

Assembly

GOVERNMENT AFFAIRS COMMITTEE

MINUTES OF THE MEETING

APRIL 30, 1975

MEMBERS PRESENT: CHAIRMAN DINI  
 VICE-CHAIRMAN MURPHY  
 ASSEMBLYMAN CRADDOCK  
 ASSEMBLYMAN MAY  
 ASSEMBLYMAN MOODY  
 ASSEMBLYMAN SCHOFIELD  
 ASSEMBLYMAN FORD  
 ASSEMBLYMAN YOUNG

MEMBER EXCUSED: ASSEMBLYMAN HARMON

ALSO PRESENT: Steve Brown, Paine, Webber  
 Stephen Bach  
 E. L. Newton  
 Mike Melner, Department of Commerce  
 Don Brodeen, So. Nv. Home Builders  
 James Baker, Nevada Economic Opportunity  
 John Madole, Associated General Contractors

(The following bills were discussed: S.B. 546, S.B. 354 and A.B. 737).

Mr. Dini called the meeting to order at 5:00 P.M.

The first bill to be discussed was S.B. 546. Mr. John Madole of the Associated General Contractors Association testified. He stated that this bill allows Washoe County to set up a regional flood control authority. This was introduced at the request of the Associated General Contractors and which designated certain flood areas. The Truckee Meadows is one of them.

Senator Cannon suggested the bill for the Washoe County area which may be able to get some relief from the July 1st deadline. As of July 1st, there will be no federal participation of any kind in the Truckee Meadows unless certain flood precautions are taken. This would increase the cost of construction. Federal financing would include banks, savings and loans, etc. on VA and FHA. This includes land on both sides of the Truckee River below the Glendale Bridge.

Mr. Dini asked if there was any discussion to increase this to all of the counties. Mr. Madole stated that there was a meeting in Fallon over a year ago and he understands that since then Fallon has been designated as a flood area and that they have gotten some

relief. He believes that there are other areas that have this problem. Mrs. Ford asked if it covered the whole county as it was written in Clark.

Mr. Medole stated that he would imagine it includes it. The reason for this is that in Clark County it is a residential area. In Washoe County it is an industrial area which may be subjected to a special assessment.

Mr. May referred to the flood map.

Mr. Medole stated that it was a 100 year flood map. He also stated that the HUD regulations refer to 100 year flood plans. He further indicated that he was not familiar with the situation in Clark County. He stated that there was a \$30,000 appropriation to do the study. Mr. May asked what percentage of the flood area was owned by the federal government. Mr. Medole indicated that it was very little.

The next bill to be discussed was S.B. 354, the low cost housing bill.

Mr. Mike Melner of the Department of Commerce testified. This bill proposes to create a housing division in the Department of Commerce. There are 31 states that have these kinds of housing authorities either as independent agencies or divisions of government. The state or the division issues revenue bonds. These bonds will be paid for by revenues developed by mortgages that are purchased through the monies gained from the sale of the bonds. It is a self-supporting program. There is no general obligation of the State of Nevada. They are strictly revenue bonds. The division goes to market and sells the bonds. Because they are tax free municipal bonds they are sold for 2 points less than mortgages. The cost of the interest over the term of the loan is brought down. If you can bring the cost of interest down, you can bring the cost of a house payment down. The cost of operating the program would be paid for and they would still have about 1-1/2 points left. Mr. Melner stated that the man who can afford a \$200 house payment cannot afford a \$240 house payment. Saving 1-1/2 points make him able to afford the same house. One of the conditions is that these are insured loans - either FHA or VA. They will be referred to the state program. They then contract with the bank and the banks will service the loan. They would be getting a servicing fee for the loans. He stated that after the loan is made, the revenues generated from the loan go back to pay the bondholders. Mr. Melner stated that if a loan goes bad, it would be an insured loan. see attachment

Mr. Melner stated that the Government Affairs Committee of the Senate tightened up the language of this bill substantially. Mr. Melner stated that it helps middle income people. The bond market is a technical thing. He stated that most of the people that would come under this bill are good risks but that their income is inadequate. He also indicated that it would help labor - by instituting new jobs. It would also help banks, homebuilders and realtors.

4- 1346

Mr. Melner stated that the bill was now in its second reprint and that the original bill was enormous. He stated that they did not intend to do as much as the first bill indicated. The first bill had development language in it. A lot of changes were made. They took all the development concepts out. They tightened up the insurance requirements to make sure that only insured mortgages can be made. They also added a review stop. Not only do these things have to be approved by the Administrator in the Department of Commerce, but the State Board of Finance has the authority.

Mr. Melner stated that the second reprint came after testimony on the Senate side. The changes in the second reprint were the changes that the Senate felt were necessary. One major change was taking out the moral obligation language. Some people felt that this was necessary in this kind of legislation. The Senate Government Affairs committee did not feel that it was necessary.

Mr. Melner stated that New York State has a very successful authority. Mr. Melner also stated that federal insurance is more secure. He stated that they felt that they could run a good, responsible program with it. This program has insurance safeguards written into it.

Mr. Melner informed the committee that even if the state did not go to market with the bonds, the existence of the agency is necessary for HUD monies that are becoming available.

They are asking for an appropriation for the biennium of about \$80,000. They will need two employees, travel money, a telephone and an office. That money would be paid back upon issuance of the bonds. He stated that this was only start up money. After that, they could take a piece of the bond monies to operate the function.

Mr. Dini asked what the mechanics were.

Mr. Melner stated that there were a number of ways to do it. You can allow the lending institution to make the loan and purchase the loan from the institution. You can make loans to the financial institutions to make these kinds of loans.

Mr. John Melvin testified next. This bill provides for three types of programs.

1. The loan to lenders program. The agency invites mortgage lenders and tells them that it is ready to lend them money provided they agree to put that money into mortgages. The mortgage lender in turn would stipulate that he would make this monthly payment and they would collateralize that loan. That is known as the loan to lenders program.

2. The mortgage purchase program. The division can buy mortgage loans from the mortgage lender. He must take the proceeds and invest that money in mortgage loans.

3. The most popular is called the mortgage purchase agreement. They sell bonds, take the proceeds and tell the mortgage lenders in the state that whenever they make a loan for a family they will immediately bid that mortgage loan.

Miss Lucia testified. She indicated that the State of Massachusetts had never done single dwellings. They do duplexes.

Mr. Don Rhodini testified. He stated that we may not need this type of legislation today. Rates are down. 1976 may be a different story.

Mr. Melner referred to the number of tract homes that are sitting vacant. He stated that one of the advantages of this bill was that you could use it when it was needed. Municipal bonds stay below interest rates.

Mr. Dini asked where the authority was for low cost housing.

Mr. Baker replied that it was in Section 18.

