

Assembly

GOVERNMENT AFFAIRS COMMITTEE

MINUTES OF THE MEETING

MARCH 26, 1975

MEMBERS PRESENT:

- CHAIRMAN DINI
- VICE-CHAIRMAN MURPHY
- ASSEMBLYMAN CRADDOCK
- ASSEMBLYMAN HARMON
- ASSEMBLYMAN MAY
- ASSEMBLYMAN MOODY
- ASSEMBLYMAN SCHOFIELD
- ASSEMBLYMAN FORD
- ASSEMBLYMAN YOUNG

ALSO PRESENT:

- Lester Berkson, Tahoe Douglas District
- Mr. W. W. White
- Mr. Gene Milligan, Nv. Association of Realtors
- Mr. Clyde E. Biglieri, City of Reno
- Mr. L. A. Hodgert, Elk Point
- Milton Manoukian, DCSID # 1
- Jack Jeffries, Assembly
- Mr. R. Guild Gray
- Mr. Oglevie

(The following bills were discussed at this meeting: A.B. 384, A.B. 450, A.B. 421, A.B. 408, A.B. 435, A.B. 197, A.B. 465, A.C.R. 32).

Chairman Dini called the meeting to order at 8:00 A.M.

The first bill to be discussed was A.B. 384, which revises laws pertaining to public securities.

Mr. R. Guild Gray testified with regard to this bill and introduced Mr. Oglevie to the committee. Mr. Gray stated that this was a complicated bill. He had prepared a memorandum which takes up the changes that this bill would make in the existing law in connection with various numbers in the Nevada Revised Statutes. He stated that there were many changes, but that most of the changes had to do with raising the net effective interest rate. Mr. Gray passed out a copy of his memorandum to the committee members, a copy of which is attached to these minutes and made a part hereof. He then explained the changes on his amendment. He stated that throughout this bill they are suggesting that it not take a unanimous vote in any of these measures. The

taxpayer will lose money if we don't have this.

Mr. Olgevie stated that there may be a possible conflict with NRS 244.100 which deals with the powers of the Board of County Commissioners. This bill would probably supersede the general law. He stated that the committee may want to give some consideration to amending 244.100 to conform with this.

They then discussed the amendments again which Mr. Gray had given to the committee. Mr. Gray informed the committee that the law allows you to negotiate if you do not get a bid. The present law allows you to negotiate up to an 8% discount. The maximum interest rate even with the discount cannot exceed the 8%. Mr. Gray stated that in Boulder City it takes 30 days for an ordinance to become effective. In Clark County it only takes about a week. He believes that it would be easier to do it state-wide.

Mr. Dini asked if we had issued any yet on the economic development law. Mr. Olgelvie stated that we had in Clark County. Mr. Dini asked if there was any problem in selling them. Mr. Olgelvie replied no. Mr. Gray stated that to the best of his knowledge all they have are pollution controls.

Mr. Young asked if the 9% figure was enough.

Mr. Gray stated that they would like to see the maximum interest rate eliminated. He stated that the market takes care of this. He does not feel that they need any maximum. Mrs. Ford asked what the value of having any kind of maximum in the law was. Mr. Young stated that it is just a savings to the people. Mrs. Ford asked if it really was a savings to the people. Mr. Gray stated that it was not. Mrs. Ford stated that you could allow them to set a limit by ordinance. Mr. Gray felt that it should be stated by ordinance. Mrs. Ford referred to Section 465 and asked Mr. Gray if he recommended that the interest rate be taken out entirely. Mr. Gray stated that they don't think it is necessary, and that they expected interest rates to go up. Mr. Gray then referred back to the amendments given to the committee.

Mr. Gray stated that the interest rate was the same for a bond for 20 years as it is for one for one year. They feel that this is not good. This would allow them to sell their bonds in the same manner as the cities and counties do now.

Mr. Gray then referred back to the amendment. Mrs. Ford indicated that Mr. Gray had stated that we are no longer using the term emergency loans. Mr. Dini stated that he had the amendment and that we were taking that out. Mr. Gray informed the committee that at the present time the bond holder can sue the issuer of bonds for not meeting the covenants of the bonds as sold. He stated that if the state is the issuer we think that the bond holder can sue the state under Section 349.310. He further stated that it was not clear and the sophisticated buyer of bonds want this right so they suggest that we make it clear in

in the law. The odds are very slim, but there are cases.

Mr. Young questioned the sovereign immunity laws and asked if this would have any effect on them. Mr. Gray stated that bond counsel has told him that this is a very fuzzy place in the law in the states. Mr. Gray stated that at the present time to refund bonds, there is a limit to the last maturity date. Mr. Gray informed the committee that they have used a Denver firm with regard to bonds and that the firm was very conservative.

Mr. Olgelvie stated that on line 4, page 59 there is an error. He stated that there was something left out or added to. Mr. Gray stated that he would get the information and send it to the committee as he thought it would be easier to do it this way rather than to do it as separate bills.

Mr. Dini stated that he would like to have a general statement from Mr. Gray. Mr. Young then questioned the 9-1/2% figure on page 60. Mr. Gray stated that this allows the water district for taking care of the assessment bonding. He was not sure if the water district did that but that it gives them the option.

Mr. Dini asked Mr. Gray for a brief description of the bond market.

Mr. Gray stated that the bond market has fluctuated very widely. The bond index within the last two weeks has changed almost a full percent. It has fluctuated not directly with the stock market but the line has been about as jagged. He stated that up until two weeks ago they felt very comfortable. Right now the yields are increasing, and that for how long they did not know. He stated that his guess is based upon reasonable logic that we can expect a general trend upward, particularly after July. He stated that he had read that the public debt of the United States will be increased in an amount greater than all public and private debt in any year. He stated that he thought that one year from now interest rates would be higher than they are now. We are in a situation that the world has never been in before as far as money is concerned. We should be prepared for higher interest rates.

Mr. May referred to page 22 and stated that most of the language is repeated and he asked Mr. Gray to explain why this is necessary. Mr. Gray stated that the 318 law requires a different type of bonding procedure for cities and counties.

Mr. Dini suggested that the committee be allowed to digest this testimony and that the committee could take further testimony when they reconvened at 5:00 P.M. this afternoon. Mr. Schofield referred to the 2/3 majority. Mr. Olgelvie stated that 318 districts have a varying number of members, and that that was the only possible explanation that he could give. Mrs. Ford stated that there was somewhere else where they required a 3/5 majority. Mr. Olgelvie stated that that was under the consolidated improvement act, and that 3/5 applies only to cities.

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Mr. Dini asked if anyone else wished to testify on A.B. 384. Mr. Bob Warren testified next. Mr. Warren stated that as the members of the committee will recall, during December and January, one of the pieces of legislation that was requested was a bill that would permit an increase in the maximum interest. The primary purpose was the interest rate. Mr. Warren stated that as a general statement they would support the bill and its increase in interest rates. They should consider a proposal to have an open ended interest rate. He stated that elected officials were given power and discretion to make decisions. He stated that they were quite strongly in support and so was the Nevada Association of County Commissioners of the bill and that they recognize the necessity for an increase in the interest rates. He stated that it might be insufficient for the two year period under consideration.

The next bill to be discussed was A.B. 450, which consolidates sanitary sewer facilities and creates a consolidated district therefor in an unincorporated area of Douglas County.

Mr. Jacobsen that almost everyone represented was here. Mr. Jacobsen stated that Les Berkson will introduce the proponents and that Mr. Gionotti will introduce those that are against the bill.

Mr. Les Berkson testified first with regard to this bill. Mr. Berkson stated that he is appearing here as an attorney for the Tahoe Douglas Districts. Mr. Berkson distributed a memorandum to the committee, which is attached to the minutes of this meeting and made a part hereof. He stated that the memorandum outlines some of the testimony that will be presented here this morning. He stated that the bill was prepared by Robert Johnson of the Dawson firm. He stated that the bill at this point does have the support of the Douglas County Commissioners, the Nevada Tax Commission and the Bureau of Environmental Health. Mr. Berkson informed the committee that Mr. Gregory and Mr. Lein would both make comments on the bill. Mr. Berkson stated that Harold Dayton had to leave and that he had left a very short statement. Mr. Berkson read Mr. Dayton's statement and a copy of the statement is attached to the minutes of this meeting and made a part hereof.

Mr. Berkson then referred to his memorandum and to the plat attached thereto and discussed the memorandum with the committee.

Mr. Jim Lien of the Nevada Tax Commission testified next. Mr. Lien stated that what was before the committee was a piece of enabling legislation which leaves it up to the voters. He stated that the County Commissioners had the authority to merge these districts but did not see fit to do so. He stated that they had the authority under section 309 and 318.

