MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 59th SESSION

May 4, 1977

The meeting was called to order at 8:30 a.m. by Chairman Mello.

PRESENT: Chairman Mello, Mr. Bremner, Mr. Dreyer, Mr. Hickey, Mrs. Howard, Mr. Glover, Mr. Kosinski, Mr. Rhoads, Mr. Serpa and Mr. Vergiels.

EXCUSED: Mrs. Brookman, due to illness.

OTHERS PRESENT: John Dolan, Assembly Fiscal Analyst; Bill Bible, Budget Division; Assemblyman Lawrence Jacobsen; Bob Gagnier, SNEA; Jim Wittenberg, State Personnel; Senator Gary Sheerin; Mayor Harold Jacobson; Paul Lumos; Mike Meizel, Buildings and Grounds; Bill Hancock, Public Works Board; Thelma Calhoun, Carson City Supervisor; Earl Oliver, Legislative Audit Division; and Assemblyman Bob Price.

A.B. 597. Requires equal participation in retirement of bonds issued for Marlette Lake and Hobart Reservoir water project by state and Carson City.

Assemblyman Jacobsen testified in favor of the bill, stating that the bill is somewhat the fault of last year's proposal that moved through Ways and Means and Government Affairs where they gave Carson City the option to go ahead and improve Hobart, build a new dam and improve the water system and for that improvement to allow them to have all the additional water that would be available from the improvement. Carson City never went ahead with the project because they were looking for a better financial arrangement to get water from some other areas. They dug wells in Douglas County and found out that the water was there, but was not quality water and would have to be treated. Carson City has improved their own system considerably. In years past, they only took water from the state when they couldn't supply it by their own means, either from their streams or wells.

Mr. Jacobsen stated it has become necessary within the last year or so with the growth in Carson City that there is no way they can keep up with supplying water. Carson City felt that the state should have more of an obligation towards Carson City to help supply the water. Under the Clean Water Act, regardless of what is done with Carson City, the federal government has forced the state to improve the quality of water. There is an item in the budget for a clorination system and another tank.

Carson City then came back with a proposal that the state go half of the cost in the new improvement, which would be a new dam at Hobart to hold 10,000 acre feet of water. A study was done by Water Resources and Montgomery Engineers two years ago. All of the preliminary planning is done. In this proposal, Carson City has asked that the state go on a 50/50 basis, which Mr. Jacobsen thought practical because whatever is done improves the state's system.

Mr. Jacobsen stated there were two water systems in Carson City. One is the state's and one is Carson City's. The state system takes care of all of the capitol complex, except Motor Vehicles and Employment Security. Those two buildings were not hooked onto the state's system because when they were built the water lines were not in that immediate proximity.

The proposal has a number of other aspects to it that everyone should be aware of. Almost all of the things that are set out in A.B. 597 are in a negotiable stage with the Department of Administration and the Governor. In passing this bill, it would authorize that the state pick up part of the funding for new construction. All of the things that pertain to the contract are included in the legislation. In Government Affairs, it was determined that the state was being taken advantage of on a 50/50 basis because when it is improved, Carson City would become the maximum user. To date, Carson only uses a system when they can't get water any other place. The state then sells them the water.

When this is completed, Carson City will use their maximum source of water out of Hobart. They will use their own areas to supplement it. By that token, the state is not going to use any more water because in the capital improvements, there are no new buildings being anticipated, so the state's usage will remain about the same. It may increase somewhat in some of the yard areas.

Government Affairs felt that approximately 30 years from now will be when the state's need will increase. Initially, it was felt that Carson City should share the brunt of the costs, so Government Affairs decided that for the first ten years the state should only pay 30% of the payback and Carson City pay 70%. For each of the next ten years, the state would pay 35% and Carson City 65%. For the last ten years of the thirty year contract, the state would pay 40% and Carson City would pay 60%. They have tried to evaluate on usage.