Mr. Melner stated that he thought that this was in cooperation with the federal programs. In Section 29, the division is limited to financing. It cannot finance residential housing.

Mr. Young asked who would sell the bonds. Mr. Melner replied that the division would.

Mr. Bach referred to Section 41, paragraph 2. He then read from the bill. This is the most inexpensive way - the selling of municipal bonds.

Mr. May informed that he would not be voting on this bill because of a conflict of interest and asked Chairman Dini if he could enter the discussion of this bill. Mr. Dini stated yes.

Mr. May referred to lines 41 and 42 on page 13 and asked how Mr. Melner read that. Mr. Melner replied the securities themselves. Mr. May asked if there was any testimony on this in the Senate? Mr. Melner stated no. Mr. May referred to page 3, line 15 and stated that he assumed that age was left out on purpose. Mr. Melner replied that he would presume that that was so.

Mr. Baker stated that with FHA that was a criteria. Mr. May asked what percentage of the loan was currently insured. Mr. Melner replied that 60% or \$17,500 was insured. Under FHA it was insured 100%.

Mr. Melner then stated that they had set the salary for \$18,000 for the administrator of this division.

The committee then took a five minute recess.

Mr. Dini called the meeting back to order.

Mr. Newton testified. He stated that he had consulted with the board of directors and that they had serious apprehensions. Mr. Newton questioned the bill on page 4, line 43 and stated that he believed that either the word there was wrong or it was misspelled. Mr. Melner stated yes, it was a typographical error and that the word should be mortgagee.

Mr. Newton stated that this bill would go into the market and soak up some \$200,000,000 in savings that is available for investment. That augments a problem that has become very serious in the United State. He stated that government is generally soaking up some 62% or 63% of all investment money that is available. This situation has made money very hard to come by for any private enterprise operation. This program, in effect, would pump that money back into private economy but it would nevertheless make it unavailable for capital construction in any other industry except housing.

He stated that this bill does not create jobs. It merely makes jobs available for a limited period of time during whatever construction is undertaken and only for that period of time. The same would be true with the sale of materials. It is a one shot operation for each home built and it does not create the kind of jobs that a new manufacturing plan would.

Mr. Newton stated that the Constitution provides that the state may not lend its money or credit to anybody and he indicated that he wondered if that provisions has been sufficiently reserached so that it is out from under what the constitution prohibits.

Mr. Dini asked Mr. Newton if he had any specifics about the mechanics of the bill. Mr. Newton replied that he did not think that you can write specifics into a bill of this kind. Mr. Newton asked why anyone would want to buy these bonds without the backing of the state.

Mr. Newton specifically referred to Section 9 of Article 10 of the constitution. Mr. Melner stated that they have discussed and researched this. The final test would be in the courts. They do not feel that it raises a constitutionality question or problem. Their research says that this is consitutional.

Mr. Melner stated that \$200,000,000 is the maximum that they could have out at any one time.

Mr. Young asked where there was an anticipated shortage of housing.

Mr. Melner stated that there are lots of tract homes vacant in Las Vegas becuae people cannot afford to buy them. This bill is the authority to do this. It is not a requirement to do this. If there is no need after fact finding, they would not go to market.

Mrs. Ford asked if a person had to apply and be turned down. Mr. Milner stated yes, that it was on page 3, section 4.

Mr. Cooper of First American Title Company of Nevada testified next. He stated that they endorse the bill. There are a couple of areas that they would like to change. He stated that construction is the second largest industry in Nevada. He further stated that Northern Nevada was different from Southern Nevada. He stated that statewide housing sales are up considerably. He further stated that these would be for existing homes.

Action taken by the committee:

A.B. 737: Mr. Murphy moved for a do pass which was seconded by Mr. Schofield. The motion carried unanimously. Mr. Harmon was excused from the meeting and was not present at the time of the vote.

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

Respectfully submitted,

*Barbara Gomez*  
BARBARA GOMEZ  
Committee Secretary

AGENDA FOR COMMITTEE ON GOVERNMENT AFFAIRS  
WEDNESDAY,  
Date APRIL 30, 1975 Time 5:00 P.M. Room 214

4-1288

Bills or Resolutions  
to be considered

Subject

Counsel  
requested\*

S.B. 354

Creates division in Department of commerce  
to finance low-cost housing.

NOTIFY: Senator Bryan

\*Please do not ask for counsel unless necessary.







A REALISTIC APPROACH  
TO THE FLOOD PLAIN PROBLEMS  
OF THE TRUCKEE MEADOWS

PREPARED FOR  
CITIZENS COMMITTEE  
ON FLOOD PLAIN REGULATIONS

PREPARED BY  
SCIENTIFIC ENGINEERING SYSTEMS  
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(702) 322-7109

APRIL 7, 1975

"A REALISTIC APPROACH TO THE FLOOD PLAIN PROBLEMS  
OF THE TRUCKEE MEADOWS"

Prepared for : CITIZENS COMMITTEE ON FLOOD PLAIN REGULATIONS

Prepared by: SCIENTIFIC ENGINEERING SYSTEMS  
55 North Edison Way  
P. O. Box 1171  
Reno, NV 89504

4- 1352

Presented to: Reno City Council  
Sparks City Council  
Washoe County Commission

Endorsed by:

<i>J. M. Martin</i>	<i>Southern Pacific Ind. Dev. Co.</i>
<i>H. C. Rado</i>	<i>" " " "</i>
<i>Gern Meiser</i>	<i>2255 Kingston Av Reno</i>
<i>Jack V. McCallister</i>	<i>1000 W. Hawthorn Dr. Reno</i>
<i>Clayton Hunter</i>	<i>1047 Forest Reno</i>
<i>W. H. Huel</i>	<i>2450 Skunk Creek Reno</i>
<i>A. Bryan</i>	<i>2040 Park Ridge Cir Reno</i>
<i>James S. Meyer</i>	<i>2045 Del Rio Ave Reno</i>
<i>James S. Meyer</i>	<i>Port West Industrial Park</i>
<i>Edwin Jones</i>	<i>Property Owner Park 214 B Reno</i>
<i>John A. Dermody</i>	<i>Dermody Industrial Park</i>
<i>John W. Brown</i>	<i>Brown Engineer</i>
<i>Ken Borda</i>	<i>Sierra Pacific Power Co</i>
<i>W. H. Huel</i>	<i>" " " "</i>
<i>Wm H. Robinson</i>	<i>MEISER Terra Tek</i>
<i>John C. Coffey</i>	<i>3345 Idlevold Dr Reno</i>
<i>Ray G. Nelson</i>	<i>P.O. Box 2481, Reno, Nev.</i>
<i>John R. Williams</i>	<i>P.O. Box 2555 Reno Nev 89501</i>
<i>Walter W. Anderson</i>	<i>1345 Hollingford Reno 89503</i>
<i>Ed W. Kazie</i>	<i>McKazie Const. No. 358-1310</i>
<i>John G. K. K. K.</i>	<i>545 W. Irving Reno 329-9028</i>
<i>Richard Miller</i>	<i>ABC</i>
<i>John Madole</i>	<i>40 Proter Way Sparks</i>

It is clear that superficial enactment of laws governing construction along the river are not long term nor proper solutions to the Truckee Meadows flood problem. 4- 1353 The economic impact of such measures could generate losses far in excess of the so-called 'flood hazard'.

