

SENATE

GOVERNMENT AFFAIRS COMMITTEE

Minutes of Meeting - March 9, 1975

Present: Chairman Gibson
Senator Foote
Senator Faiss
Senator Gojack
Senator Raggio
Senator Schofield

Also Present: See Attached Guest Register

Chairman Gibson opened the twentieth meeting of the Government Affairs Committee at 1:30 p.m.

SB-314 was the first order of business. The committee needed to have this bill re-referred to the Finance committee due to land transfer, the real heart of the bill is the appropriation of two million dollars.

Motion to Re-refer to Finance by Senator Schofield, seconded by Senator Faiss. Motion carried unanimously.

AB-294

Authorizes Washoe County to utilize certain portions of Washoe County fairgrounds for county public building complex. (BDR S-957)

Russ McDonald, Washoe County, indicated that there was a great deal of support on this bill. Mr. McDonald gave the committee the background history on the bill.

Motion of "Do Pass" by Senator Raggio, seconded by Senator Gojack. Motion carried unanimously.

SB-110

Provides for corrective action by State where local government is in financial difficulty. (BDR 57-293)

Senator Dodge, sponsor, testified to the committee on the intent of this bill. The Senator felt that the situation in New York wouldn't have happened or been so severe if this type of legislation was available to them. He wanted to make clear that he hoped that this type of legislation would not be used but only a safe guard in the statutes.

Jim Lien, Tax Commission, spoke in favor of this bill. He had prepared a testimony that he read to the committee. (See Attachment #1)

Bob Broadbent, County Commissioners. stated they were in favor of this bill. They feel that it will be a protection to the small communities and help them do a better job. In Section 10, they suggested that it might be amended to change the language about long term indebtedness.

Senate
Government Affairs
Minutes of Meeting No. 20
March 9, 1977
Page 2

Senator Hilbrecht agreed and felt that the term long term indebtedness was too ambiguous.

Richard Bunker, representing the city of Las Vegas, stated that they were in favor of this type of legislation. They had a suggestion on page 3, section 9. Rather than leaving it to the advise and recommendation it should be obligatory to the local advisory committee. He also indicated that SB-62 might touch on this problem as well. Mr. Lien indicated that the suggestion Mr. Bunker made would pose no problems with them.

Bob Warren, Nevada League of Cities, noted that he polled the cities and seven were in favor, seven against. Those in favor felt that it would be a good safe guard and those against felt that it gave too much power to the tax commission and the language was a bit ambiguous.

Russ McDonald, testifying in behalf of Hank Etchemendy of Carson City, stated that he was in favor of the bill.

Steven Stucker, North Las Vegas, stated that their city was opposed to the bill. Feels it could take away the power of financing from the local entities. Section 5, subsection 2 which states that the department of Taxation may withhold state and local tax distributions. He feels that this would add more of a burden to the entity in distress. In Section 6, the employment of technicians, feels that this will add a degree of cost and we have difficulty with this definition of "technicians" as well as the definition of "material improprieties". They also don't like the term "repeated mismanagement". These terms lend themselves to many interpretations. We don't like the Tax department having the authority to approve budgets. In regards to the use of short term financing, suggest that a time limit be placed on that, such as 30 days.

Senator Dodge stated that material improprieties might be changed, can see the difficulty in definition of that. These were chosen by a firm of certified accountants. The real safe guard is that it must be finally approved by the State Board of Finance. He also felt that it might make things worse to hold back funds on an entity that is having financial difficulties. The Senator felt that the department of taxation would never withhold funds on a community that is having difficulty paying their bills.

Chairman Gibson asked Mr. Lien if there have been instances where a community has had a qualified or adverse opinion within the last 10 years. Mr. Lien answered that in 1969 North Las Vegas did. Chairman Gibson continued that for many years they have been concerned about North Las Vegas. We could not get the local authorities to be concerned about it. We took action at the legislature. One action that was taken was to reduce the statutory bond limit that they were allowed

Senate
Government Affairs
Minutes of Meeting No. 20
March 9, 1977
Page 3

because they were getting beyond their capacity to repay the bonds that they were issuing. In conclusion the Chairman felt that the worry is somewhat unfounded. The drastic nature of financial affairs that would cause this legislation to come into being should not concern the entity that is handling their affairs properly.

SB-135

Requires annual financial statements by publicly funded state agencies. (BDR 31-679)

Mike Cox, Las Vegas, representing the Nevada Society of Public Accountants. Mr. Cox has served on the local government advisory committee and they also did an audit in February of 1975 on the state departments that handle public funds. Their findings and recommendations are included in this bill. In this study they found that our local government budget act is one of the finest in the country. The concept in this bill is the same and it extends the fiscal and accounting controls to these state agencies.

Les Burkstrom, president of the Society of C.P.A.s, testified in favor of this bill. This bill enhances the entities to have tight controls and more accurate records. Mr. Burkstrom passed out copies of a bill that illustrates his point. (See Attachment #2)

Senator Raggio noted that the fiscal note was quite high. The additional costs were estimated at one million and four hundred thousand dollars in 1980. This estimate was based on the additional audits being done by private contract.

Mr. Burkstrom felt that the figure was probably accurate although it was hard to put a figure on this type of work prior to knowing what would be involved.

Earl Oliver, Legislative Auditor, indicated that they were not in favor of this bill as it is in their opinion that it will not be helpful to the state agencies. (See Attached #3) They agree with the figure that Senator Raggio quoted and felt that it was accurate.

They felt that this bill would create a horrendous workload with a short time to do the job.

Senator Hilbrecht suggested that if we amend the bill to have the services done on a contract basis it might be more acceptable to the Audit Division. Mr. Oliver agreed that this would be more acceptable to them.

Don Schultz, C.P.A., also member of the Nevada Society of C.P.A.'s testified to the committee that he had worked for the Legislative Audit division and wanted to address this bill as a private citizen.

Senate
Government Affairs
Minutes of Meeting No. 20
March 9, 1977
Page 4

He concurs with the societies position that we do need audits in the state agencies that handle public funds. Feels that what has been used previously has been a bad reporting back to the public. Does not feel that the legislative audit team has effectively communicated financial results of operations to the public. We feel that the efficiency of state government should be maintained in the accounting procedures and audits conducted.

Don Magee, C.P.A. from Reno testified against this bill with regards to the audit being conducted yearly. He felt that we were talking about 1.4 million per year.

The committee took no action on this bill during todays hearing.

SB-91

Extends Local Government Budget Act to state grazing boards.
(BDR 31-642)

Senator Young went over this bill for the committee and felt that there should be some place in the statutes to reflect how the money is being spent.

Ed Schore, Fiscal Analyst testified to the committee and presented a financial report entitled, "Distribution of the Taylor Grazing Fees". He indicated that 12½% of the monies are returned to the state. The money is then distributed for the benefit of the grazing district grants. The only check is a pre audit by the county. Mr. Lien stated that their would be no problem in including the grazing act in the local government budget act.

Roy Young, Chairman of the State Grazing Board, indicated that they used this returned money in an emergency capacity. Explained how the funds are handled. The Grazing Board has nothing to do with the distribution of the grazing funds. They don't like having to wait an additional year to receive the funds. He also indicated that since its used in an emergency capacity they don't know how to budget this type of fund. Everything that they do is approved by the County Commissioners. He also stated that they do not like to let their (Elko's) emergency fund get below \$25,000.

Ira Kent, Fallon, spent 18 years on the Advisory Board in Carson City. They used their board funds to help out another community that needed the funds and felt that the funds have come in handy many, many times.

Leslie Stewart, Chief of State Board of the district that takes in Humboldt, Pershing and a small amount of Washoe County. He agreed with Mr. Kent and Mr. Young. Some of their funds have been used for water development and cattle guards.

Senate
Government Affairs
Minutes of Meeting No. 20
March 9, 1977
Page 5

Matt Benson, Rancher in Carson Valley, testified to the committee and stated that grazing fees are not taxes or assessments. They don't see them as applied in this bill. Would like to let the funds be used as in the past. Wants the bill to die in committee.

Stanley Ellis, Chairman of State Advisory Board, testified that he also was against the bill.

Motion to Indefinitely Postpone by Senator Gojack, seconded by Senator Foote. Motion carried unanimously.

SB-198

Creates Washoe County Airport Authority. (BDR S-847)

Senator Raggio, one of the sponsors, spoke to the committee on this bill and referred them to the two reports that had been passed out for their review. (See Attachment 5 - Majority Report and Attachment 6 - Minority Report)

Senator Raggio noted that there had been a good deal of study on this bill by the interim committee. A similar bill was before the legislature during the last session and it was the decision of the Government Affairs Committee that a study committee should be appointed and under the legislation that was enacted it was to determine whether a special governmental corporation (commonly referred to as an airport authority) should be formed to govern the operation of the Reno International Airport in lieu of the city of Reno.

The Reno airport is now serving the inhabitants of regional area and an ever increasing number of tourists. They felt that the financial problems of the airport have become more complex. They also noted that the administrative machinery of the airport should be more responsive to the community at large. Senator Raggio wanted the records to indicate that these were not his statements but the findings of the interim committee. Senator Raggio then referred the committee to Mr. Robert Heaney, spokesman for the "pro" side of the issue.

Mr. Robert Heaney went over parts of the Majority Report for the committee. They feel that the airport authority is necessary and the time right. He also pointed out that they support a wider tax base, opportunity for developing greater expertise, likelihood of private enterprise incentives, and marketing possibilities for revenue bonds.