Mr. Jacobsen stated that Virginia City has been concerned because some of the people felt they should be included in paying some of the cost. It was Mr. Jacobsen's feeling and the feeling of many others that they have somewhat of a historical obligation to supply Virginia City. Presently the contract calls for 491,000 gallons that they could actually use through the pipe. The contract now calls for 300,000 per day that goes up into a reservoir near Virginia City. Mr. Dini was quite concerned for his area so the bill has been amended up to the point of 500,000 gallons per day. Years ago, Carson City's contract called for 600,000 gallons, but at that time there were two lines running up the hill. Today, there is only one.

This will improve Virginia City's storage reservoir in order to get the maximum flow, but it also allows a little bit for growth. The contracts expire July 1 or January 30th. Mr. Meizel indicated they are in the process of negotiating with Lakeview subdivision.

Mr. Kosinski asked if there was another agreement which allocated the water within the Hobart system between the state and Carson City. Mr. Jacobsen replied no. The source belongs to the state. Carson City bought that years ago as a park. The water system was frosting on the cake and came along with it, but a lot of problems also came with it.

The source will always remain the state's. The improvements at Hobart Carson City is going to help the state fund, but when it is all said and done, it still belongs to the state.

Mr. Kosinski asked what would happen if there were water shortage problems. Mr. Jacobsen replied that in the system now, according to what the engineers have said, will only take care of the problems in this area up until about the year 2000. There is one provision left which is Marlette Lake. Presently, the only way they can get water out of Marlette is to pump it with a diesel pump. Anything that goes out of Marlette now goes down into Tahoe.

In Sessions to come, Mr. Jacobsen foresees that Carson City will be back asking to put the line that was there years ago and also to rejuvinate the tunnel that has caved in.

Mr. Kosinski asked if they foresaw any situation where there would not be enough water in the system to take care of the state's needs, plus give Carson whatever they need. Mr. Jacobsen replied no. He stated occasionally it has been necessary to pump out of Marlette. Whenever that is done, Carson City picks up the full tab. Whenever Marlette is reduced in level, they lose the capability of taking cut throat eggs, which happened last year.

Mr. Dolan asked about the $6,500 cost for the employment and retention of financial consultants. It was Mr. Dolan's understanding that those costs have greatly risen and another $40,000 would be needed. Mr. Jacobsen replied Mr. Glover had mentioned to him that there wasn't enough money. As spelled out in the bill, a lot of this is negotiable between the Department of Administration and Carson City. Mr. Jacobsen stated that Mr. Dolan was probably correct in that there weren't adequate funds.

Mr. Dolan stated the problem was that Carson City could come up with the money in the interim, but the state would be hardpressed if the money wasn't reserved for their proportionate share.

Mr. Dolan asked where they were planning on putting the money to redeem the bonds as far as the state's share was concerned and further asked if that would be amended into the act. Mr. Jacobsen replied that's what they had in mind.

Mr. Jacobsen stated over the years they have been negotiating in between Sessions with whatever legislation had been passed.

Mr. Glover stated that a critical point that was a real bone of contention in Carson during the last campaign for Mayor was that under this proposal the state continues to own Hobart and all of the improvements. What some people were saying when they ran for Mayor or Board of Supervisors was that Carson is paying for all the improvements at Hobart, yet at the end of the thirty year period, the state still owns them. It has been Mr. Glover's and Mr. Jacobsen's point of view that the state should continue to own all of these because they have to mediate between the state, Virginia City, Lakeview and anyone else involved. Mr. Glover felt that the state should continue to own and control these so that if Carson City decided that their growth was so big, perhaps they would try to give Virginia City the shaft or in the future perhaps it would be the other way around.

Under this proposal, the state still owns all of the improvements. They will own the dam when it is completed and will own all the pipelines, even though Carson City is paying for part of it.

Mr. Bremner found it hard to justify why the state is participating at all. Mr. Glover stated there were some mutual benefits if the state helps in the development.

Mr. Jacobsen stated that in the proposal the state would turn over their water system to Carson City and the state would be free of the maintenance. It is a very old system and has continual problems for Buildings and Grounds.

Mr. Jacobsen said to realize too, though, that from this point forward the state will be paying for its water to Carson City at a rate that has to be negotiable.