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Mr. Lien stated that it should be pointed out that two will remain but will lose sewer functions. He stated that one is a 309 district and the other are 318 districts. Mr. Lien stated that the 309 district is not subject to the Public Service Commission but that the other are. Mr. Lien stated that duplication is obvious. He further stated that they were not eliminating all boards of trustees. He stated that three would be abolished and one would be created. Out of 5 they would have 3 boards of trustees. Mr. Lien stated that the districts must have accounting costs. He further stated that just for two districts, the accounting fees amounted to \$9,000. He stated that this could be done away with. Mr. Lien stated that this would be a long range savings over a period of time. He further stated that the districts ranged from \$31,000,000 assessed valuation to \$7,000,000 valuation. He stated that Elk Point is the smallest. It has 86 users. Costs in that district are extremely high. He stated that the Nevada Tax Commission has encouraged consolidation. He stated that Lyon County consolidated and abolished some of its entities. Mr. Lien stated that one thing that has occurred is that Round Hill has a million gallon capacity. Douglas would not allow it to sell off some of its capacity until it sold their own. He stated that the buy-in contracts require large outlays of capital by the proposed component districts in order to pay off prior costs. These can be done away with. As a result of the buy in contracts sewer rates are high in Elk Point and are low in Tahoe Douglas.

Mr. May asked how many contracts Tahoe Douglas had.

Mr. Berkson stated that there are about 1500 properties. They probably had in the area of 500 to 800. Round Hill had approximately 200, with possible expansion to 900. Elk Point has 81 with possible expansion to 86. He stated that he did not have the figure for Douglas. Kingsbury has 300 presently being served. Mr. Young asked if there would still be three boards. Mr. Lien stated that Kingsbury and Round Hill have other functions and would continue to exist and that out of five you would have only one with sewer functions. Mr. Dini asked if the County Commissioners could do this.

Mr. Lien replied yes.

Mr. Craddock asked with the studies that have been conducted if the public has been appraised of the situation so that you would get a solution?

Mr. Lien stated that that was up to the pro and con arguments made during the time preceding the election. Mr. Berkson stated that the sewer has been a controversy for a number of years.

Mr. Dini asked for a background of DCID, and what that district would be giving up.

2-0518

Mr. Berkson stated that prior to 1968 they were sending flows over to South Tahoe. About 1964 or 1965 the Douglas County Sewer Improvement started planning for their own plant. As a result they set up \$2,000,000 of general obligation bonds. They have been paying since 1968 or 1969. It still has quite a few years to go. They got Round Hill Improvement District to join in for the cost of the sewer plant. He stated that the consolidation turns everything into one hopper. There is a significant amount of general obligation bond. About \$2,000,000. One of the benefits is that having this \$2,000,000 now spread over an assessed valuation of what it is now, will reduce their taxes. Other than control, DCID will be giving up their control over the allocation of capacity. He stated that there is more than ample capacity. He stated that at the present time Douglas County is not under the PSC. This would bring all users under the protection of the Public Service Commission.

Mr. May asked what the tax rate was on these districts.

Mr. Berkson stated that the tax rate in Elk Point was 93-1/2¢. Tahoe Douglas 30¢. Round Hill 1.677 and Kingsbury .79. Mr. Berkson stated that it was based on husband and wife. Mr. Young asked about a hotel owner. Mr. Berkson stated that as an individual yes, as a corporation no. Mrs. Ford asked if you had to register to vote or if it could be by absentee ballot. Mr. Berkson stated yes that was correct.

Mr. Gregory, Chief of Environmental Health testified next. He stated that they were in support of the bill. They are undergoing another phase of pollution control at the Lake. They have had trouble trying to establish an agency for control of storm water runoff. With the formation of a district they will have an agency that will move ahead.

Mr. Gregory stated that when we get to Kingsbury, we negotiated for two years and we finally negotiated with California to accept Kingsbury sewage. The project started in 1962 and hopefully it will be completed this year. It has involved the federal government and a federal court case to get it accomplished.

Mr. Craddock asked if the years of difficulties have resulted in an independent study that has been put in writing?

Mr. Gregory stated not to his knowledge.

Mr. Dini stated that he believed that Mr. W. W. White could help the committee out.

Mr. White stated that he was testifying as an engineer and as a predecessor with 40 years experience. He stated that they started in 1947. There was a study. It was done by Engineering Sciences. It recommended a single plant. The geography was such that you would have two areas - one at the north and one at the south. You also have two states. □

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Initially there was a plant at the south side. This could be done cheaper with one plant. They met time and again on both sides. They will eventually have a plant in California at the south side and one at the north side. He stated that 18 districts are under the Public Service Commission.

Mr. May stated that the best argument was the amount of money that would be saved.

Mr. Craddock stated that he would be interested in the study subsequent to the development.

Mr. Bill Bliss testified next. He stated that he is a trustee of the Tahoe Douglas District. They have urged approval. He stated that it seems to be a golden opportunity to simplify something at Lake Tahoe.

Mr. Gray stated that this problem exists in many places in the State. He referred to Reno and Sparks and that it makes sense to have one district serve the total area.

Mr. Young asked if putting all the bonds together would create any problem.

Mr. Gray stated that there is no bonding problem.

Mr. Berkson stated that by having a larger district, it would improve the quality of the bonds.

Mr. Gianotti testified next. He read a statement which he had prepared and submitted to the members of the committee, a copy of which is attached hereto and made a part hereof.

Mr. Manoukian testified next and stated that he has not had an opportunity to exhaustively research the bill. He referred to the inquiries made by Mr. Craddock. The district that he represents is involved in 50% of the assessed valuation. Substantially more than that in terms of capital improvement and it was not on any occasion asked if this would adversely or favorably affect their district. The problem is that with the advent of the Tahoe Regional Planning Agency this exact problem in unit proportionment within the boundaries of Round Hill General Improvement District. At the present time the Round Hill Board of Directors is struggling with the problem of trying to assess some \$300,000 worth of bonds against some property which now in fact does not exist by reason of the constraints imposed by the TRPA. We are going to have some bond default problems, which have to be handled. If special assessment bonds are not paid there is a question as to whether or not those bonds stand on parity with the general obligation bonds in the event of a default. If not, monies are going to have to be raised out of the general fund in order to retire these bonds. He stated that he had spoken to Ken Carr, Chairman of the Kingsbury District and he advised that the first time that he had ever seen or heard of this legislation was the night before last and that it was the official position.

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position of their board that they would remain inactive and passive on this legislation by reason of the fact that they simply did not understand it and nothing was said with regard to the general fund surplus which the Kingsbury General Improvement District presently has contracted with the Elk Point Improvement District and the Round Hill General Improvement District. It raises serious fiscal questions. With regard to Elk Point, they charge \$3.00 per house per month to treat and process sewage. If they charged on the actual basis, that cost would be substantially more. This has something to do with what Mr. May was asking about. The reason that they are not subject to the Public Service Commission is that a policy decision was made by the Board of Directors that they would not pass on actual cost of treating sewage to residential properties. The cost is passed on to the commercial areas.

Mr. Dini stated that he would like to continue this hearing at noon today to handle a couple of small bills and then continue with the testimony on this bill. The meeting recessed until the adjournment of the session, at approximately 12:00 Noon.

Mr. Dini called the meeting to order at 12:00 Noon. The first bill to be heard was A.B. 421, which authorizes Nevada Wing 96 of Civil Air Patrol to purchase surplus tools and equipment of department of highways and to use facilities of purchasing division of general services.

Mr. Jeffrey testified and stated that this was a simple bill. Mrs. Ford moved for an amend and do pass which was seconded by Mr. Craddock. All of the members were in favor of the motion and it was carried unanimously.

The next bill to be discussed was A.B. 408, which changes voting requirements for adoption of certain planning commission resolutions and provides option to increase membership of zoning board of adjustment.

Mr. Biglieri testified with regard to this bill and passed out a resolution to the committee a copy of which is attached hereto and made a part hereof. Mr. Biglieri stated that when you have a zone change, you are changing the plan. Mr. Biglieri stated that 75% of the votes were needed. Mr. Dini stated that he was going to appoint a subcommittee consisting of Mr. Murphy and Mr. Craddock and that they would come back with some suitable language on Wednesday.

The committee next discussed A.B. 450 again. Mr. Manoukian testified.

He stated that of the five districts only two are interested in seeing this legislation adopted and one of those was Tahoe Douglas. He stated that the Elk Point District is questionable. Douglas County is opposed to it. Kingsbury does not have any burning interest and Round Hill is opposed to it. A good deal of activity has been undertaken and completed by Douglas County. The Elk Point District is

2-0551

operating on a contract. Tahoe Douglas has yet to fire up one of their pump stations and they have yet to transport one gallon of sewage through their pipes. Every area which has been included in the service plan has been served. At a meeting held on February 18, 1975 this matter was on the agenda. Mr. Manoukian read from the Board of Directors minutes and gave the committee secretary a copy of those minutes, which are attached hereto and made a part hereof.

