvious reasons.

May I now answer the question that has been propounded to me concerning what we view to be the deficiencies in the supporting steps, may I put it in that form. I said I wanted to be cautious in using the word competency, because clearly nobody would be irresponsible enough to challenge a prestigious national firm in terms of its competency to make a study. So let's lay aside, if we may, for the moment, what it is I am being critical of here.

First, the contract of December 30, 1971, did not call for a feasibility study of a transportation or transit system to serve the people of Clark County.

If you study this contract perceptively, it is in many respects, can be a disaster. Yet, the Pete Marwick firm will be doing its job, and their spokesman is in this room today, to bear witness that I speak the truth. The contract starts out and says: "Whereas, there exists a critical need," and that's interesting, because I don't know of what study ever allowed the presupposition that there existed a critical need. There may have existed some sort of amusement attraction comparable to Disney World, but I have a little difficulty with the opening language of a critical need. But let's go on and see what else is in here.

"For an efficient elevated rapid transit system to serve the city of Las Vegas, and portions of Clark County outside the corporate boundaries of said city, which would connect McCarran International Airport with various business districts of the city, the entertainment centers, hotels and other points of interest within the Las Vegas metropolitan area."

Later, they say there is to be a two year exclusive right to conduct a study, "In order to determine the engineering and economic feasibility of the system." And the system they talk about is quoted in that preamble, I read, namely the elevated rapid transit system. They don't speak of a system to serve the transportation and transit needs of the people of Clark County. They speak of a system serving a rather ambiguous corridor, and when one opens out the beautiful booklets with all the lovely colors, one finds the corridor is McCarran field to the strip

hotels with a station down town because obviously, there are some casinos down town.

Now, we who speak for Checker Cab Company will be the last to de-emphasize the importance of tourist service, or to de-emphasize the importance of the hotel casino industry. There is no question that that industry is vital to the economic welfare of our county and in turn, our State. But we must be equally concerned with the transportation and transit needs of the people who reside, raise their children, go to the churches, go to the shopping centers and live their lives out in Clark County, Nevada. These are equal and concomitated transportation and transit needs.

I do not find that Pete Marwick has devoted its feasibility studies in terms of ridership, to corridors other than the corridor marked in perhaps red or blue on the very beautiful, glossy, colorful diagrams that have been distributed among the members of this committee by the spokesman for the manufacturers who will get their money first out of the bond money.

Therefore, I question not so much the competency, that would be an erroneous term for me to use, I question the predicate, the premise the basis of the Pete Marwick ridership study. For it is ridership directed toward a specific corridor and a corridor that is in no way related to the comprehensive transportation and transit planning which is essential to protect the people who live in southern Nevada. That's just an opening. I haven't started yet on their - -

I suppose you're right.

I am right, sir, that.

Suppose it would be, suppose we restrict it to what has been proposed. I think we could refer to it as possibly a tourist attraction and at the same time it does provide for an efficient means of transportation for tourists, and if it is at no public cost . .

I am ready to answer, If it is at no public cost, that is the next analysis. I said I had just begun.

Well perhaps you should get to what it is you're about to say. It's already 6:30 and need to conclude this matter.

I'm doing the best I can, sir, there were 7 or 8 speakers before me.

We want the serious questions, we don't want the glorious background involved in the thing, we want the facts, the implications to the county and the seriousness of it, if you think it is serious, these are the things we want to hear.

That is what I was going to address myself to, Mr. Chairman. I am ready in response to the last question to seriously challenge the proposition that there is no public cost from a number of what I think are meaningful viewpoints. I might note that I have been in Washington, D. C., yesterday and the day before and I have had meetings with representatives of the urban mass transportation administration

called UMTA and for the purpose of simply acquiring as much documentation and knowledge as I could to permit me to make an intelligent presentation to the chairman and members of this committee today. So I speak with a bit of background stemming from those meetings earlier this week. Let us assume, for the sake of discussion that the proposed personal rapid transit system fails on the strip corridor. We must also note there is no restriction as to how much money they can spend. There is no restriction as to how much money they can sell in bonds. The throw round figures, they speak of \$80,000,000 for construction, they also have represented they have a contract to buy the bus company and that is where they can of a great disaster to this state.