S.B. 174. Makes state ad valorem tax levy for fiscal years 1977-78 and 1978-79

Bill Bible testified that the bill establishes the state ad valorem levy of 25¢ per $100.00 of assessed valuation.

S.B. 169. Entitles employees under State Personnel System to receive payment or retirement service credit for portion of unused sick leave.

Bob Gagnier testified in favor of the bill, stating the thrust of the bill is to provide for those employees who retired under the state public employees retirement system, to receive payment for a portion of the unused sick leave they had at that time. They asked in the original bill that they receive pay for all accumulated sick leave in excess of 30 days. What they were trying to do with the bill was much the same as an insurance program where, if you use the insurance, that's it, and if you don't use the insurance you get a dividend at some date in the future. They were trying to reward those people who leave state service when they retire and have a large amount of accumulated sick leave. A provision was also put in that if an employee died while in service and had the leave, the beneficiary of that person would receive the benefits under the program.

The amendment that was placed on it is an extremely restrictive amendment and cut down the fiscal impact considerably. It provides now that no employee would be able to benefit under this unless they had 15 years of service and the benefit could not exceed $2,500. Senate Finance placed the amendment on the bill because there was some question in their minds as to what the ultimate fiscal impact would be.

Mr. Gagnier stated that primarily SNEA would view the bill as a fringe benefit. There are a number of local government jurisdictions, primarily the larger ones in the state, that already provide this or a better benefit. They do have the situation that when an individual is getting ready to retire and has a vast amount of sick leave, the last year before they retire they have a tendency to use the sick leave frequently, sometimes when they don't need to. Mr. Gagnier didn't feel there was a great deal of abuse, but Mr. Gagnier didn't blame people for doing that.

Mr. Kosinski asked what benefits the local governments provided. Mr. Gagnier replied there are some counties that pay for half of everything. There is a specific law that provides counties may pay for half of all accumulated sick leave. Their's is on retirement, death or termination. If you quit, you would get paid for your unused sick leave. SNEA is not proposing that.

SNEA did a study of the Highway Department. The study is not exactly accurate since the amendment was placed on the bill, but at the time they studied the Highway Department, they found those employees with ten or more years that the average payment for employees would have been $2,352.00. That would be if everyone in the State Highway Department was vested in retirement and retired.

Jim Wittenberg, State Personnel, spoke against the bill. He stated the bill was not provided for in the Governor's recommendations because it simply didn't have high enough priority. Fewer than half of the local political subdivisions in this state have such a policy. On the issue of abuse, Mr. Wittenberg has seen studies that would indicate that such a policy has reduced abuse. One thing State Personnel found in taking a look at the 150 people who retired or died last year, 2/3 would have had no balance. He felt that those people who are abusing sick leave would probably continue to abuse the level above $2,500. State Personnel had figured the fiscal impact would be about $22,000 from the General Fund annually.

Mr. Glover commented that the summers he worked for the Highway Department you could always count on certain people in the office being gone on Monday or on Friday and asked Mr. Wittenberg if Personnel had ever done any studies to figure out what the effect on office operations or productivity were when people are out of the office. Mr. Wittenberg replied no. They will be doing so in the future because they have that information now computerized. Generally, there have been a lot of studies done in government and on the average it runs about eight days of sick leave per employee per year.

Mrs. Howard stated she felt the sick leave actually is a privilege of employees when there is an illness so they will definitely have their pay. She didn't feel that the employee should expect to collect it in large quantities when they retire. Mr. Wittenberg stated that is how he viewed it. He felt it was a safeguard and felt it was a very good policy as it is.

Mr. Serpa agreed with Mrs. Howard.

Mr. Kosinski stated in his personal opinion the only justification he could see for this type of bill as it is, is that as a matter of fact it would reduce unnecessary sick leave absences, but if there is another method of accomplishing that he would personally prefer that method.

Mr. Serpa wondered if the bill was passed that perhaps some people would work when they were sick and that their productivity would be low, but they would work anyway because they knew they would get compensated later. Mr. Wittenberg stated that was an argument that could be used against the bill.

Mr. Glover felt Mr. Gagnier's plan made a lot of sense.