Mr. Manoukian stated that he does not have a firm grasp on what is going on. He informed the committee that he had received a call from Mr. J. White and Mr. White had asked if their board would have any objection to the Tahoe District entering into a contract. Mr. Manoukian stated that he had polled his board members and was instructed to inform Mr. White that they could proceed with negotiations. Mr. Gregory had testified that there were problems in litigation. The litigation did not involve their district. They have only been involved in two or three areas and none of them went to trial. Mr. Manoukian referred to Round Hill not being able to sell their excess water. He stated that because of a fiscal problem, the Round Hill District was unable to meet its obligations. The reason that their district objected to them selling the water was because their district had to shoulder the financial responsibility of paying for all that capacity. If Round Hill then sold that capacity it would leave them with less than 1,000,000 gallons of capacity. They need at least 1,000,000 gallons. He stated that Kingsbury's expenses do not even exceed \$1,000 annually.

Mr. Manoukian stated that he does not feel that there has been enough professional testimony. He stated that he had spoken to Mr. Johnson and asked him what would happen if there was a default. Mr. Johnson stated that it was impossible for him to answer that question by telephone and Mr. Manoukian stated that he was the one that had drafted this legislation. He stated that the Tahoe Douglas District has it on the agenda for their next meeting. Mr. Manoukian stated that this bill would have considerable public appeal. He stated that there was some legislation on the books that could take care of this already. He stated that Kingsbury was now sitting on a \$60,000 or \$70,000 surplus. Their district has in its plant expansion account the sum of \$245,056.58. This has been raised through taxation and it is being held in time certificates of deposit. Their district holds permit number 001. It is only good til July 1, 1977. Their district has set aside money for a treatment plant. The federal government has stated that they have to build a larger plant. A problem is what to do with the receivables. He informed the committee that the Tahoe Douglas District and the Kingsbury District owe his district money. He stated that their board has gone very slowly in entering into contracts. Every one of them has worked. The contract with Kingsbury is terminable on notice. Mr. Manoukian then quoted from a letter from their bond counsel.

Mr. Dini asked Mr. Manoukian if their district was solvent. Mr. Manoukian replied yes.

Mr. Tom Ect testified next. He stated that he had received

the bill yesterday afternoon and he has not been able to study it in great depth. The board of trustees had a special meeting last night. They feel that the bill should be unanimously defeated as written. The bill does not provide specificity. Round Hill is not opposed to consolidation. He stated that there is no provision in the statutes for picking up of any delinquencies. There would be no security for payment of bonds to bondholders. That is one of the major problems. In considering the proposal, there is the political consolidation and the operational consolidation. There would be absolutely no staff reduction. He asked the committee to consider who would be benefiting from the proposal. He stated that he was not qualified to say. He stated that some real questions had been posed and that they had not been answered. They should be before legislation is passed.

Mr. Dini asked what the background on the delinquent payments on the bonds.

Mr. Ect stated that the TRPA zoned 320 acres of general forest and another 110 acres but imposed a constraint on it.

Mr. Dini asked if this land all had a constraint on it.

Mr. Ect stated that the only thing they did not pick up was the general forest. Mr. Dini asked if he thought the TRPA will allow that to be rezoned.

Mr. Ect stated that he could not make any predictions.

Mr. Dini stated that this would conclude the testimony on A.B. 450. He stated that the committee would not make a decision today with regard to this bill. The committee then recessed until 5:00 P.M. this event.

Mr. Dini called the meeting to order at 5:00 P.M. Mr. Gray testified with regard to A.B. 435, which dissolves the Fernley Sanitation District and the Fernley Water District merging their respective areas into the unincorporated town of Fernley. Mr. Gray stated that this was an important one to the state. He stated that the county commissioners abolished the district and the bonds had been issued and the FHA was upset. This bill has the approval of the FHA attorneys and everyone will be happy again. It clarifies an action. He highly recommends that the situation be rectified. He stated that he had a letter from the FHA. The letter came from Russell Mays who is the attorney for the FHA. Mr. Gray stated that the FHA is the Farmers Home Administration. It is primarily for smaller communities.

Mr. Young moved for a do pass which was seconded by Mr. Moody. All of the members were in favor of the motion and it carried unanimously.

The next bill to be discussed was A.B. 197, which provides for financing of health and care facilities through county and city economic development revenue bonds. Mr. Gray testified again. He stated that a default hurts us and the community. There are very few hospitals that are solvent and this would be a health care facility that would be

built under the economic development law. It would be private enterprise backed by money which would be a counties or municipalities bond but the county would be responsible.

Mr. May asked if Mr. Gray was familiar with any problems in Arizona. Mr. Gray stated no but he was familiar with rest home problems in Clark county.

Mr. Dini stated that in his mind there had been enough testimony on A.B. 450. Mr. Harmon moved for an Indefinite Postponement on A.B. 450 which was seconded by Mr. Young. All of the members were in favor of the motion and it was unanimously carried.

The next bill which the committee discussed was A.B. 393. Mr. May moved for an indefinite postponement which was seconded by Mr. Harmon. All of the members were in favor of the motion and it was unanimously carried.

The committee then discussed A.B. 384. Mr. Dini stated that the committee would await a letter from Mr. Gray with regard to this bill.

The committee then discussed A.B. 465. Mr. Gray stated that he is really afraid of this bill and that it was really loose. Mr. Gray stated that he hoped that this could be tightened up. There are certain types of bonds they cannot sell. He stated that there was an amendment to A.B. 465

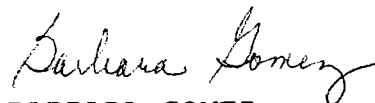
Mr. Dini stated that the committee would hold A.C.R. 32.

The committee then discussed A.B. 197 and Mr. Dini stated that there were a lot of problems. Mrs. Ford stated that it needed to be narrowed down.

Mr. Schofield moved for an indefinite postponement on A.B. 197, which was seconded by Mr. May. All of the members were in favor of the motion with the exception of Mr. Murphy who voted no for the indefinite postponement. Mr. Young and Mr. Moody abstained from voting. The motion passed unanimously.

There being no further business to come before the meeting, the meeting adjourned.

Respectfully submitted,



BARBARA GOMEZ,
Committee Secretary.

ASSEMBLY

AGENDA FOR COMMITTEE ON GOVERNMENT AFFAIRS
WEDNESDAY,

Date March 26, 1975 Time 8:00 A.M. Room 214

2-0541

Bills or Resolutions to be considered	Subject	Counsel requested*
A.B. 384	Revises laws pertaining to public securities. NOTIFY: Nick Smith, R. Guild Gray, Bob Warren, Mr. Broadbent, W.W. White	
A.B. 393	Authorizes increases in maximum interest and maximum discount on county bonds. NOTIFY: Mr. Getto, Mr. Jacobson, Nick Smith, Mr. R. Guild Gray, Mr. Broadbent, Mr. White, Mr. Warren	
A.B. 197	Provides for financing of health and care facilities through county and city economic development revenue bonds. NOTIFY: Mr. Getto, Mr. Smith and Mr. Gray	
A.B. 408	Changes voting requirements for adoption of certain planning commission resolutions and provides option to increase membership of zoning boards of adjustment. NOTIFY: Mr. Heaney, Mr. Benkovich, Mr. Warren, Mr. Broadbent	
A.C.R. 32	Directs legislative commission to study financing of general improvement districts. NOTIFY: Mr. Benkovich, Mr. Warren, Mr. Broadbent	
A.B. 421	Authorizes Nevada Wing 96 of Civil Air Patrol to purchase surplus tools and equipment of department of highways and to use facilities of purchasing division of department of general services. NOTIFY: Mr. Jeffrey, Civil Air Patrol	

*Please do not ask for counsel unless necessary.

ASSEMBLY

AGENDA FOR COMMITTEE ON GOVERNMENT AFFAIRS
WEDNESDAY,
Date March 26, 1975 Time 8:00 A.M. Room 214

2.0542

Bills or Resolutions to be considered	Subject	Counsel requested*
A.B. 435	Dissolves Fernley Sanitation District and Fernley Water District merging their respective areas into the unincorporated Town of Fernley. NOTIFY: Mr. Smith and Mr. Gray	
A.B. 450	Consolidates sanitary sewer facilities and creates a consolidated district therefor in an unincorporated area of Douglas County. NOTIFY: Mr. Jacobson, Mr. Warren, Mr. Broadbent, Mr. Gennotti (Harrah's).	

THIS IS PAGE TWO OF TWO PAGES.

*Please do not ask for counsel unless necessary.