The could also come back and sell new bonds at a later date. There are no restrictions in the laws pertaining to any of that and all of that has been simply brushed over today. Let's talk about the danger and the risk of obtaining the bus company. I assume the concept of buying the bus company arose, and I am now making an assumption, because some people said, "this should be an integrated transportation plan. We have a bus company that is not making a profit, we are concerned about its future, what are you going to do about it?" and the Cavanaugh people decided it would look better if we can project the image of being concerned with an overall transportation system.

They say they have a contract. No one has seen the contract, no one knows what the provisions are, nothing is ever put where we can publicly examine it, but I do know this, I know that there is a provision now in the statute they proposed that the bus company operations will be exempt from public service commission regulations if the trust acquires it. I know if there is an exemption from PSC regulation, no one has control of rates, routes, service, vehicles or abandonment. I know that the people of Clark County, without PSC supervision over abandonment of routes, rates and transfers, can be left with a totally destroyed bus system. It can be a charitable trust system and I use the word charitable with question, acquire the Las Vegas transit system. That has not been discussed with the members of this committee today. The exemption from PSC regulation of the bus system when acquired.

I also know, but let us assume the corridor they are concerned with is profitable, but the bus system is without profit that they acquire, somebody is going to be called upon to seek federal aid, under the various federal statutes now in effect, with the federal government offering two-thirds contribution and the local government offering one-third contribution. What will be the reaction of the federal agency that is the department of transportation if it is presented with an accomplished fact that without its review, without approval of the Clark County regional planning council which has the A 95 review certification of the federal government, this county had very simply with its contract and a few other proceedings or meetings allowed this PRT system to go into effect in the strip corridor, and how is the federal government going to feel later about matching funds. How are the people of Clark County going to be protected when they need federal aid in order to subsidize a bus system. Anyone who thinks that transit system today can pay for itself out of the fare box is not familiar with what is going on the United States. It is impossible. Another thing I think is odd is that the so-called PRT, which is the subject of the glossy booklet is only in an experimental stage in Morgan Town, West Virginia. There it is taking

a federal subsidy. So we are taking risks with this system, even if we assume for the sake of discussion that they make profit, they cover their bond service, their operating and their other expenses in the strip corridor.

Now let's assume for further discussion that they cannot generate profit in the strip corridor and Pete Marwick will be the first one to confirm what I say today to you gentlemen, that Pete Marwick is not guaranteeing the ridership figures at a dollar per passenger. They may merely be preparing a study in which I think they are very careful, perhaps to make such statements as for example, "because any forecast is subject to any uncertainties, however, PMM & Co. does not represent these projections as specific results which will actually be received." Those are words of Pete Marwick, Mitchell and Company.

Therefore, Mr. Chairman and members of the committee, do not function from a premise because of what was said today that Pete Marwick is guaranteeing ridership, rates, or that they will not be a boredom among the tourists who try this novelty out once or twice and then decide they don't care to keep riding on this particular system. And they must remember the tourists who come back to Las Vegas week after week to gamble from southern California and build tremendous deplaning passenger statistics at McCarran International Airport, but are very accustomed to our city and may get bored after the first or second time. Pete Marwick is not pinning itself down to its predictions. They are saying honestly and forthrightly if they would give the report today, what they are projecting or predicting. So let's assume for discussion, that the PRT or People mover proposed system on the strip turns out to be profitless. It is easy for Mr. Cavanaugh to say, "We will assume an obligation to take it down."

Question 1, will there be money left to take it down. Question 2, what restriction is imposed on the revenue that is raised on the sale of bonds so that it is escrow or put away in trust for the sole purpose of taking down an eye sore. Question 3, how do you know you will sell enough bonds to raise the money that will even give you enough money to take it down after you have constructed the system and bought a bus company added to all this expense and try to operate it. Question 4, if you are in no position to take it down, who do we sue and for how much money. Question 5, isn't it true that if something must be done to either change it or subsidize it or take it down the burden will fall upon the people of Clark County, or indirectly upon the people through the fact that the hotels should be showing concern with these problems. Question 6, if it is the people of Clark County who are called upon at one point to subsidize a bus system that is no longer under PSC regulation, but perhaps even to subsidize the people mover system on the strip corridor, will it not then be required that the public entities go to the federal government for matching funds to aid that subsidy.

Question 7, when we go to the federal government isn't the department of transportation going to say, "We have all kinds of burdens throughout the nation, other cities with industrial economies have priorities. You in Clark County decided to take a gamble involving perhaps 70 or 80 Million Dollars, what in the world do you want from us at a time of

inflation when we are trying to trim budgets in area of government expense. No one has asked these questions of Mr. Cavanaugh or his colleagues, or his manufacturers or his whoever supporting him or his spokesman, or his lawyers.