Mr. Hickey didn't feel it was unusual to reward the good workers and punish those who abuse.

A.B. 597. Senator Gary Sheerin testified in favor of the bill, stating the bill in its present form is reasonable. It seemed to him the State of Nevada is going to have to do something with the system at the present time. The federal government has told Nevada they are going to have to spend around $800,000 to purify the system because of the impurities in the water. If Carson City and the state do nothing together, the state will have to spend that money. Also, in order to get the water off the hill, and the tanks down to the pipes to the tanks down below, that system is in bad shape and another $700,000 will be needed to do that work. If Carson City and the state don't do anything together, the state is going to be in a problem area. What Carson City is suggesting is let's get together in a partnership, and do the whole thing to produce as much water as possible for the benefit of Carson City and state government.

Chairman Mello asked if any more money should be put in the bill. Mayor Jacobson replied no. Their proposal was that it would be on a 50/50 basis because they felt the State of Nevada would add some other benefits other than just use of the water. Mayor Jacobson passed out a copy of the Proposal, which is attached. He then went over the proposal with the Committee.

Mayor Jacobson stated when this was proposed two years ago, it wasn't necessary for the State of Nevada to provide pure drinking water for their people. As of this Session of the Legislature it is now a requirement that they go along with it.

Mayor Jacobson said Carson City wanted to work with the state and would lean over backwards to make this proposal go.

Mr. Serpa asked how much the state would be charged for the water they bought per month. Mr. Lumos replied that agreement was never reached. In prior negotiations, they had talked about the city taking over the state's water system and then selling water back to the state. At that time, they were talking about charging the residential rate to the state facilities. Their negotiations started at charging the commercial rate. Mr. Barrett was proposing some percentage of the residential rate. They removed the cost of the source of water and the improvements that the state had in and arrived at the residential rate as being an equitable charge. At that time, Mr. Barrett felt that it still wasn't equitable and indicated that the state would probably be better off dollars and cents wise to keep their own system. With this formula that changes.

Mr. Serpa asked if the bill was passed and the residential rate was used, what dollar amounts would that be. Mr. Lumos replied, strictly from memory, right now the Hobart-Marlette system is costing Buildings and Grounds about $28,000. Using the residential rate, that would have been increased to somewhere between $35,000 to $40,000 annually.

Mr. Kosinski asked if there was any statute or contractual agreement which would give the state the power to limit use of the water by Carson City. Mr. Lumos replied no. The Mayor stated the only limitations that exist is there is a contract to provide water for Virginia City and also the Lakeview area.

Mr. Kosinski failed to see the benefit to the State of Nevada. It seemed to him that the taxpayers in Clark County, more specifically, and Washoe County, to a lesser extent, are being asked to subsidize Carson City's water problems. Mayor Jacobson replied that you could compare it with the Southern Nevada Water Company where they are bringing water over from Lake Mead and there was state and federal participation.

Mayor Jacobson said Nevada is going to have to have a water purification system, which is in the budget.

Mr. Lumos stated that the formula that came out of the Government Affairs Committee addresses this directly. Basically, what it boils down to is the construction of Hobart Reservoir which would generate approximately 2,450 acre feet of water per year. If you look at the needs of the capitol complex and Storey County and find out that in 1980 they will be requiring 675 acre feet jointly, by year 2000 they will be requiring 1,005 acre feet jointly. Even though they are developing 2,450 acre feet, Storey County and the capitol complex are going to be requiring 1,000 acre feet of that supply by year 2000. So they in fact would be doing the reverse.

If Carson City paid for the whole thing, they would be subsidizing a portion of the capitol complex and Storey County water supply. The formula that came out of the Government Affairs Committee actually took the 1980 figure, which is 675 acre feet and said that is approximately 30% of the total water supply that will be generated. First, they said they would sell 30 year bonds. The first 10 years the state would participate 30% and Carson City would participate 70%, based on the actual amount of water that each entity would be using. The second ten years the consumption by the state would increase and the consumption by the city would decrease on a proportional basis so the formula would then go to 35% being paid by the state and 65% by Carson City. The last ten years where the state would be using 40% of the water available, the formula would then go down to 40% being paid by the state and 60% being paid by Carson City. The formula is based on actual water consumption generated by the project. If you look at it on that basis, there is no subsidy involved.