The Corps of Engineers and the offices of Senators Cannon and Bible were contacted in Washington, D.C. last summer to re-evaluate the present status since many improvements have been implemented to minimize the flood danger. As a result of this, the Congress appropriated a \$30,000 award to the Corps of Engineers to re-evaluate the problem and consider the alternate solution of "opening the drain pipe", that is, to consider lowering of the Vista reefs and channel improvements. This plan has been thoroughly studied from an engineering viewpoint and a report prepared, which is entitled "Truckee River Vista Reef Lowering and Channelization Study". It was prepared by John Webster Brown, Civil and Structural Engineers, August 1973.

The Corps of Engineers is actively studying this proposal under the \$30,000 award noted above. Their report is not due for submission until June 30, 1975 -- only one day before the Flood Insurance deadline. It is clear then that a time crisis is developing, in that there will not be time for the people within the Truckee Meadows to review this alternate solution prior to satisfying the National Flood Insurance Program. With this in mind, the following position is defined and supported by the groups endorsing this paper.

#### STATEMENT OF POSITION

A time extension must be granted for the National Flood Insurance deadline at least until the new Corps of Engineers' report is received, evaluated and acted upon. An economic assessment must also be completed, determining the long-range effects the various flood plain judgments will have on the Truckee Meadows. This includes not only special use permits, but the "Green Belt" concepts and the Pyramid Lake problem. Recognition of private property, economic impact and related factors must be considered as important and weighted accordingly, as are the environmental impacts of the various proposals.

"A REALISTIC APPROACH TO THE FLOOD PLAIN PROBLEMS  
OF THE TRUCKEE MEADOWS"

4- 1354

ABSTRACT

This paper presents background information on the much disputed problems concerning the flood plain of the Truckee River as it passes through the Truckee Meadows. The various aspects of the river are discussed with particular emphasis on the relationship between environmental impacts and economic impacts of the many proposed "solutions" to the Truckee River problem. A realistic solution is proposed herein with supporting references and backing from the affected persons.

I. BACKGROUND INFORMATION

The Truckee River is a beautiful as well as an essential asset to the Truckee Meadows area. The uses of its water for power generation, irrigation, municipal use and recreation are well known. In the Truckee Meadows area alone, the river influences the Cities of Reno, Sparks, and portions of Washoe County. The flood history of this river is well documented and has been a controversial subject over the past 100 years or so. The basic problem can be stated as follows:

The river originates in the Sierra Mountains and is mostly fed by run-off from this mountain range. Several lakes, including Tahoe and Donner (Little Truckee), have traditionally acted as holding reservoirs. In times of heavy snowfall, followed by rain or a rapid spring thaw, the storage capability and/or the river channel capacity were not adequate to regulate the sudden increased water flow, the result of this being an overflow or flooding of areas adjacent to the river. One can parallel this to the hypothetical case of filling a 50-gallon bathtub with 5 gallons/minute of water with the drain plug removed; and, where the drain pipe can only drain at a rate of 4 gallons/minute. It is obvious that the tub level must rise, thus decreasing

the storage capability and increasing the risk that continued water input will cause the tub to overflow. If, however, one could widen the drain to 5 gallons/minute or larger, the tub would never fill. 1355  
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An alternate solution would of course be to restrict the input water to the tub by cutting the actual input flow to match the drain, i.e., less than or equal to the output rate of 4 gallons/minute. The problem with this is of course that one may not physically be able to turn the input water down or off and hence must store the difference. In the case of the Truckee watershed, one must depend on the storage capacity of existing lakes or create new storage areas through the construction of dams.

This analogy is of course oversimplified, but does illustrate the basic problem. There are other complicating factors to consider. Among these are: If dams are to be built, where should they be constructed? how managed? and, what effects are caused by the lands covered by the lakes formed behind these dams, etc.? If one decides to make a larger drain pipe, what are the effects "down the pipe"?

The Truckee River problem was in recent years (1966) thoroughly studied by the Army Corps of Engineers in order to make recommendations and propose solutions to these problems. At that time a flood plain was established. In order to understand this, one must know the following frequently used terms:

Flood. An overflow of lands not normally covered by water and that are used or usable by man. Floods have two essential characteristics: The inundation of land is temporary; and the land is adjacent to and inundated by overflow from a river, stream, ocean, lake, or other body of standing water.

Normally a "flood" is considered as any temporary rise in streamflow or stage, but not the ponding of surface water, that results in significant adverse effects in the vicinity. Adverse effects may include damages from overflow of land areas, temporary backwater effects in sewers and local drainage channels, creation of unsanitary conditions or other unfavorable situations by deposition of materials in stream channels during flood recessions, rise of ground water coincident with increased streamflow, and other problems.

Flood Crest. The maximum stage or elevation reached by the waters of a flood at a given location.

Flood Peak. The maximum instantaneous discharge of a flood at a given location. It usually occurs at or near the time of the flood crest.

Flood Plain. The relatively flat area or lowlands adjoining a river, stream, watercourse, ocean, lake, or other body of standing water that have been or may be covered by floodwater.

Flood Profile. A graph showing the relationship of water surface elevation to location, the latter generally expressed as distance above mouth for a stream of water flowing in an open channel. It is generally drawn to show surface elevation for the crest of a specific flood, but may be prepared for conditions at a given time or stage.

Flood Stage. The elevation at which overflow of the natural banks of a stream or body of water begins in the reach or area in which the elevation is measured.

Floodway. The channel of the stream and that portion of the flood plain that would be used to carry floodflows.

Intermediate Regional Flood. A flood having an average frequency of occurrence in the order of once in 100 years although the flood may occur in any year. It is based on statistical analyses of streamflow records available for the watershed and analyses of rainfall and runoff characteristics in the general region of the watershed.

Standard Project Flood. The flood that may be expected from the most severe combination of meteorological and hydrological conditions that are considered reasonably characteristic of the geographical area in which the drainage basin is located, excluding extremely rare combinations. Peak discharges for these floods are generally about 40-60 percent of the Probable Maximum Floods for the same basins. As used by the Corps of Engineers, Standard Project Floods are intended as practicable expressions of the degree of protection that should be sought in the design of flood control works, the failure of which might be disastrous.

Probable Maximum Flood. A hypothetical flood representing the most severe flood with respect to volume, concentration of runoff, and peak discharge that may be expected from a combination of the most severe meteorological and hydrological conditions in the region.