GOVERNMENT AFFAIRS COMMITTEE

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GUEST REGISTER

DATE: MARCH 26, 1975

NAME	BILL #	REPRESENTING	TESTIFYING
Carol Mast	450	Round Hill GSD	No
Les Berkson	450	Tahoe Douglas Dist	yes
W. W. White	450		yes.
Gene Milligan	408	Nevada Assoc of Realtors	NO
Clyde E. Bighetti	408	City of Reno	YES
William W. [unclear]		Tahoe Douglas	
Ray [unclear]		ELKPOINT ee	?
L. A. Hodgert		ELKPOINT ee	?
John D. Alvar		DCSID #1	NO
John [unclear]	450	DCSID #1	YES
[unclear]	450	RH610	YES
Jack Jeffrey	421	assembly	yes

M E M O R A N D U M

TO: Assemblyman Joseph E. Dini, Jr., Chairman
Committee on Government Affairs - Nevada
State Assembly

2-0555

FROM: R. Guild Gray

SUBJECT: Assembly Bill 384

This memorandum has been prepared for the purpose of briefly explaining the reasons for changes in existing law as proposed in the subject bill. Referenced page numbers refer to pages in the bill dated March 11, 1975.

Many of the changes in existing law as proposed in the bill would raise maximum interest rates on securities issued by the State and its political subdivisions by one percent and the reason for these changes is treated briefly in the following paragraph.

Through the years since the Great Depression of the Thirties, the cost of borrowing has moved generally upward. It is expected that this trend will continue especially in the next few years when the Federal Government will be borrowing extensively in an effort to overcome the present recessionary economy. In times of fluctuating interest rates accompanied by strong inflationary forces, it is many times to the advantage of a borrower for the purposes of financing construction projects to pay a higher interest rate rather than delay projects in the hope of getting lower cost money. There are numerous examples of increased construction costs in all parts of the State.

The laws of thirty-four states do not set statutory rate limits on at least some classification of borrowing, but the Nevada Legislature in the past has not seen fit to move in this direction. We think that interest rate limits are not necessary in the law, but because of the attitude of many Nevada legislators in the past we are not suggesting that rate limits be eliminated.

Page 1 (Line 9) - FEDERAL AID FOR PUBLIC IMPROVEMENTS, COUNTY GOVERNMENT NRS 244.400 - County contributions to obtain Federal Aid for Public Improvements - change maximum interest rate for such borrowings from 8 to 9 percent.

Page 2 (Lines 9 and 10) - COUNTY STREET BEAUTIFICATION PROJECTS, COUNTY GOVERNMENT NRS 244.484 - Allowable time for bringing suit in connection with street beautification projects - eliminates superfluous language, NRS 244.487 calls for an ordinance.

Page 2 (Line 25) - NRS 244.494 - Increases maximum interest rate from 8 to 9 percent for interim warrants for street beautification projects.

Page 2 (Line 47) -- NRS 244.501 - Notices of public hearings on assessment rolls. Existing law requires notification of levy of assessments be sent by registered or certified mail but only requires regular mail for the initial hearing on assessments. We suggest that it would be to the best interests of the public to have registered mail notices for the hearing and regular mail notices for the assessments. We do not suggest that both notices be registered because of the expense.

Page 3 (Lines 16 and 17) - NRS 244.503 - See explanation immediately above.

Page 3 (Lines 35-45) NRS 244.522 - Two-thirds majority for emergency measures in connection with sale of bonds. Since 1969 the Local Government Securities Law (NRS 350.579) authorizes a political subdivision to adopt an ordinance pertaining to the sale, ~~issuance or payment of bonds or other securities to be adopted as if an emergency exists in the manner provided by law~~ for an emergency ordinance and to become effective when an emergency ordinance becomes effective. ~~NRS 350.579.~~ We suggest the amendment of the provision so that such an ordinance may be adopted by a two-thirds majority and the addition of the modified section to certain special assessment acts to which the Local Government Securities Law does not pertain. Particularly in times of poor municipal bond markets, underwriters and investors become quite selective in making bond purchases. Underwriters resell bonds on a "when and if issued" basis. Their risks increase in deteriorating markets that contracts of repurchase will be terminated if bonds are not available for delivery within a relatively short time from the time of making a contract for their purchase from the issuer. Underwriters may not bid for the purchase of bonds if they believe the issuer will not, or can not, tender the bond issue for delivery within a short time after such sale date. Recently one political subdivision could not proceed under NRS 350.579 because one member, who was under a criminal indictment, did not attend meetings of the governing body. Other sporadic absences of members occur, particularly in the summer "vacation" months of the year. The proposed amendments under consideration in this paragraph are suggested to allieviate these impediments but, in our view, without sacrificing reasonable safeguards for the inhabitants of the issuer.

Page 4 (Lines 8 and 9) - NRS 244.524 - Increases maximum discount rate for bonds for beautification projects from 8 to 9 percent and net interest cost from 8 to 9 percent.

Page 5 (Line 3) -- ~~NRS 244.531 - Increases maximum interest rate~~ for assessment bonds from 8 to 9 percent.

Page 5 (Line 19) - NRS 244.532 - Increases maximum premium for prior redemption of assessment bonds from 5 to 9 percent.

Page 6 (Lines 15 and 17-18) - COUNTY IMPROVEMENTS LAW - NRS 244.875 - Thirty days to commence suit in connection with assessment resolutions. In connection with the initial hearing on a special assessment district's creation we suggest that any complaints, protests or objections may be overruled by resolution (now a resolution may be used only under a case where a governing body deletes part of a proposed project and district) and that any person filing a written complaint, protest or objection has only 30 days (now 60 days) to commence an action or suit contesting the decision of the governing body. A non-emergency ordinance may not become effective for 30 days for some political subdivisions, e.g. Boulder City. Thus, 90 days may have to elapse before the political subdivision can proceed, free from a risk of litigation, by creating the district and advertising for construction contracts. Particularly in these days of rapid escalation of construction costs, such a delay seems excessive. ~~A 30 day appeal period is not uncommon and, in our view, is~~ reasonably sufficient from the view point of a contestant, particularly as notice of the preceding hearing is given by three weekly publications in a newspaper and by mailing notice to each owner of an assessable tract 20 days before the hearing. Further, a district still has to be created thereafter by a non-emergency ordinance (Ames v. North Las Vegas, 83 Nev. 510, 435 P.2d 202 (1967)) and is subject to repeal through an initiative procedure at an election.

Page 6 (Line 33) - NRS 244.883 - Increases maximum interest rate for interim warrants from 8 to 9 percent.

Page 7 (Lines 4 and 5, and 23 and 24) - NRS 244.888 - Requires certified or registered mail of assessment hearings and regular mail for assessment levies.

Page 8 (Line 7) - NRS 244.893 - Increases prepayment premium on assessments from 9 to 10 percent.

Page 8 (Line 24) - NRS 244.895 - Increases maximum interest rate on assessments from 9 to 10 percent.

Page 8 and 9 (Lines 45-49 and 1-5) - NRS 244.907 - Emergency measures relative to assessment bonds - see explanation for page 3, lines 35-45 above.

Page 9 (Lines 13 and 15) - NRS 244.909 - Increases discount on private sale of assessment bonds from 8 to 9 percent and increases ~~from 8 to 9 percent the net effective interest rate if the discount is capitalized.~~

Page 10 (Line 9) - NRS 244.914 - Increases the maximum interest rate on assessment bonds from 8 to 9 percent.

Page 10 (Line 26) - NRS 244.915 - Increases the maximum premium for prepayment of assessment bonds from 8 to 9 percent.

Page 11 (Line 46) - COUNTY ECONOMIC DEVELOPMENT REVENUE BOND LAW - NRS 244.9202 - Increases maximum interest rate on County Economic Development Law bonds from 8 to 10 percent.

Page 12 (Line 34) - CONTRACTS WITH FEDERAL GOVERNMENT RELATING TO WATER DRAINAGE, SANITARY SEWER AND WATER SUPPLY FACILITIES - NRS 267.510 - Increases the maximum interest rate from 8 to 9 percent which a municipality can pay the Federal Government on Water Drainage, Sanitary Sewer and Water Supply Facilities.

Page 13 (Line 12) - CITY ECONOMIC DEVELOPMENT REVENUE BOND LAW - NRS 268.534 - Increases maximum interest rate from 8 to 10 percent on City Economic Development Bonds.

Page 13 (Lines 34 and 36-37) - CONSOLIDATED LOCAL IMPROVEMENTS LAW - NRS 271.315 - Reduces from 60 to 30 days a person may file suit after a determination is made relative to a local improvement district.

Page 14 (Line 3) - NRS 271.355 - Increases the maximum interest rate from 8 to 9 percent for interim warrants for local improvement districts.

Page 14 (Lines 25 and 43 and 44) - NRS 271.380 and NRS 271.390 - Provides for registered mail notices for Improvement District hearings and regular mail for assessment levies.

Page 15 (Line 28) - NRS 271.405 - Increases from 9 to 10 percent the premium for prepayments of Local Improvement District Assessments.