We respectfully submit in a very quite manner to the chairman and members of this committee that the board of county commissioners is going to face on the day of April 19, 1973, of this year, an interrogation that they have never dreamed of and they have announced that there is going to be a public hearing in which there is going to be a chance for people to ask questions, they never dreamed these questions will be asked, and we are proud to appear before this state Legislative committee in terms of initiating the terms of the discussion. We have only started. Faced with these problems, I seriously question whether it is prudent for this committee tonight to approve this proposed legislation.

I have raised very serious doubts whether it shouldn't even be rejected tonight, but it would seem to me that if indeed we were concerned with the comprehensive transportation and transit plan for all the people of Clark County, that means residents as well as tourists, resort hotels as well as private businesses, that we would at least be deliberate and cautious in what we are recommending, and here lies the great risk as we see it to the chairman and the members of this committee.

They are very skillful in the way they do these things. They are the first ones to get up here in a very nice manner and a forthright manner and speak about misleading advertisements. The advertisements, I don't believe, were misleading, because the advertisements didn't even come close to propounding the questions I have asked here today and much of the material which I have discussed with the members of this committee stemmed, as I said, from meeting with federal representatives in the last 48 hours.

I know this, that each time some public body adopts something they propose, it is followed by a headline that the monorail has been approved and sanctioned, for example a week or two ago by a Senate Committee. Now no monorail was approved or sanctioned by any committee. What may have happened was that a particular item of legislation on that particular occasion may have received a favorable consideration.

Today, or this evening there is before the committee a bill which discusses broad condemnation, no restrictions extending the power of commissions to sign contracts in terms of 40 year franchises without competitive bidding, then what happens? If an Assembly committee looks at a proposed bill and says, "Well, no one is harmed, all they want to do is facilitate, or implement further action by the county." And then the county is going to have the responsibility. But that isn't what happens in political practice. What happens is, it appears as if this Assembly committee has approved and sanctioned the monorail. That is the way the people read it.

Then on April 19, 1973, when the board of county commissioners has its so-called public hearing in which they are going to have to answer some very serious questions about this contract, they are fortified by the

fact that there has been what appears to be the stamp of approval by a state legislative committee. If indeed, all they are worried about is a little implementation or facilitating further action, there is no hurry, this committee can table this particular bill. The Legislature is not adjourning tomorrow and the Legislature may be interested in what the people of Clark County have to say about this whole situation.

What they really want, and I am repeating myself, is a stamp of approval so as to create an atmosphere in Clark County on the 19th of April, that there has been a full review of the monorail by the Nevada Legislature and that they have approved it. People, the ordinary voter does not perceptively analyze ever section of every bill. He speaks in generic terms. He speaks of the monorail. And incidentally, it is not even a monorail. That is a word they have coined. It is an overhead railroad. A monorail is a one track round railroad, distinguishable from the duo-railroad with two tracks. But its easy for them, and when they have finished they will have an improval of the monorail by this committee of the Nevada State Legislature. Not because you intended it that way, not because you voted it that way, but because that is precisely how it may be publicized and that is the atmosphere that will be artificially created to give that impression.

Now, if I am correct, in my analysis in terms of political consequences, then the onus of bringing about what they call the monorail will fall upon the shoulders of this Assembly committee tonight. There is no way you can close your eyes to how it may be used. And if the questions that I asked about the ultimate impairment of the bonding capacity of Clark County, or the ability of Clark County to obtain matching funds from the department of transportation because of possible developments requiring subsidization of a required bus system, or subsidization because of a failure in this particular corridor on the strip, if I am correct in some of these potential dangers and risks, then the onus will fall back on those who are said to have approved the monorail and tonight it is this committee.

Now, I could speak the subject I have vast amounts of documents, I have documents concerned with the Morgan Town, West Virginia transit system that is now being developed. I have reports of what is called the Transpo Study which was an experimental study at Dulles International Airport at which all the same manufacturers came forth and they presented their equipment. It is interesting that they come here today and speak with great confidence about how wonderful everything is, and as recent as last year at Dulles International Airport they were taking public opinion polls of how the people liked or disliked each of their systems and they tested the monocab, the roarcab, which I notice was a subject of a colorful booklet given to you, they tested some of the other types of hardware and they were busy taking public opinion polls. That's how experimental this thing is. They called it the transpo project, at Dulles International Airport, at Chantilly, Virginia. That, they don't tell you.