The river system was studied some ten (10) years ago by the Army Corps of Engineers and a report was subsequently submitted to the local Regional Planning Commission.

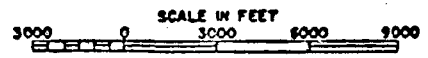
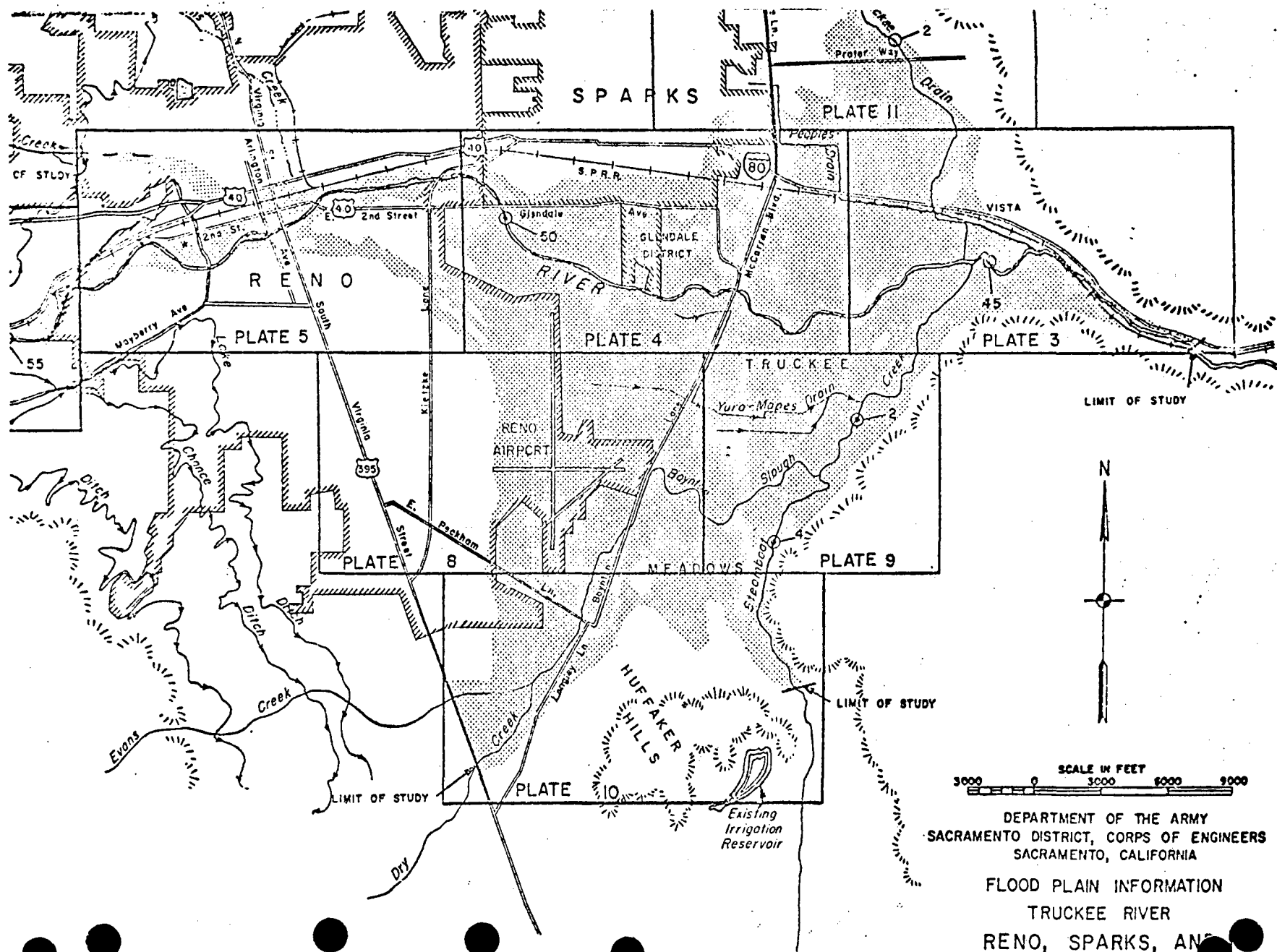
This report was prepared under the authority of Section 206 of the 1960 Flood Control Act (Public Law 86-645), as amended by Section 206 of the 1966 Flood Control Act (Public Law 89-789).

The cooperation and assistance of the following groups were obtained: the U.S. Soil Conservation Service; the National Weather Service; the U.S. Geological Survey; the State Division of Water Resources; the State Fish Hatchery in Reno; the Washoe County Public Works Department; the Regional Planning Commission of Reno, Sparks, and Washoe County; the City Engineers of Reno and Sparks; the Reno Newspapers, Inc. Library; John Webster Brown, Consulting Engineers; Millard-Spink, Inc.; the Silver State Press. The final report entitled "Flood Plain Information - Truckee River, Reno-Sparks-Truckee Meadows, Nevada" was published in October 1970, based on the earlier studies. The report presents the local flood situation of the Truckee River and tributaries in the Reno-Sparks-Truckee Meadows area. The Sacramento District of the Corps of Engineers, upon request, provides interpretation and limited technical assistance in the application of the data presented in the report.

Using this criteria, the Corps developed a flood plain map for the Truckee Meadows which is shown as Figure (1). This is an interesting and informative map and is the one most widely publicized; however, there are many more maps of interest in the Corps report; for example, consider the river bed map and the cross section map shown in Figures (2) and (3). As a result of this study, several proposals have been considered to solve the Truckee River flood problem. These proposals have ranged from "ignore it and it will go away" to huge dams proposed upstreams. As it turns out, the problem naturally does not go away and hence, upstream storage reservoirs and channel improvements have been implemented. These dams were not constructed solely as flood control dams, but do assist in

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DEPARTMENT OF THE ARMY  
SACRAMENTO DISTRICT, CORPS OF ENGINEERS  
SACRAMENTO, CALIFORNIA