Page 15 (Line 45) - NRS 271.415 - Increases from 9 to 10 percent the maximum interest on Improvement District Assessments.

Page 16 (Lines 18-28) - NRS 271.475 - Allows emergency measures relative to the sale of bonds for local improvement districts to be adopted by three-fifths of all voting members of the governing body.

Page 16 (Lines 37-38) - NRS 271.485 - Increases the maximum discount rate on Local Improvement District bonds from 8 to 9 percent and maximum net effective interest rate from 8 to 9 percent.

Page 17 (Line 33) - NRS 271.510 - Increases the maximum interest rate on assessment bonds for local improvement districts from 8 to 9 percent.

Page 18 (Line 1) - NRS 271.515 - Increases the premium for prepayment of local improvement district bonds from 8 to 9 percent.

Page 19 (Line 44) URBAN RENEWAL LAW - NRS 279.310 - Increases the maximum interest rate from 8 to 9 percent for urban renewal development bonds. ²⁻⁰⁵⁵⁹

Page 20 (Line 34) - LOCAL IMPROVEMENT DISTRICTS - NRS 309.160 - Increases maximum interest rate for irrigation district warrants from 8 to 9 percent.

Page 21 (Line 13) - NRS 309.180 - Increases maximum interest rate for irrigation district bonds from 8 to 9 percent.

Page 22 (Line 10) - NRS 309.332 - Increases prepayment premium on improvement district bonds from 8 to 9 percent.

Page 22 (Line 18) - HOUSING AUTHORITIES LAW - NRS 315.630 - Increases interest rate on improvement district bonds from 8 to 9 percent.

Page 22 (Lines 30-50 and 1-4) - GENERAL IMPROVEMENT DISTRICTS - NRS 318 - Allows general improvement districts to issue bonds in the same manner as cities and counties. Under 318 law, bonds must be sold in multiples of \$100 not exceeding \$1000. Allows no premium for calling bonds. Assessment interest must be same as bond interest. We feel that in most instances General Improvement District Assessment bonds can be sold cheaper if city-county laws are used.

Page 23 (Line 21) - NRS 318.325 - Clean-up language.

Page 23 (Line 27) - NRS 318.325 - Increases from 8 to 9 percent the interest coupon rate of General Improvement District General Obligation and Revenue bonds.

Page 23 (Line 34) - NRS 318.349 - Changes the number of trustees of General Improvement Districts necessary for bond action from four to majority.

Page 23 (Lines 38-42 and 46) - NRS 318.350 - Clean-up language.

Page 24 (Line 7) - NRS 318.420 - Increases allowable interest rate on assessment bonds from 9 to 10 percent.

Page 24 (Lines 23-27) - STATE BORROWING AND BONDS - NRS 349 - Clean-up language.

Page 24 (Lines 29 and 34-36) - NRS 349.010 - See lines 23-27 above.

Page 24 (Line 50) - NRS 349.017 - Clean-up language.

Page 25 (Lines 4-8) - NRS 349.017 - Clean-up language.

Page 25 (Lines 14-15 and 20-24) - NRS 349.050 - We suggest the amendment of NRS 349.050 and 350.050 to conform each of them to NRS 293.485, as is required by the United States Constitution, as interpreted by Dunn v. Blumstein, 405 U.S. 330, 92S.Ct. 995, 31 L.Ed. 2d 274 (1972).

Page 25 (Line 28) - NRS 349.076 - Increases maximum interest rate on state bonds from 8 to 9 percent.

Page 25 (Lines 33 and 34) - NRS 349.077 - Increases discount allowable on state bonds from 8 to 9 percent with effective interest rate not to exceed 9 percent.

Page 26 (Line 22) - NRS 349.168 - We suggest the amendment of subsection 9 of NRS 349.168 and 350.516 in effect to conform each such subsection to subsection 1 of each NRS 354.440 and 355.130. In 1969 the latter 2 sections were amended to permit short term loans (formerly called emergency loans) to be made for a term not exceeding 5 years rather than merely 3 years. But because of the failure to increase the 3 year period to 5 years in subsection 9 of NRS 349.168 and 350.516, so that a short term loan exceeding a 3 year but not 5 year, term may be funded with bond proceeds, ~~any short term loan under chapters 354 and 355 of NRS of exceeding 3 years must be repaid only by tax levies as provided in chapter 354.~~ This somewhat limits the effect of the 1969 amendments of NRS 354.440 and 355.130. In our view there is no sound policy view for such a result and presumably it is inadvertent. We then conformed NRS 396.816, the like provision in the University Securities Law, to the 2 provisions in the State Securities Law and the Local Government Securities Law, even though the University of Nevada has no taxing power and can not obtain a short term loan under chapters 354 and 355 of NRS. For similar reasons NRS 349.322(1), 350.676(1) and 396.868(1) are similarly amended.

Page 27 (Line 2) - NRS 349.168 - See "page 26" immediately above.

Page 27 (Lines 8 and 9) - NRS 349.240 - Clean-up language.

Page 27 (Line 22) - NRS 349.252 - Clean-up language.

Page 27 (Lines 37-41) - NRS 349.256 - Makes 349.256 consistent with 349.310 concerning "Rights, powers of holders of state securities, trustees."

Page 27 and 28 (Lines 49 and 1) - NRS 349.260 - Increases discount rate from 8 to 9 percent and net effective interest rate from 8 to 9 percent.

Page 29 (Line 10) - NRS 349.276 - Increases state maximum interest rate from 8 to 9 percent.

Page 29 (Line 37) - ~~NRS 349.290 - Increases limit of premium for bond redemption from 8 to 9 percent.~~

Page 29 (Line 46) - NRS 349.322 - See explanation for page 26, line 22.

Page 30 (Line 26) - NRS 349.324 - Increases from 8 to 9 percent the maximum rate allowable for bonds pledged as collateral security.

Page 30 (Lines 40-47) - NRS 349.340 - Clarifies the right to extend the last maturity of refunding bonds to twenty years from the earliest date of such securities.

Page 31 (Line 6) - NRS 349.340 - Clean-up language.

Page 31 (Lines 13 and 14) - COUNTY, CITY AND DISTRICT BONDS - NRS 350.020 - Clean-up language.

Page 31 (Lines 45-48) - NRS 350.026 - Clean-up language.

Page 32 (Lines 4-8) - NRS 350.026 - Clean-up language.

Page 32 (Lines 14-15 and 27-31) NRS 350.050 - We suggest the amendment of NRS 349.050 and 350.050 to conform each of them to NRS 293.485, as is required by the United States Constitution, as interpreted by Dunn v. Blumstein, 405. U. S. 330, 92 S.Ct. 995, 31 L.Ed. 2d 274 (1972).

Page 32 (Line 37) - NRS 350.060 - Clean-up language.

Page 32 (Line 42) - NRS 350.2011 - Increases maximum interest rate from 8 to 9 percent.

Page 32 (Lines 44 and 49) - NRS 350.2012 - Increases discount from 8 to 9 percent and effective rate from 8 to 9 percent.

Page 33 (Lines 12-13) - NRS 350.380 - Clean-up language.

Page 33 (Lines 18-22 and 28-29 and 43-46) - NRS 350.490 - Clean-up language.

Page 34 (Line 33) - LOCAL GOVERNMENT SECUTITIES LAW - NRS 350.516
 We suggest the amendment of subsection 9 of NRS 349.168 and 350.516 in effect to conform each such subsection to subsection 1 of each NRS 354.440 and 355.130. In 1969 the latter 2 sections were amended to permit short term loans (formerly called emergency loans) to be made for a term not exceeding 5 years rather than merely 3 years. But because of the failure to increase the 3 year period to 5 years in subsection 9 of NRS 349.168 and 350.516, so that a short term loan exceeding a 3 year but not 5 year, term may be funded with bond proceeds, any short term loan under chapters 354 and 355 of NRS of exceeding 3 years must be repaid only by tax levies as provided in chapter 354. This somewhat limits the effect of the 1969 amendments of NRS 354.440 and 355.130. In our view there is no sound policy view for such a result and

presumably it is inadvertent. We then conformed NRS 396.816, ²⁻⁰⁵⁶² the like provision in the University Securities Law, to the 2 provisions in the State Securities Law and the Local Government Securities Law, even though the University of Nevada has no taxing power and can not obtain a short term loan under chapters 354 and 355 of NRS. For similar reasons NRS 349.322(1), 350.676(1) and 396.868(1) are similarly amended.

Page 35 (Line 15) - NRS 350.572 - See page 34 above.

Page 35 (Lines 27-30) - NRS 350.572 - See page 3, lines 35-45.

Page 35 (Lines 34, 35 and 48) - NRS 350.594 and 350.606 - Clean-up language.

Page 36 (Lines 15-19) - NRS 350.610 - Makes section consistent with 350.664. ~~The law presently allows suing issuer. The state could pass laws which would make it impossible for local political subdivisions to meet debt obligations.~~

Page 36 (Lines 27 and 29) - NRS 350.614 - Increases the allowable discount on municipal securities to 9 percent and the effective interest rate to 9 percent.