I could sit and discuss with you the Las Vegas Valley Transportation Study that was referred to. Somebody said that they used that. I believe the representative of Pete Marwick said they used that. I repeat, I could sit here tonight and literally for hours with the chairman and members of this committee analyzing each of these documents. But there are practical limits. This committee I am sure wants to go into session

it is late in the evening, our turn to speak came rather late, because we had at least 7 or 8 spokesmen in support of this legislation who preceded me. I think that this is a very appropriate time to, despite the fact that I think or presentation is incomplete to perhaps bring it to a close.

I sum up to the chairman and members of this committee in the following manner.

We have in no way tried, this evening to exhaustively discuss with you the prejudicial effects that could result from this proposal to the bonding capacity or to discuss the economic detriment that could be sustained by the people of Clark County if certain contingencies arise. We've just touched on it and we have done so in order to provoke thought so that we don't face last minute precipitous action without careful deliberation and above all without the chance for the people of Clark County to express themselves as is now scheduled for the 19th of April.

I know that the existing legislation is totally lacking in controls. I think the exemption from public service commission regulation of acquired bus systems is a harm. I can't conceive of the public being dependent upon a bus system which is exempt from PSC regulations of abandonment routes, rates and service. And that is in the legislation now.

I know that there are strict requirements of the federal government to match funds on a two-thirds, one-third basis, if that day ever comes in Clark County that we have to look to the federal government. I know that we have a Clark County regional planning council, vested with law with responsibilities for a comprehensive transportation and transit plan, and I am not ready to accept a representation that they have been consulted. In this area, I am relying upon hearsay, but I am told they have been by-passed, and have expressed great concern. I know that that particular agency has put an application in that is now pending in the department of transportation for federal aid in order to conduct a transportation study, for the entire county.

I know that this bill is totally lacking in restraints in condemnation authority which in itself warrants or justifies defeat of the bill. I know that there are people very sincerely concerned with the manner in which all the legislation has somehow been enacted pertaining to this proposed system. I know that there are people very sincerely concerned with the manner in which the board of county commissioners has signed a contract and all of the repercussions that may flow from that. And I say that not as an attorney who is a spokesman for, as I used the phrase before, a private and vested interest which may very well be economically aggrieved, but I say that as a citizen. I know that there appears to be cogent editorial opposition appearing to this program, and I must presume that editorial opposition, whether one agrees, or disagrees with the fourth estate, stems from a concern for the public interest. They are not in the public interest. Those who are responsible for the editorials and who are responsible for the editorial cartoons do not operate competitive transportation systems, and I see those in the daily newspapers of Clark County.

I say these things to a committee who represents the people and it would be premature for this committee tonight to approve this bill. If I had

my way, I would seek a vote of rejection, based on the grounds of state. But that is only because I speak as a lawyer for a private vested interested. In terms of public interest, the sensible and practical thing to do appears to me would be to defer action until there is a more complete public hearing in Clark County where the people have been given an opportunity to have some of these very provocative questions answers.

And with that conclusion, I respectfully thank the chairman and the members of this committee for the opportunity which has been given me today, as an attorney to address this legislature. If you have any questions, I will be most happy to try and answer.

We appreciate what you have done here this evening. There are only two questions I would like, one is, how long have you represented Checker Cab Company?

Checker Cabs' previous legal counsel is now a member of the Supreme Court of the State of Nevada, and he assumed the bench I believe in the year 1971, about January, and I started to represent Checker in early 1971 in my scope of my representation has increased.

A gentleman from Checker Cab, whose name I could not get, spoke. My previous counsel was Mr. Gunderson, who is now a member of the Supreme Court.

Speaker: And I supplanted his position as counsel.

A question was asked which I could not hear.

At that time, I was not aware of it, personally. The study, that was conducted of that legislation by my son came after the enactment of the bill. I do fell, however, that if the bill calls for corrective action, the Legislature has the power to endraft whatever controls are needed by amendment to protect the public interest.

I personally am not opposed to the concept of a public trust as a vehicle for private financing to overcome those situations with limitations upon the bonding - the ability of the government to sell general obligation bonds to prohibit public financing. I am fully aware of the entire concept of the use of a trust as a vehicle for private financing and speaking at this point as a private financing and I am not opposed to that concept, but I am opposed to the lack any restriction, control for the protection of the public in that particular piece of legislation and it may very well warrant corrective action in the near future.