FLOOD PLAIN INFORMATION  
TRUCKEE RIVER

RENO, SPARKS, AND

TRUCKEE MEADOWS, NEVADA



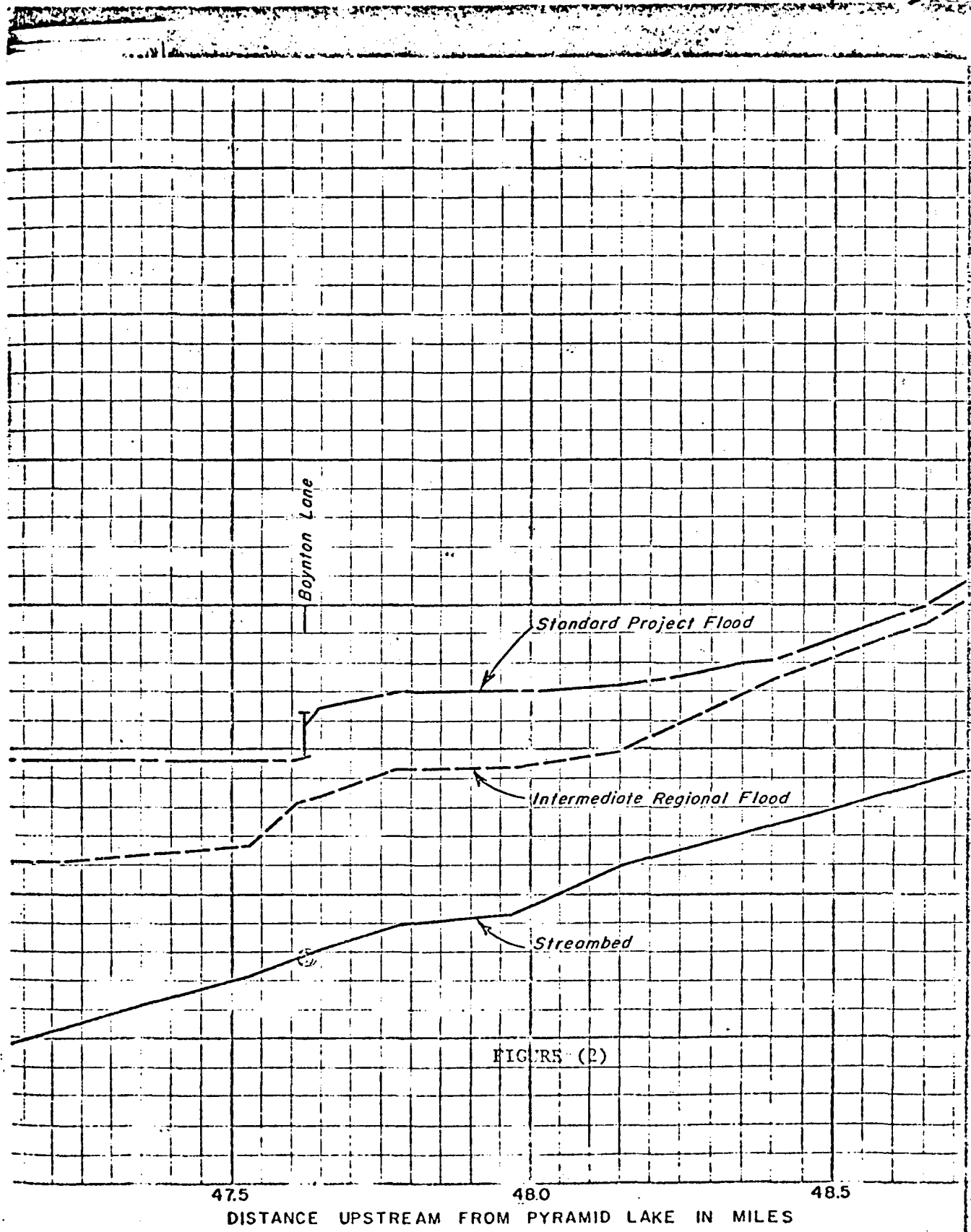


FIGURE (2)

47.5 48.0 48.5  
DISTANCE UPSTREAM FROM PYRAMID LAKE IN MILES

the regulation of the runoff. A very fundamental problem is now seen and that is the Sierra storage capability. As it exists today is basically a seasonal one, that is to say, each year the reservoir only holds a one season supply and hence one cannot simply use this upstream storage for flood control. Close coordination is therefore essential between snow pack estimate of water (a natural water storage system) and controlled flow of the Truckee. It would be very damaging, for example, for all the reservoirs to be emptied to accept a runoff that never occurs and hence a water shortage would exist during the following summer.

With these ideas in mind, one must explore alternate solutions. One of these solutions will be discussed later in this paper.

## II. ECONOMIC AND ENVIRONMENTAL IMPACTS

The Truckee Meadows area has arisen to be one of the major warehouse centers for the western United States. This is quite logical for the following reasons:

- a) Reno is central to 11 western states, that is, one-day service.
- b) Nevada has a free port law in that goods may be economically stored and distributed from this area.
- c) Railroad access is available. This is important since rail freight is one of the most energy conserving, economically sound methods of large volume, heavy freight transfer.
- d) Stable work force: People who move to Reno like to stay. This is certainly supported by the incredible growth rate seen in the Reno-Sparks area over the past decade.

With these factors and many others too numerous to mention here, Reno has generated an alternate economy to gaming and tourist trade, i.e., large-scale warehousing. A natural

support to this business is rail access and hence the rapid growth, i.e., jobs for construction, management, transport, clerical, etc., and in a national jobless time, one must not casually threaten the livelihood of large groups of persons dependent on such an industry. The Truckee River therefore has an important effect on the entire community within the Truckee Meadows. If not directly, an indirect economic impact can effect thousands of people within the Meadows area.

Along with the economic impact, one must consider the Truckee River as a tremendous ecological asset to the entire Meadows area. Sport fishing and swimming are but a few of the benefits. There are various groups attempting to preserve the river and in the process guarantee public enjoyment of the river. The "Green Belt" is one such program. There must not however be confusion between the establishment of a "green belt" and the problems of the flood plain. There has, however, been many people already confused on this point.