There would be a subsidy if they considered the other items indicated in the attached report.

Mike Meizel stated that Virginia City does pay the state for the water they purchase. The contract expires this year, but will be renegotiated.

Mr. Dolan asked if the $6,592,000 included the interest charge. Mr. Lumos replied the $6.5 million represents what they feel is an actual construction cost. Last year that number was at $5.88 million. However it was funded short. Mr. Dolan asked if the bill had to be amended to say that $6,592,000 worth of bonds can be issued. Mr. Lumos replied no, that would happen is the items under the Hobart cost alternative items 2 and 3 would in essence be deleted from the project if the dollars weren't there to do that.

Mr. Dolan asked as to the water purification facility, the state is to pay 35% and asked what is the total cost since $885,000 has already been appropriated to the Public Works Board. Mr. Lumos replied the $885,000 would be able to process about 350 gallons a minute. They are talking of putting 900 to 1,000 gallons a minute through it so they are looking again at a 35/65%. Mr. Lumos felt they were talking somewhere in the neighborhood of $1.5 million to $1.75 million for the treatment facility, so the $885,000 would be sufficient to pay the state's share.

Chairman Mello asked what role the Public Works Board would be playing in this project. Mr. Hancock stated that under the 1975 legislation, Chapter 681, the Public Works Board, under Section 6, is responsible for the construction of the dam and related facilities. That hasn't been modified by A.B. 597. It remains the same.

Mr. Rhoads asked if the project would be started immediately if the bill passed. Mayor Jacobson said that the reason there was a delay and nothing was done was because it was impossible for Carson City to do it under the old bill. Now, with this type of a proposal where everybody is involved, Carson City would be willing to get started right away.

Mr. Hancock stated there would have to be an agreement between the city and the state on the payback situation and who does what. Once that is done the bonds can be sold. Once the bonds are sold, the design and construction process will start.

Mr. Bremner asked if those chose to put in a required purification system, how long would the present state water system be adequate for safe use. Mr. Hancock replied that under the $885,000 project they would be building a 3 million gallon storage tank and they would be treating 500,000 gallons per day which is 350 gallons per minute. Mr. Hancock felt that would be adequate for the foreseeable future for just state facilities. It doesn't handle Virginia City. As Mr. Hancock understands it, there is a legal obligation for the state to provide water to Virginia City. If that water is taken off above the state system that serves the capitol complex and the prison as such, they are not talking about doing any treatment in that area.

Mr. Hancock stated the only adequate condition of the state's line is from the capitol complex down to the prison which was put in ten to fifteen years ago. The rest of the lines are in pretty bad shape.

Mr. Kosinski asked if Mr. Bible's office had looked over the figures. Mr. Bible replied no, they have not been a party to negotiations since 1975. Mr. Kosinski asked Mr. Bible to look over the materials and comment on them the following day.

S.B. 169. Mr. Glover made a motion for a "Do Pass"; seconded by Mr. Hickey. Motion passed. (Mrs. Howard, Mr. Kosinski and Mr. Serpa voted no.)

S.B. 174. Mr. Bremner made a motion for a "Do Pass"; seconded by Mr. Serpa. Motion passed.

S.B. 521. Mr. Dreyer made a motion for a "Do Pass"; seconded by Mr. Serpa. Motion passed.

A.B. 752. Authorizes office expense allowance for legislators in lieu of telephone and printing allowances.

Mr. Bremner stated the bill will provide each Senator and Assemblyman an office expense allowance not to exceed $150.00 per month for every month of his term. The act does not become effective until February 1, 1979. It is effective one month after the Session, so it doesn't conflict with any telephone expense or postage expense legislators get as a start-up in the Session. The handout shows other states that provide similar expenses to their legislators.

The legislators would have to ask Earl Oliver to pay them the money. If you couldn't justify it through some kind of an expenditure, then the Legislator wouldn't receive the money.

There are no start-up costs the way the bill is written.