I might also note in passing, Fortune Magazine, in its March issue has devoted page 178, is devoted to the revenue bonds. The article, is, "Bonds that aren't what the seem." And the article discusses the revenue bonds and how they are sold, by for example trust, in this case to finance a stadium, and then they turn around and they lease the facility to the governmental agency with a provision for rent and the rent becomes the pledge toward the repaying the cost of the bonds not covered by income. In this case, the question

came before the Michigan Supreme Court and the former Governor, who is the chief justice, G. Mennen Williams, wrote the opinion and he attached this technique. It is a disguise by which you sell revenue bonds that on their face don't seem to impair the general bonding capacity of the governmental agency. You then lease the facility to the government and the rent becomes the means of financing the payment of the revenue bonds and I think this whole area of a use of a trust as a vehicle for private financing for the sale of revenue bonds to by-pass limitations on general obligation bonds deserves much more consideration and perhaps corrective amendments. The vehicle itself may not be bad, but there is a great need for further controls on the use of that technique.

This question is something like, the payment of the bonds, in no way effects the contract or the principals involved.

I can answer that in the following manner. When I speak of corrective legislation I am speaking in terms of future protection of the public interest in the use of the trust as a vehicle for private financing. The contract with the county faces a number of serious challenges. Not only legal challenges, but there is also a very practical political challenge.

Incidentally, in meeting before the city commission of Las Vegas on the evening of March 14, of this year, Mr. Cavanaugh made the statement that he had a gentleman's agreement that anytime the county or city wants to walk away from this he will allow them to walk away. Now, we have a tape recording of what was said at that meeting, and I don't know, but we are going to hold Mr. Cavanaugh to that.

It isn't in the contract.

It is not in the contract, but let me finish. When we read the contract - he called it a gentleman's agreement, and if that is so, and the questions we have raised are as serious as we believe them to be it may very well be that the decision is made that the December 30, 1971 agreement should be modified or rescinded or handled in a different manner. The manner in which it was done, we feel is a very undesirable one and there has to be some corrective action to protect the public.

That is not said in terms of some massive all out attack on the contract or is said to say anyone is going to court, I was very cautious in my discussion of that nature, but it was said to point out that though we are concerned with that contract, that contract as far as I am concerned is under a very dark cloud at this moment. That is the best way I can put it.

Thank you, Mr. Chairman.

Samuel Frued, a practicing dermatologist from Las Vegas, my prepared statement will have to go by the wayside, however, some of the questions which have been raised by you, Mr. Chairman, and others, I think I can shed light on which has not thus far, been brought to your attention. You spoke of the meeting at which the county commissioners on January 20, which I think is the only error in Mr. Delaney's presentation is not the 24th. I have a copy of it here for you, sir. May it be noted

from that, a bit apart from the widespread public hearings which have been held on this. This contract was an add on to the agenda. There were 8 items added that day. This is the first of the 8.

There was no way a citizen would have any idea what was going to be on that agenda without having specifically been at that meeting, or have had recourse to a commissioner who would have told him that this was going to appear.

So apart from having public discourse, public input to this whole concept of the monorail, what we have in fact is one group, the principals of whom very carefully drafted the Nevada Public Trust law 242B of NRS, with the lack of safeguard which you have all seen before you, I think you have all seen copies of the Oklahoma law, and you can see how it is defective. These same principals, joining with Mr. Cavanaugh's group then came to the county commission and entered an exclusive contract at which time the chairman, Mr. Ryan stepped down from the chair and moved that this contract be accepted.

Now, when the public hearings all came, the contract was already signed. Now, we thought there would be some opportunity to amend this when the city chose to sign the contract, and they did, in all candor hold several hearings for us. They chose not to amend the contract in terms of the citizens concerns, in terms of safeties afforded the local citizens who are going to be absorbed by the bus line. The \$1.00 limitation on the feasibility study and chose to sign the same contract. At that time in History which was about April of last year, it became obvious to those of us who are concerned as citizens. There would be no way to effectively modify this contract and this agreement with both feet forward with a type of system for which there had been no study in terms of alternatives. No logical, prudent course outlined tried to define the perimeter of the problem for the Las Vegas Valley. The growth for over half a century for which this particular system locks us in, none of this had been done.