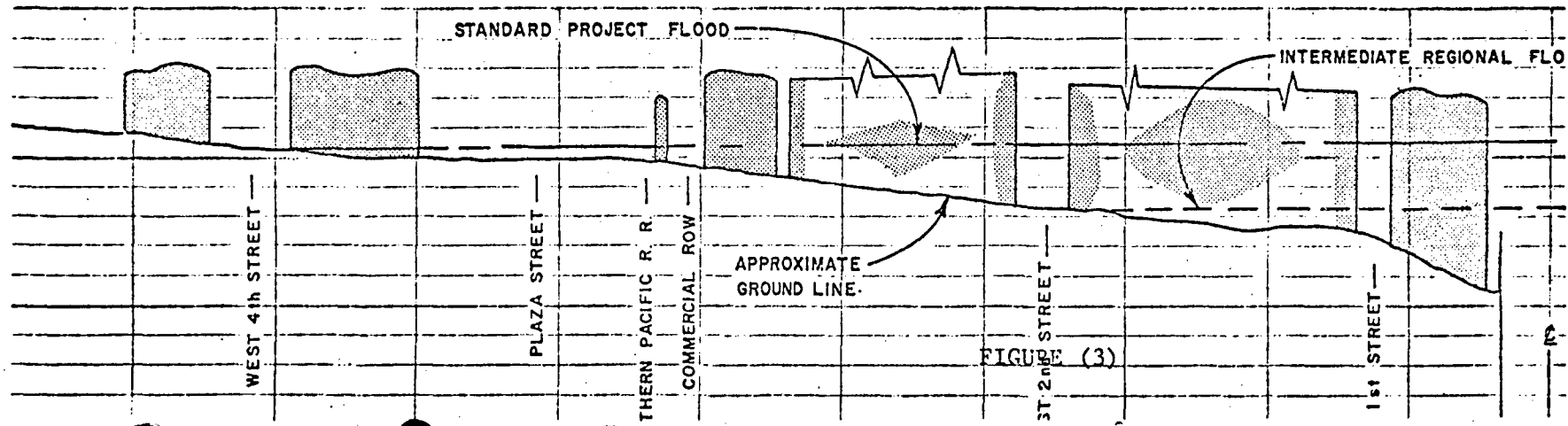
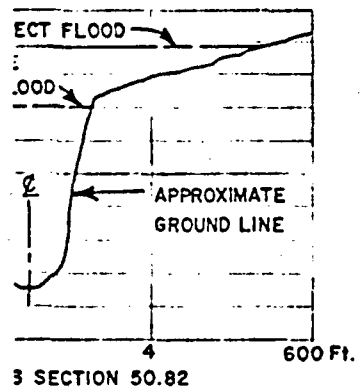
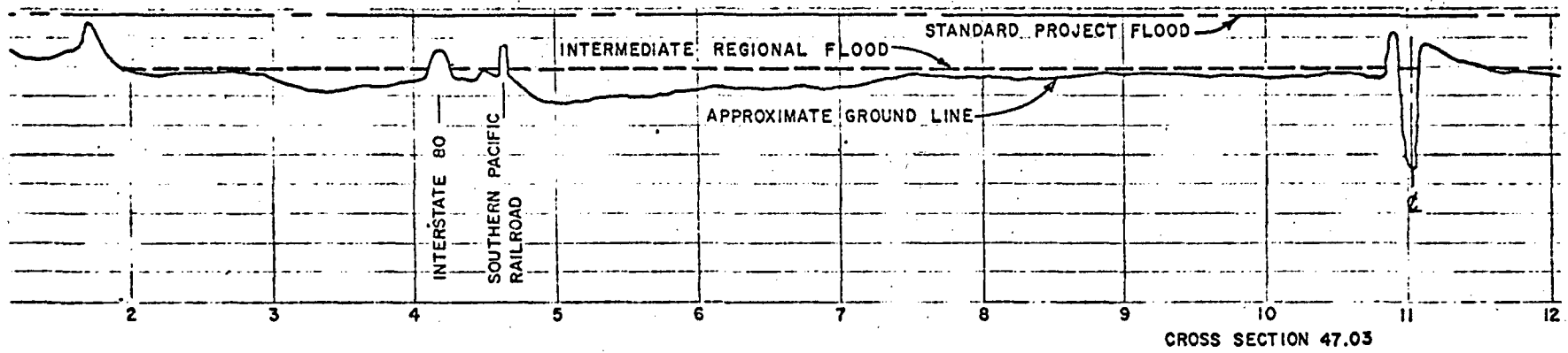
A prime example was the proposed channel concept of flood control, i.e., don't build in the river or on the banks within a certain distance of the river. It seems to make sense to do this if there were a true channel. Referring to Figure (3), it is clear that no such wide area channel exists at all in the area of the river between McCarran Boulevard and Vista. The highest ground is at the river bank itself.

With this in mind, it is easy to see why controlled building along the banks of the river for flood prevention simply does not make sense. It begins to appear as if no solution to this problem exists. An alternate plan is being proposed and will be discussed later in this paper.

### III. NATIONAL FLOOD INSURANCE PROGRAM

Another problem then compounds the already troubled river, the question being the establishment of the National Flood Insurance Program. This program arose out of the

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damage caused by many floods occurring elsewhere in the United States. 4-1363

Over the years, levees, channel improvements, and reservoirs have been constructed to protect the works of man from floods. Encroachment on lands subject to flooding, however, has taken place more rapidly than flood control works have been constructed, with the result that flood damages across the Nation have been steadily increasing. Further, it has been found that some floods cannot be prevented and that it is economically impossible to protect some cities with works such as dams and levees.

Despite the expenditure of tax funds running into the billions of dollars for flood control works, flood damage continues to increase. This has led to a new approach to flood damage reduction. This approach involves the application of control over the use of flood-prone lands through planned development and management, and the prevention of local flood damage as an essential part of community planning and development. It means giving consideration to zoning and subdivision regulations, land acquisition for parks and open spaces, special planning of streets and utilities, and appropriate construction standards for buildings in flood hazard areas, as well as to levees, dams, and other protective works. *The new approach requires a cooperative effort on the part of Federal, state, and local governmental agencies, but that the responsibility for solving the flood problems remain in local hands.*

At the Federal level, efforts are being made to recognize flood hazards and limit the increase in flood damage. At the request of the Executive Branch, in 1966 a special task force (drawing on the combined experience and judgment of various Federal, state, and local agencies, as well as outside experts) prepared a report on dealing with flood losses by a variety of means. The report was strongly endorsed by the Executive Branch when it was transmitted to the Congress in August of that year. At that time, the

President issued Executive Order 11296, which directed Federal agencies to evaluate flood hazards in locating federally owned or financed buildings, roads, and other facilities, and in disposing of Federal lands and properties.

As a result of Executive Order 11296, and other continuing responsibilities assigned by the Congress, the Corps of Engineers' present Flood Plain Management Services Program was established. This program plays a significant supporting role in the national effort to reduce flood damage. Its objective is comprehensive flood damage prevention planning that encourages and guides the wise and beneficial use of the Nation's flood plain areas. The program includes preparation of flood plain information reports, provision of technical services and guidance, preparation of guidance materials on various phases of flood plain management and conducting related research, and planning of long-range comprehensive flood damage reduction.

Flood plain management units have been established in each Corps of Engineers' division and district office in the United States. In the region under the jurisdiction of the South Pacific Division, the program is administered by the Division Engineer in San Francisco, with assistance from the following:

District Engineer  
U.S. Army Engineer District, Los Angeles  
P.O. Box 2711  
Los Angeles, California 90053

District Engineer  
U.S. Army Engineer District, Sacramento  
650 Capitol Mall  
Sacramento, California 95814

District Engineer  
U.S. Army Engineer District, San Francisco  
100 McAllister Street  
San Francisco, California 94102

FLOOD PLAIN INFORMATION REPORTS

Flood plain information reports are prepared at the request of local interests to delineate flood problems in specific communities. The Corps of Engineers has gathered much flood hazard data in carrying out previously assigned responsibilities for flood control and, under the Flood Plain Information Report Program, these data may be assembled and organized as they relate to a certain community. When necessary, additional surveying to develop needed topographic and other physical data may be done, and new hydrologic studies may be undertaken. A typical flood plain information report will include maps or mosaics, flood profiles, charts, tables, photographs, and narrative material on the extent, depth, and duration of past floods, and similar data on floods that may reasonably be expected in the future.