Earl Oliver, Audit Division, stated the concept he was aware of was that an individual legislator could monthly file a claim for an amount up to $150.00 for whatever he had expended for office supplies, etc. and they would pay the amount claimed. That's why the dollar amounts in the preliminary fiscal note are less than a multiple of 150 x 60 legislators for a 12 month period. On the Committee Chairmen allowance for this Session, not all of the 20 Chairmen requested and received an allowance so there was some anticipation that perhaps 50% might be a target figure as to what the average claim might result in.

Mr. Oliver noticed the bill has a new effective date. The figures were worked up with the preliminary note. As Mr. Oliver sees the February 1st date, the $500.00 and the average $95.00 for stationery would still be paid in the 1979 Session. That wasn't the way Audit worked up the costs, but if this particular concept was enacted and starting with the year 1977-78 on an off Session year, there would be a potential $1,800 per month, but they used an estimate of $900.00 or about 50% of that might be claimed.

During a regular Session, the telephone expense of $500.000 is eliminated. The average printing costs run around $95.00 for each legislator which would be eliminated. There would be totally an increase of about $305.00 per month in the Session. Those figures were compiled prior to the effective date that has been put on the bill.

The $60.00 postage allowance is constitutional and would not be affected.

Mr. Oliver stated that if the bill was effective December 1, 1978, there would be a $150.00 payment in December prior to the Session which would finance all the stationery costs and then for a four month Session it would be $150.00 per month which would be about $600.00, which is about $100.00 more than the present allowance and from thereafter the potential to claim whatever the expenses were for maintaining an office.

Chairman Mello pointed out if that was done you would lose the $500.00 telephone allowance and the $95.00 for printing. Mr. Oliver replied it would be a push during that period. It would be $750.00 against $595.00 if it was effective December 1st.

Chairman Mello pointed out that by passage of the bill, a legislator would lose money during the Session.

Chairman Mello felt it should be written that you would receive the $150.00 after the Session.

Chairman Mello told Mr. Price that he should have drafted his bill to where legislators would receive the $150.00 expense account in the interim, not during the Session. Mr. Price's suggestion was if it was handled in that way he would leave the $500.00 telephone allowance in because if you were only running in the interim you would be deducting approximately four months which would be about the same as the $500.00 allowance.

After further testimony from Earl Oliver and Bob Price, Mr. Bremner made a motion to amend the bill to amend the title of the bill to be an interim expense allowance; to amend the section to where legislators receive $150.00 each month only during the interim; and to leave in the $500.00 for telephone expense; and making the effective date December 1, 1978; seconded by Mrs. Howard. Motion passed. (Mr. Rhoads voted no.)

Mr. Bremner made a motion for a "Do Pass, as amended"; seconded by Mr. Serpa. Motion passed. (Mr. Rhoads voted no.)

The meeting adjourned at 10:30 a.m.

HOBART PROPOSAL

FEBRUARY 1977

I. PURPOSE:

The purpose of this report is to define areas of mutual benefit to Carson City and the State of Nevada for the construction of Hobart Reservoir. Since a mutual benefit is derived by the construction of the dam, joint participation in the construction cost will be justified.

II. AREAS OF MUTUAL BENEFIT:

Some of the benefits derived from construction of Hobart Reservoir by the State of Nevada which have a definite value, but which we were unable to precisely define that value are as follows:

a. The construction of Hobart Reservoir would tend to improve the quality of the water used from that reservoir.

b. The Hobart watershed is part of the State park system and the reservoir would enhance the recreational value of the land.

c. Use of the reservoir for municipal water supply is compatible to use as a fishery and would create a value to the State of Nevada in terms of angler days.

d. The reservoir would provide some degree of flood control to Franktown Creek.

e. During wet years the reservoir could provide controlled discharges to Washoe Valley and Washoe Lake providing better management of those resources.

Areas of benefits derived from construction of Hobart Reservoir which can be precisely defined are as follows:

a. By developing the entire watershed, 2450 acre feet of water will be developed. Of this 1000 ac. ft./yr. is projected for Capitol Complex and Storey County use in year 2000. That means that only 1450 acre feet of the total amount developed will be available for Carson City Water Company use.

b. The cost of construction includes certain system upgrading which is necessary to maintain the system whether Hobart Reservoir is constructed or not. These include upgrading the redwood diversion tanks, and upgrading the east slope collection system.