Page 37 (Line 37) - NRS 350.630 - Increases allowable interest rate from 8 to 9 percent.

Page 38 (Line 7) - NRS 350.644 - Increases bond redemption premium to 9 percent.

Page 38 (Line 16) - NRS 350.676 - Increases from 3 to 5 years the time interim debentures can be retired by bonds.

Page 38 (Line 46) - NRS 350.678 - Increases the maximum rate on interim debentures from 8 to 9 percent.

Page 39 (Line 8) - NRS 350.694 - Limits interest rate on refunded bonds to 9 percent.

Page 39 (Lines 21-28) - NRS 350.694 - Extends the first maturity date of refunding bonds.

Page 39 (Line 36) - NRS 354.440 - Increases allowable interest rate for short term financing to 9 percent.

Page 39 ~~(Line 50) - PUBLIC INVESTMENTS - NRS 355.130 - Allows the~~ amount of interest the State can charge to local governments to be increased from 8 to 9 percent.

Page 40 (Lines 19-32) - COUNTY SCHOOL DISTRICT BONDS - NRS 387.335 - Makes clear that school districts can refund bonds in the same manner as other political subdivisions.

Page 40 (Lines 37-38) - NRS 387.340 - Clean-up language

Page 41 (Lines 26-35) - NRS 387.341 - Clean-up language.

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Page 42 (Line 24) - UNIVERSITY OF NEVADA - NRS 396.816 - Allows state to use bond funds for retiring up to five year short term debt.

Page 42 (Lines 37-38) - NRS 396.842 - Clean-up language.

Page 43 (Lines 6-10) - NRS 396.844 - Makes University law consistent with NRS 396.864. Bondholder should be able to sue the state as well as the University.

Page 43 (Lines 17-19) - NRS 396.850 - Increases allowable discount rate to 9 percent and effective interest rate to 9 percent.

~~Page 43 (Line 33) - NRS 396.852 - Increases maximum interest rate on University securities to 9 percent.~~

~~Page 44 (Line 5) - NRS 396.854 - Increases allowable redemption premium to 9 percent.~~

Page 44 (Line 13) - NRS 396.868 - Increases the time interim debentures may be issued to 5 years.

~~Page 44 (Line 40) - NRS 396.869 - Increases the interest rate on bonds pledged as collateral security from 8 to 9 percent.~~

Page 45 (Line 3) - NRS 396.874 - Limits interest on refunding bonds to 9 percent.

Page 45 (Line 14) - COUNTY ROADS, HIGHWAYS AND BRIDGES - NRS 403.310 - Limits interest on bonds for County roads to 9 percent.

Page 45 (Line 18) - COUNTY FIRE PROTECTION DISTRICTS - NRS 474.250 - Limits interest rate on bonds for fire fighting equipment to 9 percent.

Page 45 (Line 33) - IRRIGATION DISTRICTS - NRS 539.277 - Limits interest rate on bonds to 9 percent.

Page 45 (Line 41) - NRS 539.280 - Limits interest rate to U. S. Government at 9 percent.

Page 46 (Line 2) - NRS 539.375 - Limits interest rate on warrants to 9 percent.

~~Page 46 (Line 15) - NRS 539.427 - Limits interest rate for paying debt for improvements to 9 percent.~~

Page 46 (Line 33) - NRS 539.465 - Limits rate of interest on refunding bonds to 9 percent.

Page 46 (Line 41) - NRS 539.480 - Limits rate of interest on warrants to 9 percent.

Page 47 (Line 8) - NRS 539.620 - Limits call premium on bonds to 9 percent.

Page 47 (Line 12) - NRS 539.630 - Limits interest rate on bonds to 9 percent.

Page 47 (Line 20) - DRAINAGE DISTRICTS - NRS 540.590 - Limits interest rate on warrants to 9 percent.

Page 47 (Line 31) - NRS 540.720 - Limits bond interest to 9 percent.

Page 47 (Line 39) - FLOOD CONTROL DISTRICTS - NRS 543.710 - Limits bond interest rate to 9 percent.

Page 48 (Line 10) - NRS 543.710 - Limits call premium to 9 percent.

Page 48 (Line 13) - UNDERGROUND ELECTRIC AND COMMUNICATION SERVICES - NRS 704A.052 - Clean-up language.

Page 49 (Line 8) - SPARKS CITY - Limits interest rate on Sparks debt to 9 percent.

Page 49 (Line 20) - Limits premium for prior redemption to 9 percent.

Page 54 (Line 12) - Limits interim warrant interest to 9 percent.

Page 55 (Lines 1 and 19) - Limits assessment interest to 10 percent.

Page 55 (Lines 43 and 45) - Limits bond discounts to 9 percent and net effective interest rate to 9 percent.

Page 56 (Line 47) - Limits assessment bonds to 9 percent.

Page 57 (Line 18) - Limits prior redemption premium to 9 percent.

Page 58 (Line 47) - LAS VEGAS VALLEY WATER DISTRICT - Limits interest on bonds to 9 percent.

Page 59 (Line 4) - Limits call premium to 9 percent.

Page 59 (Line 17) - Limits bond interest to 9 percent.

Page 60 (Line 1) - Limits assessment (non-bond) interest to 9½ percent.

Page 60 (Line 29) - Limits interest rate on assessment bonds to 9 percent.

Page 61 (Line 23) - Limits interest rate on short term notes to 9 percent.

March 25, 1975

M E M O R A N D U M

RE: AB 450: ENABLING LEGISLATION TO PROVIDE
FOR VOTE OF ELECTORS ON QUESTION OF
WHETHER FIVE SEPARATE SEWER DISTRICTS
SERVED BY ONE REGIONAL SEWER SYSTEM
SHOULD BE CONSOLIDATED INTO ONE DISTRICT

INTRODUCTION OF BILL

AB 450 was introduced by Assemblyman Lawrence Jacobson of Douglas County at the request of the Tahoe-Douglas District, one of the five component Districts to be consolidated. The Bill was prepared by Mr. Robert Johnson of the Law Firm of Dawson, Nagel, Sherman & Howard, of Denver, Colorado, and has been reviewed and approved by the Legislative Counsel Bureau. Mr. Johnson's firm has acted as bond counsel for three of the five component Districts, as well as for numerous other Nevada entities, and has in the past prepared other consolidation bills for Nevada entities that have passed the Legislature. AB 450 has the support and recommendation of the Douglas County Commissioners and the staff of the Nevada Tax Commission and the Bureau of Environmental Health.

Over

AREA TO BE CONSOLIDATED

The area to be consolidated consists of one regional sewer system, portions of which are operated and maintained by five existing separate Districts, with separate Boards, all located in Douglas County on the South Shore of Lake Tahoe (see attached map). The five Districts, with their assessed valuation, are:

- (1) Douglas County Sewer Improvement District No. 1 (DCSID#1): \$31,365,598.00
- (2) Elk Point Sanitation District (Elk Point): \$ 726,107.00
- (3) Kingsbury General Improvement District (KGID): \$ 8,281,821.00

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STATELINE, NEVADA

- | | |
|--|-----------------|
| (4) Round Hill General Improvement District (RHGID): | \$ 6,254,654.00 |
| (5) Tahoe-Douglas District (T-D): | \$14,794,202.00 |

All of the Districts are Chapter 318 Districts, with the exception of DCSID#1 which is a Chapter 309 District. KGID and RHGID have functions other than sewer and will continue for such other purposes. Elk Point, T-D and DCSID#1 are sewer districts only and will be dissolved if the voters approve consolidation.

PURPOSE OF AB 450

AB 450 is enabling legislation to provide an election on the question of whether five existing separate public Districts, now involved in administering and maintaining various portions of one regional sewer system, be consolidated into one district.

DCSID#1, a 309 District, owns and operates a 3 million gallon per day secondary sewage plant (with an ultimate capacity by expansion to 9 million gallons per day). The average daily flow during the past summer season was approximately 1,200,000 gallons per day. The DCSID#1 plant was built with the help of Federal funds as a regional plant to serve the Douglas County area of Lake Tahoe, which includes the entire proposed consolidated district.

over

2-0568

KGID, T-D, Elk Point and RHGID all have separate contracts with DCSID#1 to treat their respective sewage flows. The collector and interceptor system of all five Districts brings the sewage flows to the DCSID#1 plant where it is treated and exported from the Lake Tahoe Basin. The system is uniform with all five Districts meeting the standards of DCSID#1.