THE FLOOD DISASTER PROTECTION ACT OF 1973

- History      The Act was passed by both Houses of Congress on December 20, 1973, and signed into law by the President on December 31, 1973.
  
- Scope        The Act substantially expands the National Flood Insurance Program, in order to provide better protection to the public and to reduce annual disaster assistance outlays through the increased availability of flood insurance. The Act extends the emergency program through December 31, 1975, and addresses three key areas: insurance, flood plain management, and local community consultation and appeals procedures.
  
- Insurance Coverage      Available limits of both subsidized and unsubsidized flood insurance coverage for all types of properties have been increased as follows:

	<u>Subsidized Coverage</u>		<u>Total Coverage</u>	
	<u>Old Limit</u>	<u>New Limit</u>	<u>Old Limit</u>	<u>New Limit</u>
Single family residential	\$17,500	\$ 35,000	\$35,000	\$ 70,000
Other residential	30,000	100,000	60,000	200,000
Nonresidential	30,000	100,000	60,000	200,000
Contents, residential	5,000	10,000	10,000	20,000
Contents, nonresidential	5,000	100,000	10,000	200,000

In addition, for Alaska, Hawaii, and the Territories of Guam and the Virgin Islands, the Act increases the limit of structure coverage, in the case of one family residential properties, to \$50,000 subsidized coverage, \$100,000 total coverage and, in the case of all other residential properties, to \$150,000 subsidized coverage and \$300,000 total coverage.

QUESTIONS AND ANSWERS  
FEDERAL FLOOD INSURANCE PROGRAM

- Q. What is the National Flood Insurance Program?
- A. It is a Federally-subsidized program authorized by Congress in 1968 to protect property owners who up to that time were unable to get coverage through the private insurance industry. The program, for the first time, made flood insurance available to individuals at affordable rates. In return for the Federal subsidy, state and local governments are required to adopt certain minimum land use measures to reduce or avoid future flood damage within their flood-prone areas.
- Q. Has the program been changed since then?
- A. Yes. In December 1973 Congress passed the Flood Disaster Protection Act, greatly expanding the available limits of flood insurance coverage and imposing two new requirements on property owners and communities.
- Q. What are the new requirements?
- A. First, after March 1, 1974, property owners in communities where flood insurance is being sold must purchase flood insurance to be eligible for any new or additional Federal or Federally-related financial assistance for any buildings located in areas identified by HUD as having special flood hazards. Secondly, all identified flood-prone communities must enter the program by July 1, 1975.



- Q. What happens if a property owner fails to buy the required insurance, or a community fails to meet the deadline?
- A. Federal and Federally-related financial assistance for buildings in the flood plain will be unavailable to any community or property owner that does not comply with the Act.
- Q. What is generally meant by Federal and Federally-related financial assistance?
- A. All forms of loans and grants, including mortgage loans and disaster assistance loans, from either a Federal agency such as FHA, VA, or the Small Business Administration, or banks or savings and loan institutions.
- Q. Who is eligible to purchase flood insurance?
- A. Any property owner in a community that has had its application approved by HUD.
- Q. Where can a property owner obtain a policy?
- A. From any licensed property and casualty insurance agent or broker.
- Q. How does a community become eligible for the program?
- A. By submitting a complete application to the Federal Insurance Administration, HUD Building, Washington, D.C. 20410. Application forms may be obtained from the same address.
- Q. What types of structures are eligible for coverage?
- A. All types of buildings and contents.
- Q. What types of losses are covered?
- A. Losses caused by (1) a general and temporary flooding condition of normally dry land areas or (2) erosion resulting from abnormally high water levels in conjunction with a severe storm, or (3) flood-related mudslides involving a mudflow.
- Q. How much coverage can I buy, and what will it cost?
- A. Under the expanded program the limits of subsidized coverage are doubled, tripled, or more, while rates have been substantially reduced. For example, the homeowner may purchase \$20,000 of flood insurance coverage for as little as \$50 a year. Property owners already protected under the original program can greatly increase their coverage at a very low cost. If you live in a community where HUD has already completed a rate study, you can further increase your

protection by paying the actuarial (nonsubsidized) premium rates for the additional amounts of coverage.

The following table sets forth the limits of subsidized coverage and the applicable premium rates:

<u>Type of Structure</u>	<u>Limits of Coverage and Subsidized Rates</u>			
	<u>Structure Coverage</u>	<u>Structure Rates</u>	<u>Contents Coverage (per unit)</u>	<u>Contents Rate</u>
Single family residential	\$ 35,000	\$0.25	\$ 10,000	\$0.35
All other residential	\$100,000	\$0.25	\$ 10,000	\$0.35
All nonresidential*	\$100,000	\$0.40	\$100,000	\$0.75

\*Includes hotels and motels with normal occupancy of less than six months.

As a result of this the following letter was sent to each governing body having flood-prone areas within its jurisdiction. The letter originated from the Department of Housing and Urban Development Federal Insurance Administration, Washington, D.C., 20410, May 1974:

Dear Sir:

In accordance with the provisions of section 201 of the Flood Disaster Protection Act of 1973 (P.L. 93-234, December 31, 1973, hereinafter referred to as the 1973 Act), the purpose of this letter is to give you formal notice of the tentative identification by the Federal Insurance Administration (FIA), on behalf of the Secretary of Housing and Urban Development, that your community contains one or more areas having special flood hazards. A map showing the boundaries of the areas affected by the proposed identification is enclosed.

The effect of this notification, as required under the 1973 Act, is to inform communities that are not presently participating in the National Flood Insurance Program of the flood danger to which they appear to be exposed and to give them an opportunity to enroll promptly in the program so that their residents will be protected financially against future flood losses, since flood insurance

is not available privately. However, if you believe that your community either is not seriously flood prone, or that such flood hazards as may have existed have been corrected by floodworks or other flood control methods, the community may appeal the proposed determination.

If it desires to appeal, the community, at any time during the next six months, should submit to FIA whatever technical or scientific data it may have that is sufficient to prove its contention that it is not flood-prone. If the Federal Insurance Administrator concurs in the evidence submitted, then the proposed identification will be cancelled.

If the community does not successfully refute FIA's proposed identification, then it must seek eligibility for the sale of Federally-subsidized flood insurance by adopting preliminary land use and control measures to help reduce or avoid flood losses and by applying to FIA for participation in the program. Generally, flood insurance can be made available within two weeks after receipt of a complete application. Flood insurance will then be available through any licensed property insurance agent or broker in the community.