He continued that this bill does lend itself for ~~transferance~~ to the counties. The manner of transfer is left open. He discussed type and amount of remuneration to the city of Reno, (5 million)

Some of the disadvantages that he highlighted were the possibility of putting too much power in the hands of a few people. The feeling that the bill is unclear about existing contracts.

Mr. Heaney then went on to note that Mr. Bob Hicks from Walt Disney Production favored the airport authority concept. He felt that with the Disney Productions creating the vacation/recreation area at Independence Lake they would need to have a good airport to handle the traffic that would be coming through. He also wanted to stress that he was not taking a stand but he wanted a good, strong airport system in this area.

Mr. Heaney also noted that Brig. General Jack Lagrange, Commander of the Nevada Air National Guard couldn't be present to testify but favored the airport authority bill. Mr. George Carnes, Manager of S.S. Kresge wanted to have it go on record that he was in favor of the airport authority bill too.

Mr. Al Wittenberg, serving as a member of the interim study committee testified to the committee in favor of the airport authority bill. Mr. Wittenberg who was an assemblyman last session stated that he was responsible for the airport authority bill that was introduced in the 1975 session. He felt that the reason for introduction during the last session was the serious financial difficulties the airport was in and still feels that the area would be better served by an airport authority. Mr. Wittenberg concurred with Mr. Heaney's testimony for the most part but stated that with the way the airport is run now you could lose some people with great familiarity and expertise every 4 years during the election period.

Bob Rusk, member of the committee that produced the Majority Report likes the idea of having the members from the local area. He noted that in Section 12 of the bill; there is a feeling that an appointed board should not have the authority to levy a tax rate. They feel that this authority should be left with the paid, elected body, such as the county commissioners or the city council.

Jerry Grow, interested citizen who was on the study committee indicated that the other men have made the comments that he felt pertinent. He is in favor of the airport authority bill.

Bill Cottinger, President of the Chamber of Commerce in Reno, gave written testimony to the committee favoring airport authority. See Attachment #7. He also indicated that the MGM Grand Hotel has generated much enthusiasm for the airport authority concept. It was his feeling that the Reno International Airport was not prepared to handle the air traffic.

Vern Durkee, Travel Industry, Airport Advisory Commission Member, testified to the committee from his written testimony. See Attachment No. 8.

Senate
Government Affairs
Minutes of Meeting No. 20
March 9, 1977
Page 7

Frank Johnson, Vice President of the Hilton Hotel corporation, testified in favor of the bill. He indicated that the Hilton is planning expansion and wants to be assured that the airport will be able to handle the increased air traffic over the next few years.

Ted Herman, Reno, worked on the Majority Report and was on the original Advisory Commission. Mr. Herman read his testimony to the committee and indicated that many companies that will be opening soon are looking at the airport and its facilities with great anxiety. They feel that it needs much improvement for the increase in air traffic. Freight Handling facilities are badly needed. He also noted that financing up to 93% can be received from the federal government if the airport goes to the airport authority concept. The remaining amounts should be received from revenue bonds. He felt it would take ten years to build and equip a new airport. We must make the one we have now efficient. See Att. #9

Joe Lattimore, noted that he previously served as the City Manager for 14½ years. He worked on the Majority Report as the consulting engineer. He indicated some items that were in error. He went over the report and pointed out the error in computing the amount the Reno International Airport has been operating in the red (re. airport landing fees) noting that it has been necessary to supplement the airport fund with general revenues. According to the audit figures the airport lost approximately \$390,000 in 1974 and would show a loss of approximately \$1,500. per day in 1975. Feels that this is incorrect. Mr. Lattimore noted that it should be a net operating income (before depreciation) of \$137,404. We calculated in the depreciation to indicate it on a break even basis. The depreciation calculated is on the federal grants and the capital outlay which is not an actual expense in operating the airport. An additional item that was not calculated in the loss figure is the interest and repayment of the general obligation bonds.

Mr. Lattimore felt that this figure should be brought to the committees attention in order for it to truly look at the whole picture before making a decision.

He also noted that in the 14 budgets that he prepared for the city of Reno for the airport there were no general fund monies appropriated for the airport.

Mr. Lattimore went on to state that he was unsure of the bills definition of "airport". Should state "airports" as the city of Reno does operate two airports. On Page 4, line 13, paragraph 4, which relates the airports authority to sell, lease or otherwise dispose of any real property. It doesn't state the limitations or provisions. Also on Page 4, line 49 - We already have some three fire protection agencies working now. The provision should

Senate
Government Affairs
Minutes of Meeting No. 20
March 9, 1977
Page 8

be included in the bill to permit the authority to contract for these services. Page 10, line 7 provides that the authority shall assume the obligations, issues and the accoutants payable by the city of Reno for the airport purposes. This indicates that the authority would be assuming the outstanding bonding indebtedness. He questioned as to whether or not the possibility of a legislative act placing the obligation of the bond issue on a body that didn't vote for the issue. The present bonding law for Washoe County, City of Reno and City of Sparks requires a vote of the poeple to assume any general obligations. It appears that it would be necessary to have a vote of those who are going to assume the general obligations.

Mr. Lattimore concluded by stating that it is his opinion that the airport authority bill will help the airport become a much more efficient place of travel and will be able to handle the much needed expansion plans for the future. Suggested that the committee vote "Do Pass".

Mayor Carl Bogart was most adamant in his feelings that Reno is doing a very good job. Now is not the time to take the responsibility away. Is against this bill.

Bob Oldland, City Manager in Reno, testified on the Minority Report and against this bill. See Attachment 6 for the Minority Report. Mr. Oldland felt the timing was wrong. The people there have been working hard to correct the problems of management over the years and now beginning to make good progress. Mr. Oldland feels that these reports, Majority Report, doesn't take into consideration the problems that will be encountered in changing to an airport authority. In 1975 the city moved to put the airport on a positive paying basis. They are operating in the black and plan to continue making more improvements with the airport.

Clyde Biglieri, City Councilman, felt that the city should be commended. He worked personally to make the changes that have occured over the past two years and feels that it isn't fair to have it turned into an airport authority now when they are beginning to turn the tide. Mr. Biglieri entered into the records two checks that have been received as back payment on landing fees. See Attachment #10.

Pat Lewis, Council member for the city of Reno, testified against this bill. She feels that it is inequitable to levy taxes to the outer areas for the airport. Feels that shortly the airport will be on a paying basis and making a profit for the city of Reno. She also indicated that the vote was not that clear cut. Felt that many members changed their minds between a one month period.

Senate
Government Affairs
Minutes of Meeting No. 20
March 9, 1977
Page 9

Mrs. Lewis also found fault with the election requirement for the ability to spend \$5,000 or more. This is binding and will cause a great deal of trouble. She also feels that the advisory boards adds a layer of protection. The State's function should be enabling not mandatory. At this time Mrs. Lewis informed the committee of the many money making projects that have been started and considered.

Mrs. Lewis felt that the ratio of safety at the Reno International airport is taken lightly. Mr. John Sodak, Airport Safety Director at the San Francisco airport rated the Reno airport as one of the safest in the country. She also stated that a noise suit has been resolved with the money coming from the easement fee.

They also have hired a Mr. Richard Campbell who will be working on the new air routes.

Councilmen Bruno Menicucci, testified against this bill. Wanted the bill to recognize that the airport is the Reno International Airport. Mr. Menicucci reiterated the testimony given previously by Mr. Heaney and wanted to re-emphasize that they have people with great expertise. If the airport authority bill passes what will happen to those who know so much about the airport? He also stated that it was his hope that they would soon be operating off revenue bonds.

Mr. Menicucci asked the committee to turn to page 6, item 11 of the Majority Report. It says, to me, that it should provide for members on a population basis and the bill doesn't address the area to be considered. He also suggested that the committee consider the reason that this bill is before them now, now that the airport is finally on its feet and making money.

Chairman Gibson asked those against the bill if they felt they had the area and funds available for the increased growth within the next few years.

Senator Hilbrecht stated he would like to see the city of Reno's capabilities to make the type of improvements that are needed. He also saw the 5 million dollar fee as a poor figure for remuneration.

Mr. Walter Mallally, City of Reno, stated that the Majority Report is unrealistic. Read his testimony to the committee. See Attachment #11. In questions from the committee Mr. Mallally stated that if the bill does pass he would suggest making the five man committee seven members. He also disagreed with the election requirement of purchases of \$5,000. or more. He felt that the market value of the airport is approximately 30 million dollars.

Senate
Government Affairs
Minutes of Meeting No. 20
March 9, 1977
Page 10

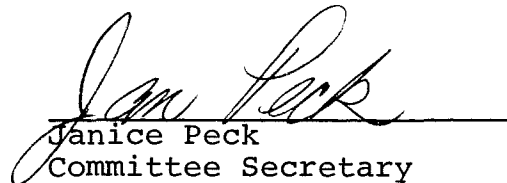
Mr. Petrocini, airport advisory board member, testified to the committee against this bill. He was also concerned about the people that now work with the airport and have that expertise. What would happen to them and how would they be replaced without a loss to the effectiveness of the airport, could set progress with the airport back five years.

Mr. H.E. Protzmann, Burns & McDonnell, testified against this bill. Also on hand was Mr. Ken Jones, Airport Director. They informed the committee that within 90 days they hope to have the final element of the Stage 1 program. Should be able to handle two million passengers a year. There is a good chance that steps 1 and 2 could be combined in the hopes of saving time.