All five Districts maintain separate accounting systems, offices, separate billing systems and have their own auditors, accountants and attorneys. DCSID#1 maintains the sewer plant with

-2-

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its own maintenance department and staff. RHGID has its own separate maintenance system, staff and equipment. KGID maintains its lines, however DCSID#1 on a temporary basis maintains KGID'S one major pump station. T-D expects to be in operation in June and will have to set up its own maintenance and operation system, duplicating many maintenance facilities of DCSID#1 and RHGID. Elk Point, a small district with about 80 homes, was to have been merged with DCSID#1 several years ago upon completion of the Elk Point Collector System. DCSID#1 refused to merge Elk Point, thereby forcing Elk Point to continue as a separate entity at a significant extra cost to the Elk Point taxpayers.

AB 450 will allow the voters to now determine if the original purpose of a regional plant should be implemented by consolidation. AB 450 will give the voters an opportunity to decide whether or not consolidation is warranted by the fact that it will eliminate unnecessary duplication of facilities, costs and eliminate the problem and controversy compounded by maintaining five separate systems.

Over

SUMMARY OF ESSENTIAL
PROVISIONS OF AB 450

ELECTION:

1. Provides for an election to be held in 1975 for voters to determine consolidation.

CREATING ORDINANCE:

2. If consolidation is approved by a majority of the voters at an election, then Douglas County by ordinance will create the consolidated district.

GOVERNING BOARD:

3. The consolidated district will be governed by the applicable provisions of NRS, Chapter 318. The initial Board will

be one trustee from each of the five component Districts until the general elections in November of 1976, at which time five trustees will be elected.

EXISTING BONDING:

4. Bond Counsel, who have been involved with all the existing bonding, have advised that there will be no impairment of existing bonding which will be assumed by the consolidated district. Bonding, which was for the purpose of building the sewer plant and outfall line, will be spread over the entire consolidated district. Special assessment bonding for the collector systems will remain a lien against the property specially assessed.

ADVANTAGES OF CONSOLIDATION
UNDER AB 450

1. Elimination of duplication of administrative and maintenance expenses of five separate Districts, with resultant taxpayer savings.

Over

2. A consolidated tax assessment base of approximately \$61,422,382.00 which would allow a lower tax rate.

3. Elimination of separate administrators, accountants, attorneys, billing systems and maintenance departments, and other duplications, for the five separate Districts.

4. Would eliminate four separate contracts between five districts involved in one sewer system, which over the years has caused substantial expense and controversy.

5. Would enhance and reduce financing costs for tertiary treatment and plant expansion if and when required. Would enhance ability and opportunities to obtain Federal funds.

6. Would provide short and long range economies, such as ease of planning, lower utility rates and lower tax rates by elimination of overlapping expenses.

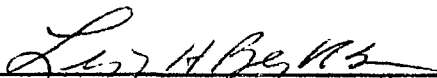
7. Would enhance the dependability of the one sewer system

with better service at lower cost. Example: a larger consolidated district would be more able to provide a properly equipped, skilled staff, which is difficult and more expensive for a small district. 24-hour, 7-day a week maintenance and service by an experienced consolidated district staff could be maintained at a lesser expense.

OBJECTIONS TO CONSOLIDATION

Each of the five component Districts would lose their separate identity, power and authority.

Respectfully submitted,



LESTER H. BERKSON
Attorney for TAHOE-DOUGLAS DISTRICT
P. O. Box 269
Stateline, Nevada 89449

TO INCLINE VILLAGE
TO CARSON CITY

GLENBROOK

L A K E

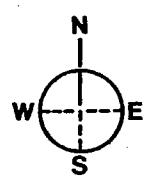
ASSEMBLY BILL
450

PROPOSED CONSOLIDATED
SEWER DISTRICT PLAT

T A H O E

US HIGHWAY 50

TAHOE



SCALE 1"=1 MILE

DOUGLAS

ROUND HILL

SEWER PLANT

ELK POINT

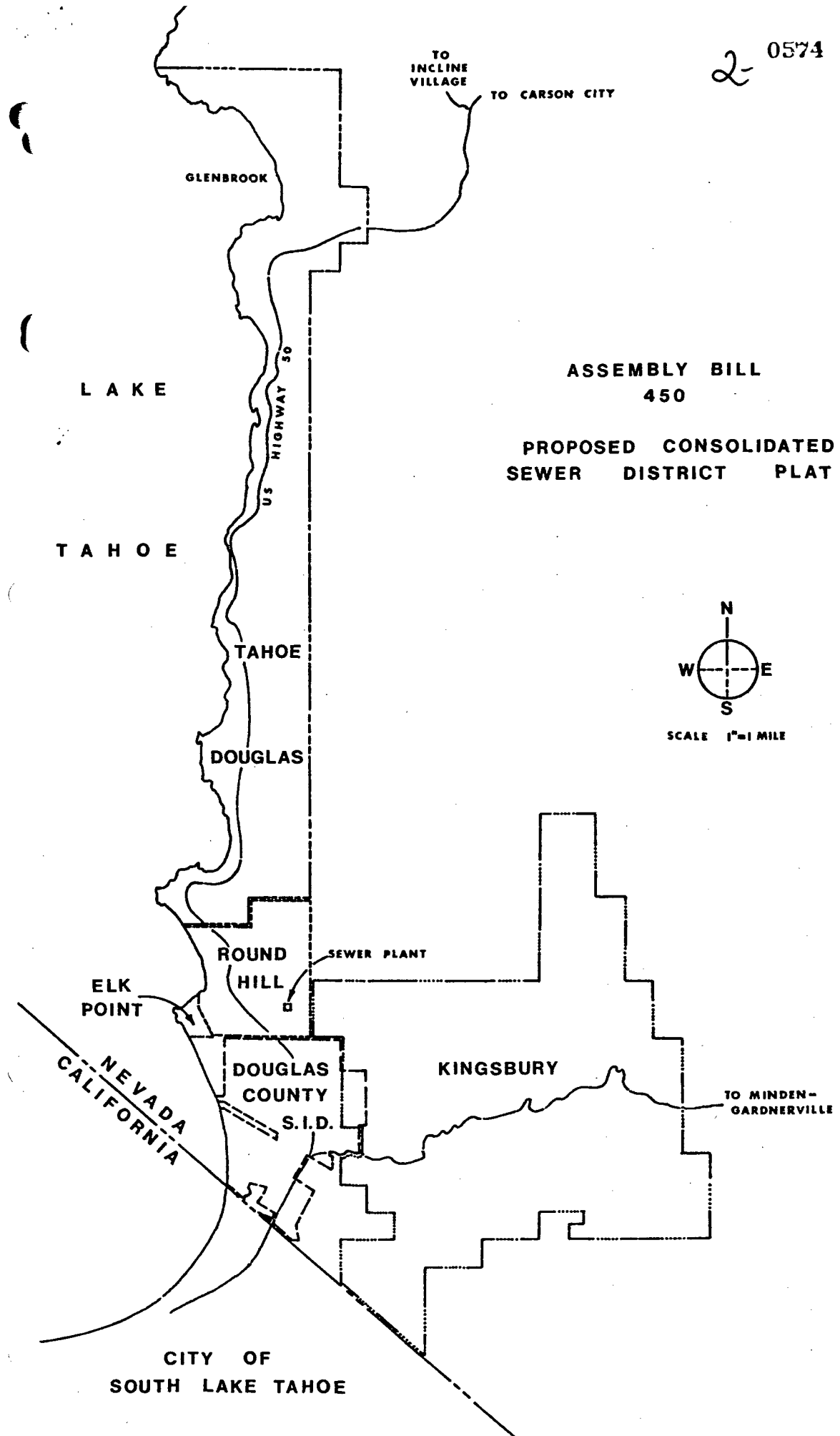
DOUGLAS COUNTY
S.I.D.

KINGSBURY

TO MINDEN-
GARDNERVILLE

NEVADA
CALIFORNIA

CITY OF
SOUTH LAKE TAHOE



POSITION STATEMENT

My name is JOHN S. GIANOTTI, a member of the Board of Directors of Douglas County Sewer Improvement District No. 1. The position of our Board with regard to AB 450 is essentially as follows: We have not been given a sufficient opportunity of studying the Bill nor of analyzing its possible financial and other ramifications. Our Board members have met informally on two occasions this week during which time the responsibility of preparing for testimony before your committee was assigned to our legal counsel, Milton Manoukian.

Since any formal presentation for our District will be made by Mr. Manoukian, I will not comment on the specifics of the proposed legislation other than to state that the official position of our Board is in complete opposition to adoption of the proposed legislation.

DATED this 26th day of March, 1975.

John S. Gianotti

JOHN S. GIANOTTI, Director
DOUGLAS COUNTY SEWER IMPROVEMENT
DISTRICT NO. 1

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS OF
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT NO. 1

February 18, 1975

The Board of Directors of the Douglas County Sewer Improvement District No. 1 duly convened at the hour of 1:30 o'clock P. M. on Tuesday, February 18, 1975, at the Waste Water Reclamation Plant, Stateline, Douglas County, Nevada.