So, we took the bull by the horns and I filed suit in Eighth Judicial District Court asking that the contract you have before you be declared null and void.

Now, Mr. Dini questioned whether or not the action of the commission irrespective of how morally reprehensible it might be, in terms of public input to what would be the largest contract ever signed in Clark County. Which would bind our mass transit into a fixed system that would totally lock us in and totally lock us out of federal funding from here on out.

Irrespective of that, whether or not it was legal. So, that happens to be the third cause of action of my suit. The fact is, in terms of purchasing agreements, the county is bound to an amount of \$2500 or less. When it was very obvious that this feasibility study was going to involve a great deal more than that, there was not advertising of bids.

Now, when we come to 818, which for a simple housekeeping measure has drawn a remarkable crowd. It was, I didn't realize that I might be an aggrieved party here today, until Mr. Blakey, pointed out that perhaps the chief section of this bill which cannot be touched and which must be passed, deals with allowing agreements to extend beyond the terms of the governmental body officers terms of office. What, in effect does this do?

The contract which is before you is signed by one group of commissioners whose terms of office will not extend throughout the length of the feasibility study. Replacements, in the place of Mr. Brennen being replaced by Mr. Ronzone.

These commissioners are bound to go forward and approve a definitive contract, if in fact, any portion of this study proves feasible. And in fact are being bound by this prior agreement, and so, I can see that there is no amendment to 818 which can in any way confer any legitimacy to what you have before you today.

You are a state body. You represent diverse interests throughout the state. The legislation which you have before you is of local special interest. There would seem - well, it would quite unseemly to extend statewide these type of loopholes when in fact the law already has the loopholes. A vast number of them. I think this legislation should be rejected and the next session of the Legislature we should come around and try to do effectively what some of us tried to do with 418, where we spoke solely the issues and substitute (?) defects in the law. But yet, we are drawn into this whole monorail situation.

Mr. Bell has commented that leave Clark County alone. Let the people do what they want down there. Well, who are we leaving alone? Who are the commissioners? They are the representatives of we, the people. Where did we have an opportunity to have any input into this contract, at all?

They had to agree, you know, before anyone knew about it. He further speaks of a comprehensive plan, and here is where the defect in the Pete Marwick, Mitchell study comes in. I am sure in terms of what Pete Marwick, Mitchell did is quite feasible. But the point is did Pete Marwick, Mitchell include a bus system being drafted onto this thing? Did they include projections for the growth of the valley to maybe five or six hundred thousand people. Did they make grafic changes as neighborhoods age and require transportation services? No, I would suspect that the viability of this does not include the factors that historically have to be subsidized. These are the things that should have been inthe study to begin with. For this reason I think it is totally inappropriate to even consider an amendment and I would suggest that it be rejected.

A question was asked here as to what happened to the suit.

Well, now, it is kind of like the thing, - first of all it was described by one of the principals on the other side of the nuisance suit that it really wasn't necessary, because the county had already addressed itself to all of these problems. The county had not addressed itself to at least three of them at the Supreme Court level, so that, it has set in limbo and both of use who had been involved in this from the very beginning have not very visible until very recently. Primarily because of one thing, my law suit has just been sitting there. However, on Monday Judge _____? removed the stay order and has given the David Goldwater firm 20 days in order to respond to the motion, so that it appears that not only my attorney and others to

whom I have given this material to read, but perhaps the judge himself does feel that there are some reasons to at least look at the points of law that have been brought out here today.

This gentleman was not identified and was apparently some way away from the mike. It is difficult to pick him up.

. . . . If, we should say, our bid was zero, that's less than \$2,000, and so over on page 8, paragraph 11, it says that all preliminary work raised by contractors as mentioned in paragraph 1 hereof shall be made available for inspection in view of analysis by authorized representatives of the city and county for the trust agreement for public trust shall be bound and no bond can be sold to provide fund and no contract for construction for the operation of the _____ or any portion thereof shall be entered into by the trustee of this public trust without the prior approval of _____ (He apparently was reading from the statute.)

Now, that's what I mean by a gentleman's agreement. Some of these things that these gentlemen are talking about couldn't get put in the contract because the county trust never did get organized, never convened and hasn't met to this day, so in the meantime all that happened is that we've been doing our work, getting into a position to sit down at a public meeting and work this thing out like it ought to be worked out.