Communities where special flood hazard areas have been formally identified must be actively participating in the program by June 30, 1975 (or one year after identification, whichever is later), or else no Federal financial assistance, such as loans or grants, and no mortgage loans from Federally-insured or regulated banks or savings and loan associations will thereafter be available for buildings within these identified special hazard areas. The details of this prohibition are set out in section 202 of the 1973 Act (copy enclosed) and in the individual regulations of the various Federal agencies.

In addition to its community participation requirement, the 1973 Act also requires that individuals within eligible areas purchase flood insurance in connection with all Federal or Federally-related assistance (including mortgage loans from Federally-insured lending institutions) that is received after March 1, 1974, for buildings within identified special flood hazard areas. The amount of flood insurance required is the amount of the loan balance or the maximum amount of insurance available, whichever is less.

Aside from these new participation requirements, the 1973 Act essentially constitutes an expansion and improvement of the National Flood Insurance Program authorized under the National Flood Insurance Act of 1968 (P.L. 90-448, August 1, 1968; 42 U.S.C. 4011--4127). The 1973 Act provided greatly increased limits of subsidized and total

coverage, repealed the provision that would have denied Federal disaster assistance after December 31, 1973, for those who could have purchased flood insurance but did not do so (this requirement was replaced with the insurance purchase requirement explained above), and permitted substantial reductions in subsidized flood insurance premium rates.

We believe the National Flood Insurance Program has been greatly improved by the 1973 Act and that every flood-prone community in the United States will eventually benefit from its provisions. The provisions of the 1968 Act requiring the adoption and periodic updating of adequate local land use and control measures within the flood plain as a condition of continued eligibility for Federal flood insurance remains unchanged, however. These requirements are set out in section 1910.3 of the enclosed program regulations.

More than 3,000 communities had voluntarily entered the National Flood Insurance Program before this letter was written, and more are applying each day. We have therefore enclosed a packet of materials that will assist you in making application, and we would be glad to assist you in any other way that we can. The telephone number of the Office of Flood Insurance within FIA is (202) 755-5581.

Please let us hear from you at your earliest convenience.

Sincerely,

/s/ George K. Bernstein  
George K. Bernstein  
Federal Insurance Administrator

There is therefore a need to act quickly on this problem, however, the solution must truly reflect the best interest of the Truckee Meadows as a whole.

It is clear that superficial enactment of laws governing construction along the river are not long term nor proper solutions to the Truckee Meadows flood problem. The economic impact of such measures could generate losses far in excess of the so-called 'flood hazard'.

The Corps of Engineers and the offices of Senators Cannon and Bible were contacted in Washington, D.C. last summer to re-evaluate the present status since many improvements have been implemented to minimize the flood danger. As a result of this, the Congress appropriated a \$30,000

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award to the Corps of Engineers to re-evaluate the problem and consider the alternate solution of "opening the drain pipe", that is, to consider lowering of the Vista reefs and channel improvements. This plan has been thoroughly studied from an engineering viewpoint and a report prepared, which is entitled "Truckee River Vista Reef Lowering and Channelization Study". It was prepared by John Webster Brown, Civil and Structural Engineers, August 1973.

The Corps of Engineers is actively studying this proposal under the \$30,000 award noted above. Their report is not due for submission until June 30, 1975 -- only one day before the Flood Insurance deadline. It is clear then that a time crisis is developing, in that there will not be time for the people within the Truckee Meadows to review this alternate solution prior to satisfying the National Flood Insurance Program. With this in mind, the following position is defined and supported by the groups endorsing this paper.

#### STATEMENT OF POSITION

A time extension must be granted for the National Flood Insurance deadline at least until the new Corps of Engineers' report is received, evaluated and acted upon. An economic assessment must also be completed, determining the long-range effects the various flood plain judgments will have on the Truckee Meadows. This includes not only special use permits, but the "Green Belt" concepts and the Pyramid Lake problem. Recognition of private property, economic impact and related factors must be considered as important and weighted accordingly, as are the environmental impacts of the various proposals.

April 1, 1975

300 So. Wells

ATTENDANCE AT MEETING OF APRIL 1, 1975

4-1372

NAME	ADDRESS	COMPANY/AFFILIATION	PHONE
STOD DAVIS	BOX 3499	GREATER RENO COFC.	786 3030
Vernice E. Hunter	Box 129	CALSON-TRUCKEE CONSDIST	323 5750
E.W. McKenzie	Box 12400 Sparks	McKenzie Coast	354-1310
John K. Kleepe	Kleepe Lane	Scout Camp System	322-7109
John Williams	103 Hill	Plendax Ind.	329-0200
John S. Gresh	"	"	"
DENNIS SINGLETON	2180 SAND HILL RD METHUEN PARK CAL. P.O. Box 8013, 4th Fl. S.W.	TRIMMER CROSS CO.	415-852-5333 916-587-2479
JAMES S. MEYER	RENO 89507	PART WEST INDUSTRIAL PARK	359-8492
John Webster Brown	642 N. Green St Reno, Nevada	Brown Engineers	322 3872
Jackie M. McClellan	225 S. Arlington	Preston & Hake Assoc.	327-2168
R.S. Leighton	Box 10100 Reno 89510	Swire Pacific Paper Co	789-4622
Edward H. Pine	330 Chevy Chase	Howarthorne Prop.	826-2623
VERN MEISER	Box 5805	Reno	359-0300
John E. Robinson	Box 255-3	Reno 89505	322-6931
A.C. Dado	#1 Market St	San Francisco Co	362-1712
J.M. Martin	" "	" "	" "
Jim Bennett	Box 4700	RENO-HUD	784-4372
GARY NELSON	30 COURT ST.	ATTORNEY	323-1326
Wm. ROBINSON	315 FREEPORT	DR. MEISER ENT.	359-0303
NEIL L. BLACKBURN	70 UNDER ST.	MURRAY-McCORMICK CITIZENS FOR PRIV. ENTERPRISE	786-7952
FRANK CASSAS	P.O. Box 11	Lanza	322-4443
James Jones	2770 Lakeside	Reno Property	825-9017
Frank Kurari	4701 Hill St	Farming	322-4967
Paul W. Jones	8300 Humboldt Tr.	Reno Property Owners	354 4448

\$30,000 MORTGAGE  
PRINCIPAL AND INTEREST ONLY

		MONTHLY PAYMENT	MONTHLY INCOME	ANNUAL INCOME
VA	8%	\$220.14	\$880.56	\$10,566.72
FHA	8½%+½%	232.62	930.48	11,165.76
90% CONVENTIONAL	8½%+¼%	236.02	944.08	11,328.96
VA	6½%	189.62	758.48	9,101.76
FHA	6½%+½%	199.60	798.40	9,580.80
90% CONVENTIONAL	7%+¼%	204.66	818.64	9,823.68