The meeting was called to order by Chairman Oliver M. Kahle.

ROLL CALL:

On roll call there were present Directors Oliver M. Kahle, John S. Gianotti and Robert L. Pruett. Also present were Jere E. Williams, Julio D. Alves, William Jackson and Milton Manoukian.

MINUTES OF PRIOR MEETING:

The minutes of the meeting held on January 21, 1975, were read and approved.

1975-1976 BUDGET (Tentative):

William Jackson discussed the proposed 1975-1976 budget and conducted a lengthy discussion with respect thereto. Following such discussion, it was moved, seconded and unanimously carried that the tentative budget be approved and filed and that the hearing thereon be set for March 27, 1975, at 1:30 P. M. Mr. Jackson was requested to insure proper notice thereof.

DELINQUENT ASSESSMENTS:

Following a brief discussion, it was agreed that Chairman Kahle should instruct Mr. Manoukian to lien the property of the Hellman interest and Western Sunset interest on or after March 2, 1975, depending upon the making of full payment prior thereto.

(Director Gianotti absented himself from the meeting at 2:45 P. M.)

ENGINEER'S REPORT:

Pond Aeration Project:

Mr. Kahle signed the EPA Federal Grant form setting out an increased contribution by that agency in the sum of \$86,575.00.

Operation and Maintenance Manual:

Following advice that the Federal Government would participate in the preparation of an operation and maintenance manual, Mr. Williams was instructed to prepare same for future Board adoption.

Main Pump Station:

Following a brief discussion, Mr. Williams was given authority to submit a Federal Grant Application on this project.

Roto-Rooter Proposal:

Mr. Williams presented the Roto-Rooter proposal for line maintenance for the forthcoming year, pointing out that the increases involved were attributable to increased commercial waste, age of the lines, etc. The Board thereupon approved the proposal.

Cost of Raising Manhole Covers:

Following a brief discussion, Mr. Williams and Mr. Manoukian were instructed to continue to resist the efforts to collect the monies by the Nevada Highway Department, notwithstanding receipt of a letter from the Attorney General's office dated February 10, 1975.

KGID M & O Charges:

Mr. Williams reported in furtherance of his letter to Kingsbury General Improvement District of February 5, 1975, setting forth the amount of charges due and payable therefor.

PLANT MANAGER'S REPORT:

Tahoe-Douglas Service Contract:

Mr. Alves reported the results of a prior meeting held with representatives of the Tahoe-Douglas District respecting a service agreement under date of his letter of February 14, 1975. A lengthy discussion ensued regarding the feasibility of entering into such an agreement, with no action being taken

for want of full Board attention to the matter. Mr. Kahle was to so inform the Tahoe-Douglas District by letter.

Plant Operation:

Mr. Alves rendered a general report indicating that the general plant operation was more than satisfactory.

Kingsbury Water Company Contract:

Mr. Alves reported that the District had received a reimbursement in accordance with a contract having recently been approved by the Public Service Commission.

Present Cash Position:

Mr. Alves reported on the cash position of each of the separate District accounts.

Ken Kjer Proposal:

Mr. Alves presented a letter dated January 25, 1975, from Ken Kjer Realty seeking a lease of certain land from the District. Following a brief discussion, Mr. Kahle was instructed to advise Mr. Kjer by letter that the District was not presently interested in such a proposal.

Bobby Page Proposal:

The Bobby Page proposal for uniform rental set out in his letter of January 27, 1975, was approved by the District.

ATTORNEY'S REPORT:

Proposed Revisions to District's Ordinance:

Mr. Manoukian was authorized to confer with District Directors and staff members over the next several weeks and to revise and make recommendations with regard to adoption of amendments to the present District ordinance, with special emphasis on clarification of lien procedure, accrual of interest on delinquent accounts, and other ministerial and administrative functions performed by the District.

EPA Reimbursement:

Mr. Manoukian advised that a trip to Washington, D. C., to confer with special counsel and the Nevada Legislative Delegation in connection with the requested EPA reimbursement was being scheduled and may be made prior to the next Board meeting.

PRESENTMENT OF CLAIMS:

The claims as presented were approved for payment.

ADJOURNMENT:

There being no further business, it was moved, seconded and unanimously carried that the meeting be adjourned.

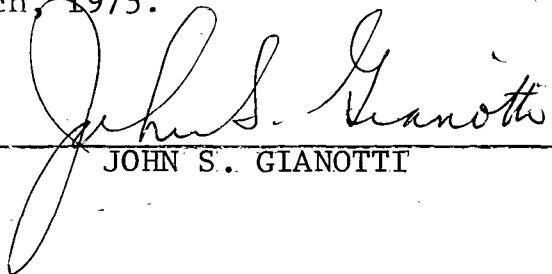
/s/ John S. Gianotti
Secretary

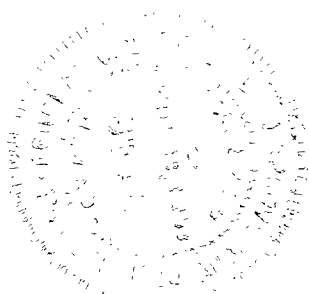
Approved:

/s/ Oliver M. Kahle
President

I hereby certify that the above and foregoing is a full, true and correct copy of the original thereof.

DATED this 25th day of March, 1975.


JOHN S. GIANOTTI



2. 0580

To Assembly Committee on Government Affairs
3-26-78

The Douglas County Commissioners are very much in favor of consolidating the five sewer districts at Lake Tahoe. We have not adopted a formal resolution in favor of A.B. 450 yet as our District Attorney has not had time to give us a legal opinion. There is no question that there would be a saving to the taxpayers if the districts were consolidated.

This bill offers the people involved the chance to vote on the consolidation. What system could be more fair? If the people affected do not approve, there will be no consolidation.

~~_____~~
~~_____~~
~~_____~~) but we urge you to let our taxpayers vote on their future.

Harold P. Dayton, Jr.
Chairman Douglas County Commission

Wednesday
 Bob Crockett / Mungley
 AB468

RESOLUTION NO. 2936

INTRODUCED BY COUNCILMAN Biggieri

A RESOLUTION REQUESTING THE LEGISLATURE TO AMEND NEVADA REVISED STATUTE, SECTION 278.210, REQUIRING TWO-THIRDS VOTE OF THE TOTAL MEMBERSHIP OF THE REGIONAL PLANNING COMMISSION.

WHEREAS, the City of Reno is empowered to appoint members to a city planning commission in accordance with N.R.S. 278.040; and

WHEREAS, the City Council of the City of Reno has delegated all of the duties and functions of the aforementioned city planning commission to the Regional Planning Commission in accordance with N.R.S. 278.130; and

WHEREAS, N.R.S. 278.210 requires any amendment, extension or addition to the adopted city master plan to be by resolution of the commission "carried by the affirmative votes of not less than two-thirds of the total membership of the commission."; and

WHEREAS, Section 16.12.320 (a) provides that any amendment to Chapter 16.12 (Land Use Plan) of the Reno Municipal Code shall be considered an amendment to the master plan and shall be accomplished in the manner required by N.R.S. Chapter 278; and

WHEREAS, the aforementioned requirement of "two-thirds of the total membership of the commission" has impeded the ability of the Regional Planning Commission to consider and pass upon requests for zone change;

Over

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RENO
DOES RESOLVE:

SECTION 1. That the legislature of the State of Nevada
amend N.R.S. Section 278.210 by deleting therefrom the requirement
of "two-thirds of the total membership of the commission" found
in N.R.S. 278.210 and substituting therefore the following language:
"Of those members present and voting either yes or no as follows:
if twelve commissioners are present, nine votes shall be required

for passage; if eleven commissioners are present, nine votes shall be required for passage; if ten members are present, eight votes shall be required for passage; if nine members are present, seven votes shall be required for passage and if eight members are present, six votes shall be required for passage.

SECTION 2. That N.R.S. §278.210 (2) be further amended by providing that any matter subject to the requirements thereof which is not carried due to the failure of at least eight members voting either yes or no, at no cost to the applicant, be set over for consideration and action at the next regularly scheduled meeting of the commission.

SECTION 3. That the Clerk of the City of Reno be and hereby is authorized and directed to transmit this Resolution to the appropriate legislative authorities.

On motion of Councilman Bijleri, seconded by Councilman Mencucci, the foregoing Resolution was passed and adopted this 9th day of September, 1974, by the following vote of the Council:

AYES: Bijleri, Mencucci, Lewis, Lewis, Arnesen, Boyert, Sibitatti
 NAYS: 0 ABSENT: 0

APPROVED this 9th day of September, 1974.

1st Tom Dehitzer
MAYOR OF THE CITY OF RENO

ATTEST:

1st Robin M. Basich
CITY CLERK AND CLERK OF THE CITY
COUNCIL OF THE CITY OF RENO, NEVADA.