Bill Barton, Assistant Vice President of the First National Bank testified to the committee in favor of the bill. Mr. Barton read a letter to the committee from the president of his bank. See Attachment 12.

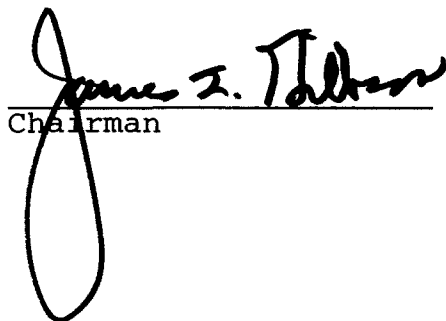
As there was no further testimony to be given at this time the Chairman adjourned the meeting at 7:05 p.m.

Respectfully submitted,



Janice Peck
Committee Secretary

Approved:



Chairman

Prepared testimony: James Lien, Tax Commission

SB-110

March 9, 1977 - Senate Government Affairs Committee

SB-110 is preventative - has no impact on viable operating entities only affects an entity experiencing financial difficulty as a result of poor fiscal management which has not been or is not being corrected by a governing board or its appointed administrators. The bill allows the department to assist the entity following a determination that the entity is experiencing financial difficulty in management of its obligations. That determination is not finalized without a hearing before the State board of Finance which will oversee the departments action - the governor, comptroller and Treasurer specifically.

Lets look at some examples:

Currently I have two governments (districts) that are in bond difficulty - they can't recover; the second was worked out in the department for long range or revised payment of principal and interest. A third district brought back the bonds at 25¢ on the dollar which only through legal action we prevented the moneys from going to the developer as the bond holder. A fourth district found itself borrowing excessively and not having sufficient revenue to repay; the department refused further approval until the entity met with the department to resolve its cash flow and debt problem. It finally cooperated voluntarily after another financial crisis which would have been prevented under this bill.

The department has previously withheld tax allocations - questionably so - to effect compliance - always successfully.

It has requested local tax receivers to withhold payment of ad valorem taxes to effect compliance with 234.250 boundary plots - but probably has no authority to withhold moneys to force reprogramming.

It has been said the bounded indebtedness limitations prescribed are sufficient to prevent problems in repayment; a general law city may borrow 30% of its ad valorem in go. and an additional 20% in other forms which if unpaid would fall on the ad valorem tax. To repay the 30% limit would require a \$2.34 rate of the \$5.00 combined - leaves little for schools, county and state.

Again, there is less likelihood that the fifty counties, cities and school districts will have the problems requiring action under this act, but a great chance of its use with the remaining 154 entities.

Having the act on the books is a stimulus to some entities to enter into cooperative arrangements with the department allowing it to recommend help or assistance.

S. 2060

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Municipal Securities Full Disclosure Act of 1976".

Sec. 2. (a) Section 3(a)(12) of the Securities Exchange Act of 1934 is amended by inserting "13A," immediately after the phrase "for the purposes of sections".

(b) Section 3(a)(10) of such Act is amended by inserting "guarantee of," immediately after "receipt for".

(c) Section 12(h) of such Act is amended by inserting "13A," immediately after "section 13".

(d) Section 15B(d)(1) of such Act is amended by striking out "Neither the Commission nor the Board is" and inserting in lieu thereof "The Board is not", and by striking out "with the Commission or the Board" and inserting in lieu thereof "with the Board".

(e) Such Act is further amended by inserting after section 13 the following new section:

"MUNICIPAL SECURITIES DISCLOSURE

"Sec. 13A. (a) (1) Any issuer of municipal securities which has outstanding during any portion of a fiscal year an aggregate principal amount of municipal securities exceeding \$50,000,000 shall prepare for such fiscal year an annual report and reports of events of default in accordance with such rules and regulations as the Commission may prescribe as being necessary or appropriate in the public interest or for the protection of investors.

"(2) The annual report required by paragraph (1) shall contain the following information, if applicable:

"(A) An identification and description of the issuer of the securities outstanding;

"(B) A description of any legal limitation on the incurrence of indebtedness by the issuer or the taxing authority of the issuer;

"(C) A description of the issuer's debt structure, including information with respect to amounts of authorized and outstanding funded debt; estimated amount of short term debt, character of amortization provisions of funded debt, sinking fund requirements, security for debt, nature and extent of guaranteed debt, and debt service requirements;

"(D) A description of the nature and extent of other material contingent liabilities or commitments of the issuer;

"(E) If any payment of principal or interest on any security of the issuer or any predecessor thereof has been defaulted on, or has been postponed or delayed, within the past twenty years, a description of the date, amounts and circumstances of such event and of the terms of any succeeding arrangements thereof;

"(F) A description of the issuer's tax authority and structure over the past five years including the nature of taxes levied, tax rates, property (real and personal) valuation and assessment procedures, amounts of property valuations and assessments, amounts of tax levies, amounts of tax collections and delinquent tax procedures and experience;

"(G) A description of the issuer's major taxpayers;

"(H) A description of the principal governmental and other services provided or performed by the issuer, the extent to which similar or differing services are performed by other governmental entities which serve the same geographic area and any major changes in such services in the last ten years;

"(I) A description of the nature and extent of Federal or other assistance programs available to the issuer; and

"(J) Financial statements of the issuer in such detail and form and for such periods beginning not earlier than the fifth previous

fiscal year as the Commission may prescribe, which statements for any fiscal year commencing on or after December 31, 1978 shall be audited and reported on by an independent public or certified accountant in such manner as the Commission may prescribe.

"(3) The reports of events of default referred to in paragraph (1) shall contain such of the information required by paragraph (2) as the Commission may by rule or regulation prescribe.

"(4) The reports required by paragraph (1) shall, in addition, contain such other similar and specific information as the Commission may by rule or regulation prescribe as being necessary or appropriate in the public interest or for the protection of investors.

"(b) (1) Except as provided in subsection (c), any issuer that offers or sells an issue of municipal securities, the aggregate principal amount of which exceeds \$5,000,000, to or through a municipal securities broker, municipal securities dealer, or bank acting as agent, shall, prior to such offer or sale, prepare a distribution statement in accordance with such rules and regulations as the Commission may prescribe as being necessary or appropriate in the public interest or for the protection of investors.

"(2) The distribution statement required by paragraph (1) shall contain such of the information pertaining to the issuer required by subsection (a) (2) as the Commission may by rule or regulation prescribe, and the following:

"(A) A description of the offering, including amount to be offered, price, plan of distribution, and underwriting arrangements and compensation;

"(B) A description of the security to be offered, including provisions as to security, events of default, payment of principal and interest, sinking fund, redemption, debt reserve funds, priority, legality and authorization for issue and rights of security holders to bring suit against issuers;

"(C) A description of any project or enterprise of the issuer to be financed from the proceeds of revenue or special assessment securities, and any engineering or financial feasibility reports or studies on the construction and operations of the project or enterprise;

"(D) A description of the intended use of the proceeds of the offering;

"(E) A statement of counsel's opinion as to the legality of the issuance of the securities to be offered;

"(F) A statement of the availability of the reports required by this section; and

"(G) Such other similar and specific information as the Commission may by rules or regulations require as necessary or appropriate in the public interest or for the protection of investors;

except that, prior to any sale, the information specified in subparagraphs (A), (B) and (E) may be set forth in preliminary form.

"(c) The provisions of subsection (b) shall not apply to an issuer solely by reason of an offer or sale of municipal securities—

"(1) the disclosure with respect to which has been approved, after hearing, as adequate for the protection of investors by a State governmental authority (other than the issuer) expressly authorized by law to grant such approval, or

"(2) which would meet the criteria set forth in sections 3(a)(9), 3(a)(10), 4(1), 4(2), 4(3), or 4(4) of the Securities Act of 1933 if such offer or sale were not within the scope of section 3(a)(2) thereof.

"(d) The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, change the minimum amounts set forth in subsections (a) (1) and (b) (1) if, giving due regard to such factors as general economic conditions, costs involved, and the nature of the distribution system for municipal securities, such change

is deemed to be appropriate in the public interest.

"(e) The Commission may prescribe, in regard to reports and distribution statements made pursuant to this section, the form or forms in which the required information, including the financial statements, shall be set forth, and the accounting methods to be followed in the preparation of financial statements.

"(f) (1) The issuer shall make the reports required by subsection (a) (1) of this section available upon request to security holders at the issuer's expense and to others at their expense and shall give appropriate public notice of such availability.

"(2) The issuer shall make the distribution statement required by subsection (b) (1) of this section available to municipal securities brokers, municipal securities dealers, and banks acting as agent for delivery to prospective purchasers in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

"(3) The reports and distribution statements required by this section shall also be maintained by the issuer at a designated location for examination by the public in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors. The Commission may also contract to establish a central repository which shall receive and maintain such reports, and may require the contractor to adhere to such rules and regulations as the Commission may prescribe in furtherance of the purposes of this section. Each person subject to the requirements of this section shall, upon the establishment of any such repository, thereafter file copies of reports and distribution statements required to be prepared by this section with the repository in accordance with such rules and regulations as the Commission finds are necessary or appropriate in the public interest.

"(g) In no event shall any underwriter of an issue of municipal securities (unless such underwriter shall have knowingly received from the issuer for acting as an underwriter some benefit, directly or indirectly, in which all other underwriters similarly situated did not share in proportion to their respective interests in the underwriting) be liable in, or as a consequence of, any suit for damages in excess of the total price at which the issue was sold by it to the public."