III. COST OF CONSTRUCTION:

The following is a summary of the construction costs of Marlette and Hobart Reservoirs as taken from the engineering report prepared by Wateresource Consulting Engineers and Montgomery Engineers for the State of Nevada. The table brings the costs as shown in the original report to current values.

MARLETTE LAKE WATER SYSTEM

PROJECT ELEMENT	COST ESTIMATE			
MARLETTE ALTERNATIVE 2950 AC. FT.	ORIGINAL REPORT	MARCH 75 UPDATE	MARCH 76 ESTIMATE	MARCH 77 ESTIMATE
1. Gravity Pipeline from Marlette Lake to West Portal Incline Tunnel	800,000	1,260,000	1,411,200	1,580,544
2. Rehabilitate the Incline Tunnel in a three phase program	319,000	351,000	393,120	440,294
3. East Slope Pipeline, including Marlette Lake water	565,000	850,000	952,000	1,066,240
4. Rehabiliitation pipeline from Redhouse to tanks	180,000	267,120	299,174	335,075
5. New Siphon Tank	20,000	25,000	28,000	31,360
6. New pipeline from tanks to upper State reservoir, including rehabilitating existing facilities	320,000	371,000	415,520	465,382
	2,204,000	3,124,120	3,499,014	3,918,895
Engineering, Construction Review, Administration, Legal and Special Engineering Services 22%	2,685,900	3,811,500	4,268,800	4,781,052
HOBART ALTERNATIVE 2450 AC. FT.				
1. Cost Hobart Dam		3,041,000	3,405,920	3,814,630
2. Items 4, 5 & 6 from above		663,120	742,695	831,317
3. East Slope Pipeline	549,000	603,900	676,370	757,534
	549,000	4,308,020	4,824,985	5,403,981
Engineering, Construction Review, Administration, Legal and Special Engineering Services 22%		5,255,784	5,886,481	6,592,857

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IV. WATER USE ALLOCATION:

From the WRC/ME report the projected water needs for the years 1980 and 2000 are as follows:

WATER DEMAND

	YEAR	
	1980	2000
Carson City	6,900 Ac.Ft.	13,600 Ac. Ft.
State Complex & Storey County	675 Ac.Ft.	1,005 Ac. Ft.
TOTAL	7,575 Ac.Ft.	14,605 Ac. Ft.

The construction of a 10,000 acre ft. dam at Hobart Reservoir would produce an average annual yield of 2450 acre ft. of water.

The Capitol Complex and Virginia City will require 675 acre ft. of this capacity by year 1980 and 1005 acre ft. by year 2000.

Therefore, the distribution of water produced from the Hobart watershed would be as follows:

DISTRIBUTION OF WATER
DEVELOPED BY HOBART RESERVOIR

(2450 ACRE FEET)

	YEAR	
	1980	2000
State Complex & Storey County	675 Ac. Ft. 28%	1,005 Ac. Ft. 41%
Amount Available to Carson City	1,775 Ac.Ft. 72%	1,445 Ac. Ft. 59%
TOTAL	2,450	2,450

V. COST PARTICIPATION:

As shown by the above tabulation, direct participation in the cost of constructing Hobart Reservoir is justified in the range of 28% to 41% depending on whether water is reserved for the Capitol Complex and Virginia City to year 2000.