Sec. 3. The amendments made by section 2 take effect on January 1, 1977.

SECTION-BY-SECTION ANALYSIS

This bill would amend the Securities Exchange Act of 1934 (the "Act") to provide for limited regulation of municipal securities. Section references are to sections of the bill, otherwise indicated.

Section 1 would provide the short title of the bill, the Municipal Securities Full Disclosure Act of 1976.

Section 2(a) would amend the definition of "exempted securities" in Section 3(a)(12) of the Act to provide that municipal securities would not be deemed "exempted securities" for purposes of new Section 13A of the Act.

Section 2(b) would amend the definition of "security" in Section 3(a)(10) of the Act to include a "guarantee" of certain types of securities. Thus, the reporting requirements of new Section 13A of the Act would be specifically applicable to the guarantor of a municipal security. Section 2(1) of the Securities Act of 1933 defines "security" in a similar manner.

Section 2(c) would amend Section 12(h) of the Act to provide the Commission with authority to exempt any municipal issuer or class of municipal issuers from the provisions of new Section 13A of the Act if the Com-

mission finds such action is not inconsistent with the public interest or the protection of investors.

Section 2(d) of the bill would amend Section 15 B(d)(1) of the Act to provide the Commission with authority to require an issuer of municipal securities to comply with applicable disclosure requirements.

Section 2(e) would amend the Act to add a new Section 13A to the Act, entitled "Municipal Securities Disclosure" to provide for limited regulation of municipal securities by the Commission and to require the preparation of annual reports and distribution statements by issuers of municipal securities.

Subsection (a)(1) would require a municipal issuer with more than \$50,000,000 of municipal securities outstanding during any portion of a fiscal year to prepare for each such fiscal year an annual report and reports of events of default in accordance with the rules and regulations promulgated by the Commission. The Commission would have authority to specify by rule or regulation the period of time within which such reports must be prepared. In addition, the method for computing the amount of municipal securities would be defined by the Commission.

Subsection (a)(2) would set forth, in general categories, the information to be contained in the annual report, including an identification and description of the issuer, as well as information concerning any legal limitations on the debt ceilings of the issuer or the issuers taxing authority; the nature and extent of other material contingent liabilities or commitments of the issuer; the issuer's tax authority and structure over the past five years; the principal governmental and other services provided or performed by the issuer and the extent to which similar or differing services are performed by other governmental entities serving the same geographic area and any major changes in such services in the last ten years; a description of the nature and extent of federal or other assistance programs available to the issuer; and financial statements in such detail and form as the Commission may prescribe. Commencing on or after December 31, 1978, the financial statements shall be audited and reported on by an independent public or certified accountant in the manner prescribed by the Commission.

Subsection (a)(3) would require that reports of events of default contain such of the information in the annual report as the Commission may, by rule, determine.

Subsection (a)(4) would authorize the Commission with rulemaking authority to require additional information to be included in the annual report and reports of events of default. However, the Commission's discretion would be limited to requiring "similar and specific information" to that required by new Section 13(a)(2) of the Act.

Subsection (b)(1) would require a municipal securities issuer that offers or sells an issue of municipal securities of an aggregate principal amount exceeding \$5,000,000 to or through a municipal securities broker (defined in section 3(a)(3) of the Act), municipal securities dealer (defined in section 3(a)(30) of the Act) or a bank acting as agent, to prepare a distribution statement prior to the offer or sale in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

Subsection (b)(2) would set forth the information to be included in the distribution statement. This information would consist of such of the data required in the annual report of the issuer as the Commission may prescribe, together with specified additional information concerning the particular offering. The Commission would be given flexible authority. If, for example, the issuer had prepared an annual report for the fiscal year preceding the offer or sale of municipal secu-

rities, the distribution statement might consist of the information concerning the particular offering and be accompanied by the issuer's annual report together with a statement of any material current developments required to make the information in such report not misleading. Alternatively, the Commission might prescribe the preparation of a brief distribution statement incorporating annual and other reports by reference, in a manner similar to the Commission's development of S-7 forms for corporate issuers. The objective would be to minimize interference with the natural workings of the marketing system.

Subsection (c) would provide exemptions from the distribution statement provisions of subsection (b) for offers and sales of municipal securities by issuers under specified conditions. Exemptions would be available to municipal issuers in those states which actively supervise local financings and where the disclosure with respect to such offer or sale of municipal securities has been approved by a State governmental authority (other than the issuer) expressly authorized to grant such approval. Other exemptions from the distribution statement provisions of this section would be available to offers or sales by a municipal securities issuer meeting the criteria of sections 3(a)(9) and 3(a)(10) concerning exemptions from registration, and sections 4(1), 4(2), 4(3) and 4(4) concerning exempted transactions, under the Securities Act of 1933.

Subsection (d) grants the Commission authority to change the minimum dollar amounts set forth in the provisions requiring the preparation of annual reports and distribution statements if, giving due regard to such factors as general economic conditions, costs involved, and the nature of the distribution system, such change is deemed to be appropriate in the public interest. Allowing the Commission to adjust these levels appears appropriate in light of the lack of the Commission's experience in administering such disclosure requirements, its general unfamiliarity with the operations of the municipal markets, and the absence of any accurate figures to indicate the type and quantity of issuers affected at any specific level.

Subsection (e) would grant the Commission authority to prescribe the form or forms in which reports and distribution statements shall be set forth and the accounting methods to be followed in the preparation of financial statements.

Subsection (f) is intended to ensure that reports and distribution statements are made available to investors.

Subsection (g) provides a limitation on the liability of underwriters of municipal securities similar to that provided by section 11(e) of the Securities Act of 1933 for underwriters of corporate securities offerings.

The bill contains no specific provisions regarding civil liability for material misstatements and omissions. Instead, the general antifraud provision would apply here as well as in those cases in which a municipal securities broker, municipal securities dealer, and bank acting as agent, received copies of a distribution statement pursuant to subsection (f)(2) in connection with an underwriting. Such persons would be responsible to perform such reasonable investigation as the antifraud provisions are deemed to require.

Documents prepared pursuant to section 13A would not be "filed" with the Commission. Of course, the general antifraud provisions of the securities law would remain applicable.

Section 3 provides the effective date for the bill.

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627

JAMES I. GIBSON, *Senator, Chairman*
Arthur J. Palmer, *Director, Secretary*

INTERIM FINANCE COMMITTEE (702) 885-5640

DONALD R. MELLO, *Assemblyman, Chairman*
Ronald W. Sparks, *Senate Fiscal Analyst*
John F. Dolan, *Assembly Fiscal Analyst*

ARTHUR J. PALMER, *Director*
(702) 885-5627

FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5627
EARL T. OLIVER, *Legislative Auditor* (702) 885-5620
ANDREW P. GROSE, *Research Director* (702) 885-5637

MEMBERS OF THE SENATE GOVERNMENT AFFAIRS COMMITTEE

SB 135 is not supported by our office, other accountants working in government, nor by all accountants in private practice. It comes from the C.P.A. Society which is not well informed on the coverage of our Legislative auditing program. Some members of the Society may benefit financially from its adoption. We have offered numerous times to assist the Society members in their government study and to explain or provide data concerning the Legislative audit program, but they have never contacted this office for information or factual data.

If this bill is enacted the taxpayers of this state would be required to pay between \$880,000 to \$1,397,000 the first year it becomes effective. There would be approximately 130 separate and unrelated audit reports many of which will not be presented publicly. The audit impact on the State Controller's office between October and December 31 each year could effectively bring the office to a stand still while scores of auditors from dozens of firms are working there.

This bill is unnecessary because the present law (NRS 284.173 and NRS 218.770) provides for state agencies to contract for accounting and auditing services when necessary and justified and we currently have over 30 institutions, departments and boards which do contract for annual financial audits.

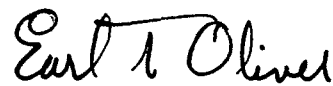
MEMBERS OF THE SENATE GOVERNMENT AFFAIRS COMMITTEE

This bill, if enacted, would delegate the Legislature's constitutional oversight responsibilities to the various agencies of the executive branch and to C.P.A. firms. In Nevada government the responsibility for post-auditing state government financial operations has been a Legislative duty. A duty which has been recognized and fulfilled, and an obligation which the Legislature should finance, administer and evaluate.

If it is the pleasure of the Legislature to move the audit program to annual or at least biennial coverage the additional money required to do so should be appropriated to the Legislative Audit program for the most efficient management of both additional professional auditors and contract audits where and when they are absolutely necessary.

As a result of the combined efforts of the State Controller, the Budget Office, the Department Heads and the Legislative Audit Division the "State Accounting Procedures Law" AB 67 was drafted. It has passed both houses and was signed by the Governor as Chapter 17, Statutes of Nevada 1977. The new State Accounting Procedures Law revises and improves our system of Fund accounting and reporting. It will allow the State to issue one annual audited financial report for all state financial Funds. This is our goal and it is obtainable. Also the new accounting law does not impose a fiscal impact on the operation of State government. I urge you not to approve SB 135.

Respectfully,



Earl T. Oliver, C.P.A.
Legislative Auditor

ETO:hjr

STATE OF NEVADA
DISTRIBUTION OF TAYLOR GRAZING FEES

	<u>For Fiscal Year Ending</u> June 30, 1975		<u>For Fiscal Year Ending</u> June 30, 1976	
	<u>Acreage</u>	<u>Amount</u>	<u>Acreage</u>	<u>Amount</u>
<u>Grazing District #1</u>				
Elko	6,743,222	\$ 38,368.35	6,743,221	\$ 54,924.36
Eureka	519,951	2,958.46	519,951	4,235.07
Lander	139,914	796.08	139,914	1,139.61
		<u>\$ 42,122.89</u>		<u>\$ 60,299.04</u>
<u>Grazing District #2</u>				
Churchill	192,757	\$ 528.08	192,757	\$ 742.14
Humboldt	4,216,980	11,552.78	4,120,603	15,864.79
Lyon	160	.43	160	.62
Pershing	2,803,907	7,681.56	2,803,907	10,795.36
Washoe	696,521	1,908.18	696,521	2,681.68
		<u>\$ 21,671.03</u>		<u>\$ 30,084.59</u>
<u>Grazing District #3</u>				
Carson City	42,721	\$ 62.83	42,721	\$ 134.94
Churchill	2,102,589	3,092.27	2,101,758	6,638.64
Douglas	184,690	271.62	179,040	565.52
Lyon	711,555	1,046.48	711,495	2,247.34
Mineral	1,729,665	2,543.81	1,182,394	3,734.72
Nye	190,515	280.19	191,085	603.56
Storey	17,313	25.46	13,231	41.79
Washoe	357,737	526.12	364,651	1,151.79
		<u>\$ 7,848.78</u>		<u>\$ 15,118.30</u>
<u>Grazing District #4</u>				
Lincoln	2,324,256	\$ 4,479.43	2,324,256	\$ 6,632.59
Nye	1,319,552	2,543.10	1,319,552	3,765.53
White Pine	4,365,158	8,412.76	4,365,158	12,456.60
		<u>\$ 15,435.29</u>		<u>\$ 22,854.72</u>
<u>Grazing District #5</u>				
Clark	3,357,560	\$ 3,216.32	3,357,560	\$ 3,691.26
Lincoln	3,343,823	3,203.16	3,343,803	3,676.45
		<u>\$ 6,419.48</u>		<u>\$ 7,367.71</u>
<u>Grazing District #6</u>				
Eureka	1,506,498	\$ 3,354.64	1,506,498	\$ 5,771.19
Lander	2,880,352	6,413.93	2,880,352	11,034.24
Nye	4,026,189	8,965.44	4,026,189	15,423.79
		<u>\$ 18,734.01</u>		<u>\$ 32,229.22</u>
Total Grazing Districts		\$112,231.48		\$167,953.58
<u>Section 15 County Funds</u>				
Clark		\$ 25.00		\$ 10.00
Esmeralda		7,828.86		12,497.00
Nye		9,387.14		14,477.32
Total Section 15		<u>\$ 17,241.00</u>		<u>\$ 26,984.32</u>
GRAND TOTAL TAYLOR GRAZING		\$129,472.48		\$194,937.90

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627

JAMES I. GIBSON, *Senator, Chairman*
Arthur J. Palmer, *Director, Secretary*

INTERIM FINANCE COMMITTEE (702) 885-564

DONALD R. MELLO, *Assemblyman, Chairman*
Ronald W. Sparks, *Senate Fiscal Analyst*
John F. Dolan, *Assembly Fiscal Analyst*

ARTHUR J. PALMER, *Director*
(702) 885-5627

FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5627
EARL T. OLIVER, *Legislative Auditor* (702) 885-5620
ANDREW P. GROSE, *Research Director* (702) 885-5637

May 18, 1976

Assemblyman Robert E. Heaney
232 Court Street
Reno, Nevada 89501

Dear Bob:

In connection with the Washoe County Airport Study, you have presented the question whether a separate airport authority could assume control of the Reno airport without compensating the City of Reno for its substantial investment in that facility. Clearly this could not be done without express authority from the state legislature, but your question is particularly directed to the situation where such authority is given.

Section 8 of article 1 of the Nevada constitution provides in relevant part:

No person shall * * * be deprived of life, liberty, or property without due process of law; nor shall private property be taken for public use without just compensation having been first made, or secured * * *.

Section 1 of the Fourteenth Amendment to the United States Constitution also forbids any state to "deprive any person of life, liberty, or property, without due process of law." In Hunter v. Pittsburgh, 207 U.S. 161 (1907), the Supreme Court squarely decided under the Fourteenth Amendment that a state could without compensation deprive a city of property held in its governmental capacity, and vest such property in another agency. It refused to decide whether this power of the state extended to property held by a city in its proprietary capacity.

The authority of the City of Reno to operate an airport must be found in the Municipal Airports Act, chapter 496 of NRS,

Assemblyman Robert E. Heaney
May 18, 1976
Page 2

for the city charter is silent upon the subject. NRS 496.250 provides in subsection 2 that "[a]ll land and other property and privileges acquired and used by * * * any municipality * * * for the purposes enumerated in this chapter * * * are hereby declared to be acquired and used for public and governmental purposes." Thus the Nevada legislature could transfer the Reno airport to another agency without compensation to the City of Reno. This result would not be changed by applying the "just compensation" clause of the Nevada constitution or the equivalent clause of the Fifth Amendment, which would probably now be considered applicable to the state through the Fourteenth, for the same distinction between governmental and proprietary functions would preclude considering the municipal airport as "private property." A modern state case, applying state constitutional provisions similar to Nevada's reached this same result: Madison Metropolitan Sewerage Dist. v. Committee on Water Pollution, 50 N.W. 2d 424 (Wis. 1951).

It is interesting that although the Hunter and Madison cases emphasize the governmental versus proprietary test, neither your humble servant nor, apparently, the authors of the standard texts have found any case where a court has actually required a state to compensate a city for any transfer of its property to another governmental authority. See, for example, 2 McQUILLIN, MUNICIPAL CORPORATIONS (3rd Ed., 1966 Rev. and 1975 Supp.) § 4.20. Of course, the fact that compensation is not constitutionally required does not prevent the legislature from providing it, or from leaving title to the airport real estate vested in the City of Reno. This would be a question of legislative policy as to which the study committee may wish to recommend. If you do, you may wish to consider also that if a separate airport authority had title to the real estate and needed to issue bonds for expansion or improvement, a pledge of the real estate in addition to the revenues might gain a lower rate of interest. This would benefit the people of Reno equally with other users of the airport and taxpayers within the jurisdiction of the authority.

Very truly yours,

FRANK W. DAYKIN
Legislative Counsel
(signed by direction)


Richard A. Sheffield
Chief Deputy

17.0.147
77-48
1976

MAJORITY REPORT
OF THE
WASHOE COUNTY AIRPORT
STUDY COMMITTEE

- Randall V. Capurro
 - Gerald G. Grow
 - Robert E. Heaney
 - E. T. Hermann
 - William J. Raggio
 - Robert F. Rusk
 - Albert M. Wittenberg
-

Prepared and submitted October 27, 1976, pursuant to A.B. 498, Chapter 742, 1975 Nevada Statutes, for consideration by the 1977 Nevada Legislature.

TABLE OF CONTENTS

	<u>Pages</u>
A. INTRODUCTION	1-2
B. SUMMARY OF FINDINGS	2-6
C. DISCUSSION	6-16
1. Airport Funding	6-9
a. History	6-7
b. Current Negotiations	7-8
c. Role of Federal Government	8
d. Tax Base	8-9
e. Future Outlook	9
2. Airport Management	9-11
a. Local Politics	9-10
b. Specialization	10
c. Facilitation of Decisionmaking	10
d. Continuity	11
3. Airport Facilities and Services	11-16
a. Service Area	11-12
b. Facilities	12-14
c. Charter Flights	14
d. Fixed Base Operators	14-15
e. Safety	15
f. Future Outlook	15-16
D. CONCLUSION	16-17
Appendix A - Summary of Meetings	

A. INTRODUCTION

The 58th Session of the Nevada Legislature, by passage of AB 498 introduced by the Washoe County Delegation, and enacted as Chapter 742, 1975 Nevada Statutes, created the Washoe County Airport Study Committee to conduct a study to determine whether a special governmental corporation, commonly referred to as an Airport Authority, should be formed to govern operation of the Reno International Airport in lieu of the City of Reno.

The Legislature expressly found 1) that the Reno Airport is now serving the inhabitants of a regional area and an ever-increasing number of tourists, 2) that the financial problems of the Airport have become more complex and 3) that the administrative machinery of the Airport should be more responsive to the community at large and Airport operators and users.

Specifically the Study Committee was directed to:

1. Conduct a study to determine:
 - a. Whether a special governmental corporation should be formed to provide adequate air services to Washoe County.
 - b. What measures, if any, should be taken to provide:
 - (1) Sufficient funding and to establish the administrative machinery necessary to insure adequate air service to Washoe County and the surrounding areas.
 - (2) Safe and convenient air travel and transport to and from the Reno area.
2. Report the results of each study to the 59th session of the Legislature, together with recommendations for any necessary and appropriate legislation.

The following report is submitted in accord with the vote taken at the September 29, 1976, meeting of the Washoe County Airport Study Committee whereby seven members, forming a majority of the Study Committee, voted in favor of recommending to the Legislature formation of a special corporation known as an Airport Authority to govern operation of the Reno International Airport.

It is the belief of the majority that the findings expressed herein are consistent with, and supported by, the evidence presented to the Study Committee during the course of its year of meetings and deliberations. A summary of the meetings is attached hereto as Appendix A.