Based on estimated construction costs from Section III and a proration based on allocation shown in Section IV the cost distribution would look like this:

2097

HOBART CONSTRUCTION COST DISTRIBUTION

YEAR OF WATER RESERVATION

	1980	2000	50% PARTICIPATION
Capitol Complex & Storey County	$1,846,000 28%	$2,703,071 41%	$3,296,428 50%
Carson City	4,746,857 72%	3,889,786 59%	3,296,429 50%
TOTAL	$6,592,857 100%	$6,592,857 100%	$6,592,857 100%

VI. ANNUAL COST SUMMARY:

The following annual costs would result from the construction of Hobart Reservoir based on a 6% interest rate:

ANNUAL COST SUMMARY

		20 Yr. PAYBACK	50 Yr. PAYBACK	100 Yr. PAYBACK
State of Nevada & Storey County	28% 1,846,000	160,934	117,110	111,092
	41% 2,703,071	235,653	171,483	167,050
	50% 3,296,428	287,383	209,125	198,379
Carson City	72% 4,746,857	413,831	301,141	285,665
	59% 3,889,786	339,112	246,768	234,037
	50% 3,296,429	287,383	209,125	198,379
TOTAL		574,765	418,251	396,757

The rate structure recently adopted by Carson City will generate approximately $1,171,232 in Fiscal Year 76-77. The above cost distribution would have the following effect on Carson City's revenue requirements.

2398

REVENUE REQUIRED TO FINANCE
HOBART RESERVOIR

(50 YEAR PAYBACK)

PERCENT PARTICIPATION	ANNUAL COST	PRESENT ANNUAL REVENUE	PERCENT OF PRESENT REVENUE
100%	418,251	1,171,232	35.7%
72 %	301,141	1,171,232	25.7%
59 %	246,768	1,171,232	21.1%
50 %	209,125	1,171,232	17.9%

The above tabulation shows that the effect on Carson City will in its water use rates will vary in the amount of approximately 35.7% to offset payback of 100% of the cost of the construction of Hobart Reservoir to a rate increase of approximately 17.9% to offset a payback of 50% of the construction cost of Hobart Reservoir.

2099

HOBART RESERVOIR

CONSTRUCTION COSTS

APRIL 22, 1977

DEBT RETIREMENT FOR $6,592,857

At 6% for 30 years $478,971 per year annual cost, based on sliding scale participation costs follow:

	STATE	CARSON CITY
1st Ten Years	30%	70%
Annual Cost	$143,691	$335,280
2nd Ten Years	35%	65%
Annual Cost	$167,640	$311,331
3rd Ten Years	40%	60%
Annual Cost	$191,588	$287,383

PL/sw

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February 6, 1977

M E M O R A N D U M

TO: Assemblyman Robert E. Price

FROM: Andrew P. Grose, Research Director 152

SUBJECT: Allowance for Legislator Clerical Assistance

There are only 16 states that provide allowance for district offices or for expenses in a district. Only one of these, Idaho, has a population under 1 million. Another, Arkansas, has a population under 2 million. Each of the 16 is listed below with a description of the allowance.

1. Arkansas - General expenses of $350 per month during the interim only.

2. California* - Office rent ranging from $315 to $550 per month. Staff salary from $998 to $1,993 per month. Postage allowance $100 per month.

3. Florida* - Office rent of $300 per month.

4. Idaho - Per diem expenses allowance of $3.50 during the interim.

5. Illinois* - Annual total of $12,000.

6. Indiana - Per diem expense allowance of $12.50, 6 days a week.

7. Kansas - General expenses of $200 per month in the interim to a maximum of $1800 per year.

8. Louisiana* - Monthly office rent of $150 plus the salary of a steno-clerk.

. . .

9. Maryland* - House, $5,000; Senate, $7,750, to include office and staff assistance.

10. Mississippi - General expenses of $100 per month during the interim only.

11. New Jersey* - Office rent, $5,000 per year. Staff, $15,000 per year.

12. Oregon - General expenses of $175 per month during the interim only.

13. Tennessee - General expenses of $121.77 per month.

14. Texas* (House only) - Office and staff allowance of $3,000 per month.

15. Washington - General expenses of $50 per month.

16. Wisconsin - House, $25 per month. Senate, $75 per month, general expenses during the interim only.

*These states require vouchers for all expenses. In the other states, the allowance is unvouchered. Arkansas, Kansas and Oregon have substantial allowances for being unvouchered. Most sizable allowances are vouchered.

This listing certainly provides you with several options. The simplest approach for a state our size may be the per diem idea such as Indiana uses. In any event, the amount would be small enough to have it unvouchered.

APG/jd