The testimony of witnesses is summarized in the written minutes of monthly meetings, while other evidence in the form of survey and questionnaire materials sent to airports throughout the nation, legal opinions prepared by Legislative Counsel, and various written background materials furnished to the Committee by certain witnesses all form a part of the record which should be reviewed by the Legislature along with the Study Committee's report.

It is to be noted that Legislative Counsel expressly concluded in opinions dated May 18, 1976, and July 7, 1976, that the Legislature could authorize transfer of the Airport from the City of Reno to an Airport Authority without violating federal or state constitutional prohibitions against taking property without compensation and against local or special laws.

In reaching its findings, the majority considered criteria relating to: 1) Airport funding, 2) Airport management, and 3) Airport facilities and services. The latter was analyzed in light of local passenger and tourist use, industrial community use, and fixed base operator use. Paramount in the decision reached by the majority was the Legislature's expressed concern in A.B. 498 for making a recommendation which, in the majority's opinion, would best insure adequate air services to Washoe County and the surrounding area.

B. SUMMARY OF FINDINGS

1. Adequate funding of the Airport and its future financial health can best be insured by creation of an Airport Authority which has the following advantages over the present municipal operation of the Airport:
 - a. Support of a wider tax base for increased financial capacity, i.e., for backing of general obligation bonds necessary for needed Airport improvements and for backing revenue bond debt service, but only in the event that Airport revenues are not sufficient to meet Airport costs.

- b. Opportunity for development of greater expertise essential to profitable Airport administration in an area of increasing financial complexity and escalating costs.
 - c. Likelihood of the exercise of private enterprise incentives sufficient to promote affirmative action programs that will supplement regular Airport landing fee revenues by establishment of fully developed fixed base operator facilities and auxiliary Airport and terminal services so as to maximize aviation and user activity conducive to generation of nonflight Airport revenues.
 - d. More attractive marketing possibilities for revenue bonds, which should be the primary source of Airport financing, based upon increased opportunity for development of self-sustaining Airport revenues under an Airport Authority.
- 2. The mere fact that the present City Council has apparently solved the landing fee inadequacy is not in itself sufficient reason for concluding that the Airport should be operated by the City.
 - 3. Federal funds will be available to an Airport Authority on the same basis as they are now available to the City of Reno, and possibly, to a greater extent if any consideration is given to the enlarged area represented by an Authority.
-
- 4. Adequate safeguards exist by means of the legislative process to structure the financial powers of an Airport Authority to insure fiscal responsibility and at the same time give the Authority the essential powers for necessary revenue generation, short of direct taxation.
 - 5. Revenue bonds appear to be the best device for financing needed Airport improvements backed by a provision in any negotiated landing fee contract with the airlines authorizing periodic adjustment of landing fees to meet debt service for said bonds at any time during the term of the existing contract. If, for any reason, sufficient revenues are not available, a "double-barrel" approach can be utilized whereby an Authority would be authorized to invade ad valorem taxes to the extent of meeting debt service.
 - 6. The establishment of an Airport Authority will not automatically result in increased cost to the taxpayer

because of duplication of personnel and equipment or additional bureaucracy by creation of an additional layer of government. An Authority may be empowered so it can utilize existing personnel and equipment of either the Cities of Reno or Sparks or Washoe County, or any combination thereof, on a contractual basis, payable by generated Airport revenues. Moreover, some economies might be achievable under an Airport Authority by a consolidation of resources which are not achievable under the present singular municipal operation.

7. Optimum Airport management can best be achieved under an Airport Authority for the following reasons:
 - a. Decisionmaking involved in the municipal operation of the Airport has been, and may be, subject to "local politics" and special interest concessions which have been, and may continue to be, adverse to public Airport user interest. An appointed Airport Authority, not obligated to any person or special interest, other than the Airport itself, would be free from undue political pressures or adverse influence associated with the Airport's operation in years past.
 - b. City Councilmen lack the necessary time in view of their increasingly heavy workloads and time commitments to adequately serve the needs of Reno's growth, and at the same time keep pace with the running of administrative machinery necessary to cope with the complex problems of modern Airport operation. Expertise for such administrative machinery can best be acquired and retained by virtue of an Airport Authority whose members may concentrate their available time, energies, and abilities to the task of overseeing Airport operations without the distractions commonly associated with service on the City Council. In other words, members of an Authority may truly become "specialists" in their assigned responsibilities.
 - c. Continuity of acquired expertise of members serving on an Airport Authority can be maintained by staggered appointments of individuals not subject to ouster by recurring elections.
 - d. Streamlining of the decisionmaking process is possible by a more direct chain of command whereby the Airport Authority deals directly with the Airport Manager and his staff. This avoids the cumbersome procedure whereby the Airport Manager must report to the City

Manager, who reports to the City Council, which consults with the Airport Advisory Commission, and thereafter, may follow, or not follow, the Commission's recommendations as to any particular matter. It is doubtful that such a procedure is conducive to an efficient Airport administration and operation.

8. Present Airport facilities and services at the Reno Airport are inadequate when compared to many other airports of comparable size, i.e., "medium hub" airports serving five hundred thousand to two million passengers per year. It is to be noted that this year, according to testimony by the Airport Manager, the Reno Airport is expected to handle over one million passengers.
9. Enhanced Airport facilities and services available to local and tourist passengers, the industrial community, and fixed based operators can best be achieved by an Airport Authority for the following reasons:
 - a. An Airport Authority, with members appointed by the Cities of Reno and Sparks and Washoe County, will be more representative of, and responsive to, the collective interest of the regional area which the Airport geographically serves. At present, the City Council, as governing body for the Airport, serves a multijurisdictional area far exceeding the political jurisdiction of the City of Reno. The governing body for the Airport should be closer in line with the scope of the regular service and user area, which takes in all of Washoe County, a large part of Northern Nevada, and parts of Northern California.
 - b. Improved terminal and auxiliary facilities such as baggage handling, passenger loading, and public transportation serving the Airport are more likely to be established under an Airport Authority which will develop greater expertise and financial capability so as to allow necessary expansion and improvements.
 - c. Airline scheduling and routing to and from the Airport are more likely to be improved under an Airport Authority, given the time and expertise to pursue these goals.
 - d. Charter flights, both departing and arriving, are more likely to be encouraged as an additional source of Airport flight revenues under an Authority.

- e. Air freight cargo shipment facilities and air freight carrier service are more likely to be developed and promoted for the benefit of local industrial community users, and as a source of additional Airport flight revenues under an Authority.
 - f. Fixed base operator facilities of all types, and serving both airlines and general aviation, are more likely to be encouraged under an Airport Authority as a means of generating nonflight revenues.
10. Safe and convenient air travel for passengers and transport cargo is more feasible under an Airport Authority which is better structured to develop the required expertise and stability to promote such goals.
 11. Any legislation proposed for formation of an Airport Authority should provide for appointment of members on a population proportionate basis among the Cities of Reno and Sparks and Washoe County, and further, should provide for appointment and removal of members by the affected local governments in order to retain appropriate local control over selection and retention of appointees. An alternative would be to provide that members of the Authority be elected, with one or two members running at large.

C. DISCUSSION.

1. Airport Funding

a. History

The Reno Airport for the past twenty-three years, since acquisition of the Airport from United Airlines, has suffered the misfortune of being contractually bound to one of the lowest, if not the lowest, landing fees in the nation, 6 cents per thousand pounds of gross landing weight. As a result, for the past several years, the Airport's operation has been run in the red, and it has been necessary to supplement the Airport's operation with general City revenues. According to audit figures, the Airport lost approximately \$390,000 in 1974, and will show a daily loss of approximately \$1,500 per day for 1975. In 1974, total landing fees paid the City were approximately \$92,000 which compared to parking lot fees of \$96,000. During the twenty-three years of the

1,201,000
1,063,
137,000

present twenty-five-year contract, Airport landing fee revenues have remained at the same low level, approximately \$80,000 to \$90,000 per year.

The deplorable landing fee situation at the Reno Airport is to be contrasted with the healthy situation in Clark County, where the Airport, having a 42-cent per thousand pound landing fee, showed a net profit of \$2,800,000 in 1974. Also, it is to be noted that, while the federal government took in \$2,000,000 for customs landing fees at the Reno International Airport during 1974, those same flights generated the City of Reno only \$2,000 in landing fees.

Although the City had the right to renegotiate the United Airlines contract when United Airlines was paid off many years ago, it failed to act and has been contractually bound to the ridiculously low 6-cent landing fee ever since. The twenty-five-year contract is due to expire in 1978, unless before then the airlines accept the current proposals by the City of Reno to increase landing fees retroactive to July 1, 1975.

b. Current Negotiations

It is the understanding of the Study Committee, based upon information supplied by the City of Reno, that the proposed new contract with the airlines will provide for a 27.9-cent per thousand pounds landing fee which will result in a \$1,000 per day increase in landing fee revenues. It has been further explained that the contract will provide for flexible adjustment, upward or downward, according to the amount of revenues needed for Airport capital improvements. It is understood that this contract is to run for eleven years, retroactive to July 1, 1975.

Testimony offered by the Reno City Manager, Mr. Oldland, indicated that the City deemed it prudent to act now to get out of the existing contract before expiration approximately two years from now, at which time the City would have the right to set the landing fee by City Ordinance, without negotiation. According to Mr. Oldland, the City believes it would be better to start receiving additional revenues now in order to meet needed terminal expansion and other Airport expenditures. Mr. Oldland also indicated that he thought a negotiated contract would provide

for better bond marketability by virtue of having a long-term contract which guarantees debt service in landing fee structures, rather than an annual ordinance which might not be as flexible. Moreover, Mr. Oldland mentioned that a landing fee ordinance could not be set capriciously for the reason that the same factors must be taken into account as are involved in setting fees in the course of a negotiated contract.

c. Role of Federal Government

The Federal Government has played a predominant role in the development of nonterminal facilities at the Reno International Airport. In fact, testimony from Lowell Bernard on November 19, 1975, whose firm conducted an independent and extensive audit of the Airport in January 1975, testified that the Federal Government's contributions to the Reno Airport through the Federal Aviation Administration during the period 1955 through 1974 approximated \$7,000,000. During the same period of time, the City of Reno's total expenditures were approximately \$5,000,000, including the original purchase of the Airport in 1953 for approximately \$1,000,000.

The Committee also heard testimony from Colonel Jack LaGrange, Commander of the Nevada Air National Guard based at the Reno Airport, who testified that, as a result of the Air Guard's presence at the Airport, approximately \$3,000,000 of additional federal funding has been received over the past years for development of improvements of general benefit to the Airport.

d. Tax Base

In addition to the independent revenues generated by the Airport, operation of the Reno Airport has been heavily dependent upon its support from the general revenues of the City of Reno which have been necessary to supplement Airport generated funds. It is apparent that, since the Airport serves a much greater local area than just the City of Reno, the residents and taxpayers of Washoe County should share in whatever general revenue costs are necessary for future Airport operation, assuming that a countywide Authority is established. It is also apparent that, by having a wider tax base, certain financial advantages in terms of general obligation bonding, if

necessary, and debt-service backing for revenue bonds, could be achieved.

e. Future Outlook

While the Reno Airport appears on the road to financial recovery, in view of the encouraging developments of the past year and one-half in negotiations undertaken by the City with the airlines, there is no assurance that the financial health and independence of the Reno Airport has thereby been guaranteed. Indeed, it is the opinion of the majority that the financial independence and stability of the Reno Airport can best be insured by an Airport Authority with ongoing financial and management expertise which an Airport Authority seems more likely to offer. There are those who, undoubtedly, will say that the present City operation of the Airport ought to be given a chance, in view of the improved situation. However, this consideration alone should not outweigh sound considerations which support an even better financial outlook if the Airport's operations are turned over to an Airport Authority.

2. Airport Management

a. Local Politics

It is apparent to the majority that decisions made affecting Airport operations, especially in the area of leased concessions, have often been subjected to "local politics" which is not always conducive to the public's interest in terms of optimum Airport facilities. Airport concessions should be bid on a truly competitive basis and awarded on the basis of the best service offered with the maximum return in generated Airport revenues as consideration for awarding such bids.

The advantages of removing local politics from Airport operation are borne out by the experience of those cities similar in size to Reno which have changed from city control to authority control. Without exception, the cities responding to the Legislative questionnaire (Cedar Rapids, Huntsville, Montgomery, Peoria, Savannah, Tampa, and Toledo), all cite the advantages of removing politics from the airport. They all indicate that airports run by authorities can be put on a business footing and pay their own way.

It is the opinion of the majority that an Airport Authority which is appointed or elected solely to serve the Airport, can better handle business aspects of Airport operation and thereby increase concession revenues and benefits to public users.

b. Specialization

The majority was very much impressed with the candid testimony of Mr. Joe Latimore, former Reno City Manager, who, at May 12, 1976, meeting of the Study Committee, outlined various reasons supportive of formation of an Airport Authority. Mr. Latimore testified that there is an increasing workload on the duties and time of elected city officials, and that they are now so busy that they are serving three to four nights per week. In addition, the functions of city government have expanded into many fields not previously contemplated. With this in mind, Mr. Latimore believed that it is time to look at the possibility of the creation of an Airport Authority, with its members having basic responsibility for Airport operation. Creation of an Authority does not guarantee that a better job will be done, but if created, the members serving thereon will be strictly concerned with operating the Airport, without having to divide their time or attention among other matters.

c. Facilitation of Decisionmaking

It was also Mr. Latimore's testimony that the present situation with the City Council and the Airport Advisory Commission has not worked out in the most desirable manner. The Airport Commission is charged to study problems relating to Airport operations and thereafter make recommendations and suggestions to the City Council for final approval. In doing so, Mr. Latimore commented that the City Council's ability to act when necessary has been slowed down. It is the majority's opinion that not only does this situation create a cumbersome procedure for necessary and prompt decisionmaking, it also creates a situation where the actual expertise insofar as studied knowledge of Airport problems and operations is entrusted to a body whose recommendations and suggestions may, or may not, be adopted by the City Council. It is more desirable, in the majority's opinion, that there be one body in the form of an Airport Authority with direct supervisory responsibility for Airport problems and oversight of Airport operations.

d. Continuity

It is the opinion of the majority that aside from the problem of the bad contract made with United Airlines concerning landing fees, many of the problems and inadequacies now facing the Airport could have been minimized by selection and retention of qualified governing personnel. Although, it is arguable as to how much of a factor the lack of continuity has been in the past, certainly there can be little argument with the general proposition that a complex Airport operation would be better run by a body of appointed individuals who could serve on a staggered basis for certain terms uninterrupted by recurring elections. As it is now, a Councilman who takes the time to become an "expert" in Airport matters, and does a good job in that capacity, may nevertheless be turned out of an office by an electorate which is not pleased with his performance in other areas of City government. Consequently, it would seem beneficial to have an Airport Authority whose members could acquire expertise and who could continue serving for as long as they are doing a good job, or for as long as their appointed or elected terms permit.

3. Airport Facilities and Services

a. Service Area

It is noted in the preliminary findings of the Legislature, as reflected in A.B. 498, that the Reno Airport is now serving the inhabitants of a large geographical area and ever-increasing number of tourists. In fact, the Airport not only serves all of Washoe County, but serves many communities in Northern Nevada and California for which there is no other Airport of comparable size in the near vicinity. Accordingly, it seems appropriate that the governing body for the Airport be more truly representative of the geographical and political areas served. An Airport Authority, with members appointed by the governing bodies of the Cities of Reno and Sparks and Washoe County would tend to have greater input from all local area citizens utilizing the Airport, and would tend to be more responsive to their needs.

In addition, it must be recognized that the Washoe County area is one of the fastest growing areas in

the nation, and that the demands placed upon the Airport and the needs commensurate with such growth, in terms not only of resident population, but tourist traffic as well, will have to be met by an increasingly competent Airport administration. The Airport Manager, Mr. Mandeville, testified that this year the Reno Airport will handle over one million passengers. Even at that, there was testimony from Mr. Judd Allen of the Reno Chamber of Commerce, that Reno is only receiving 4% of its tourists by air, as compared to some 35% of tourists arriving in Las Vegas by air. It is evident from this information that, with development of the new MGM Hotel, anticipated construction of a hotel by Hilton, anticipated development of the Disney project at Independence Lake near Truckee, and generally anticipated growth and development of other tourist resources in the Reno-Lake Tahoe Area, only "the tip of the iceberg" has been experienced by the Reno Airport in its current passenger operations. During the next ten years, tremendous progress at the Airport is going to have to be made in order to keep pace with Reno's growth and tourist economy.

It is the considered opinion of the majority that an Airport Authority is much better constituted to deal with the anticipated population growth and commensurate development of the Airport which will be necessary to handle service for such growth.

b. Facilities

The majority was very appreciative of the presentations made at the January 14, 1976, meeting by various members of the local business and industrial community whose spokesman, Mike Vernon, Vice President of Sea & Ski Corporation, indicated that the industrial community had conducted a thirty-member poll of local businessmen and manufacturers which revealed serious inadequacies in the facilities at the Reno Airport from the standpoint of those individuals who are most heavily dependent upon air travel and air service in their day-to-day business. Among other matters, Mr. Vernon listed the following:

- (1) Baggage delivery is the "sloppiest" and slowest of any airport in the country.
- (2) Passengers face long waiting lines for security, ticket counters and other services which takes

up valuable business time, both in arriving and departing from the Airport on a regular basis.

- (3) There is an outright lack of any air freight cargo service at the Reno Airport. Local businessmen and industrialists are forced to truck their products to San Francisco and air-ship their products from there if they wish to use air freight. Mr. Vernon testified that the airlines have placed the "burden of proof" on local industrial users to justify the need for air freight service. Although the industrial users have argued their case, the airlines have still not cooperated, nor has the City Council assisted the local business and industrial community by taking positive steps to help institute such service.
- (4) Inadequate air passenger service, in terms of flight scheduling, which, because of poor scheduling presently existing, often causes a businessman to lose an entire day where early morning flights are not available.
- (5) Inadequate public transportation service from the standpoint of the 25-cent taxi charge collected by taxi companies from all passengers before they can get out the Airport gate. Although seemingly a small matter, the taxi charge was repeatedly mentioned by not only Mr. Vernon, but many other witnesses who regularly use the Airport and rely upon taxicab service.

Taken together, Mr. Vernon indicated that the listed inadequacies give a very bad impression of Reno to arriving businessmen, as well as tourists, and this should not be the case in a community which is trying to promote both business and tourism. In conclusion, Mr. Vernon testified that, in his opinion, while he could not say with any great degree of assurance that an Airport Authority could solve all the problems of the Airport, he did feel that an Authority might be more responsive to the problems outlined in terms of greater attention to Airport needs and a more professional approach to the Airport's operation.

In addition to Mr. Vernon, the Committee heard from a number of other witnesses at the January 14, 1976,

meeting who generally supported the idea that, whatever form of government is ultimately chosen to run the Airport, the Airport should have an "affirmative action" program to actively promote better passenger and freight services. In regard to the latter, it was estimated that the airlines are loosing approximately \$5,000,000 a year in revenues by not providing this service now to the local business and industrial community. Obviously, if this estimate is accurate, the Airport itself is losing a great deal of revenue from additional landing fees and other charges connected with establishment of such services.

In the opinion of the majority, development of a first class Airport to serve the Washoe County area is an essential ingredient to growth and prosperity of the local economy. Business and tourist passengers alike are heavily influenced by the first impression they receive in terms of facilities and services greeting them upon arrival at the Reno International Airport. The Airport should be a showcase of both its facilities and services, and it is the majority's opinion that such a goal can be best achieved by the formation of an Airport Authority to govern Airport operations in the future.

c. Charter Flights

Testimony was received by the Committee indicating that the Reno Airport is probably loosing a significant amount of business- and flight-generated revenues associated with charger flights. Apparently, the City has done little to encourage such flights, despite their increasing popularity among the traveling public. The majority is of the opinion that an Airport Authority would be more likely to actively solicit development of charter flights and thereby generate additional landing fee revenues for self-sustaining Airport operation.

d. Fixed Base Operators

Testimony was heard by the Committee indicative that facilities for and location of fixed base operators were not as good as they might be. Moreover, there was testimony indicating that perhaps the City is not getting the benefits it should in terms of revenues

from such operators. It is the opinion of the majority that the facilities for, and the location of, fixed base operators is an important integral part of overall Airport operations. General aviation facilities, especially, should be improved by construction of additional hanger space for leasing purposes. In addition, consideration should be given to locating general aviation facilities and air freight facilities on the east side of the Airport. The majority believes that an Airport Authority could best carry out objectives compatible with optimum development of fixed base operator facilities and services at the Reno Airport.

e. Safety

The most valuable testimony which the Committee heard in regard to safety was that offered by Colonel LaGrange, Commander of the Nevada Air National Guard. At the meeting of April 14, 1976, Colonel LaGrange outlined the following suggestions for improvement of safety at the Reno Airport:

- (1) Avigation easements for the north-south runway (suggested as far back as 1954).
- (2) A ground control radar system (Reno now only has an instrument landing system).
- (3) Construction of an additional north-south runway for general aviation to be located east of the present runway. The "dual operation" concept would benefit not only commercial air traffic, but general aviation as well from the standpoint of runway congestion and safety.

The majority is of the opinion that completion of the foregoing safety improvements is long overdue, and that an Airport Authority would have been more likely to have completed such improvements in the past, and will be more likely to complete such improvements in the future.

f. Future Outlook

At the February 11, 1976, meeting of the Study Committee, Airport Manager Bob Mandeville testified that the Airport will require a minimum of over \$20,000,000 over the next ten years for needed

Airport improvements. The City apparently has planned to undertake these improvements in three phases, the first involving terminal expansion, to begin immediately. Mr. Mandeville indicated while the federal government will provide up to 93.5% funding for runways, lighting, taxiways, navigational aids, and certain other improvements, the federal government will only pay up to 50% for terminal improvements, restricted to public access portions. He indicated that, with the changes brought about by the contract negotiations with the airlines, the Airport should be able to pay for itself in the years ahead. He further indicated that the local governments in Washoe County were now at the \$5 constitutional tax limit and that his estimate would be that an Authority would take an additional 50 cents to operate. In looking toward the future, Mr. Mandeville made an interesting comparison between Reno and Shreveport, Louisiana, the former Airport which he managed, indicating that Reno now has only four passenger gates, with no second level loading, whereas Shreveport has fourteen gates and second level loading, although it only serves half the number of passengers, approximately 400,000, that Reno serves.

D. CONCLUSION

In conclusion, it is the opinion of the majority that, while the City of Reno has made significant improvement over the past year and one-half with regard to putting the Airport in the black and hiring new management personnel to look after the Airport's administration, the improvements made do not necessarily insure continued long-range operation of the Airport in the overall best interest of the public sufficient to meet the optimum user demands of a regional facility serving an ever-increasing number of local residents, tourists, and a dynamic business community. The majority is of the opinion that future demands and growth associated with the Airport can best be met by an Airport Authority that can specialize in handling complex problems of Airport operations.

It is the considered judgment of the majority that any disadvantages associated with the formation of an Airport Authority are far outweighed by the advantages in establishing such an Authority. The often-cited, and possible major disadvantage of an Airport Authority, is the supposed lack of public accountability of an Authority to the taxpayers. Any objection in this regard, however, would be eliminated by the

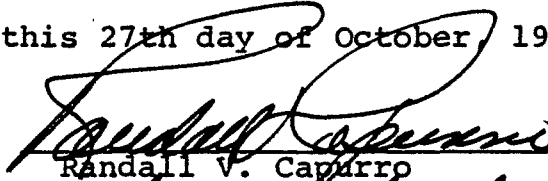
recommendation made by the majority that the Airport Authority members be appointed and subject to removal by the affected local governmental entities. Moreover, any such objection would certainly be eliminated if, in the alternative, it was provided that Authority members be elected.

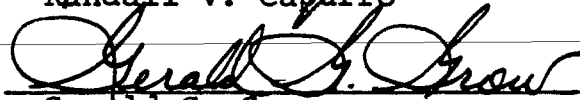
The majority believes that the case for an Airport Authority is very aptly summarized in the editorial appearing in the Reno Evening Gazette on April 7, 1975, wherein it was stated, in response to the many possible objections which might be raised on transferring the Airport from the City to an Airport Authority, as follows:

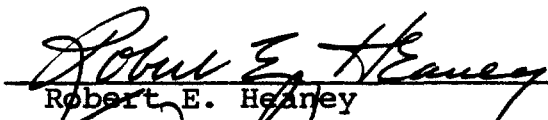
The important issue here is not reimbursement, or the wounded vanity of the City, the important issue is the future of the Airport. That future would best be handled by an independent, nonpolitical authority.

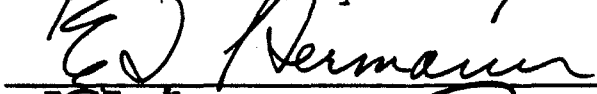
It is the recommendation of the majority that the Legislative Counsel Bureau be directed to prepare legislation consistent with the findings, discussion, and conclusion contained herein, and that such legislation be adopted by the 1977 Legislature as being in the best interest of the people of Washoe County insofar as providing the most effective administrative machinery to insure adequate air service to Washoe County and the surrounding area in the years ahead.

Respectfully submitted this 27th day of October, 1976.

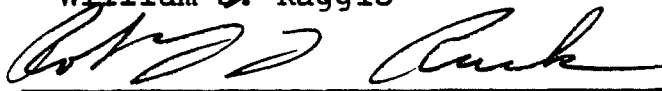

Randall V. Capurro

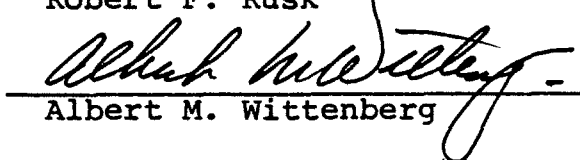

Gerald G. Grow


Robert E. Heaney


E. T. Hermann


William J. Raggio


Robert F. Rusk


Albert M. Wittenberg

SUMMARY OF MEETINGS

<u>Dates</u>	<u>Purpose</u>
9/24/75	Review goals and objectives of Committee as directed by AB 498, 1975 Nevada Statutes.
10/22/75	Testimony from members of Airport Advisory Committee.
11/19/76	Testimony from Lowell Bernard (audit report of Reno Airport, 1975) and Russ McDonald (finances and bonding procedure).
1/14/76	Testimony from business and industrial users.
2/11/76	Testimony from Steve Gomes of Airways Engineering Corp. (pros and cons of Airport Authorities) and Robert Mandeville, Airport Manager (current and projected operations).
3/10/76	Committee discussion of questionnaire survey conducted by Legislative Counsel Bureau.
4/14/76	Testimony from Colonel Jack LaGrange (Nevada Air National Guard), various fixed base operators and Reno City Manager, Robert Oldland.
5/12/76	Informal Committee discussion with community leaders.
5/28/76	One-day tour of airports at Albuquerque, Phoenix, Seattle-Tacoma and Boise.
6/16/76	Committee discussion of format for report, current developments in contract negotiations between City and airlines, agreement to begin formulation of opinions.
7/14/76	Committee discussion regarding current contract negotiations, direction of Committee, agreement for Committee members to prepare written outline of opinions as to why or why not Committee should recommend an Airport Authority to Legislature.
9/29/76	Committee discussion on question whether to recommend an Authority, vote of Committee.
10/27/76	Submission of majority and minority reports.

APPENDIX A



44.2.NV

77-48

77-49

1976

WASHOE COUNTY AIRPORT STUDY COMMITTEE

Minority Report

October 27, 1976

An Airport Authority, a special governmental corporation should not be formed to operate Reno International and Reno/Stead Airports in Washoe County. This is the finding of a minority of six of the thirteen member Washoe County Airport Study Committee.

The task given to the Washoe County Airport Study Committee is found in Section Five, Assembly Bill #498 as follows:

Section Five. The Committee shall:

1. Conduct a study to determine:
 - (a) Whether a special governmental corporation should be formed to provide adequate air services to Washoe County.
 - (b) What measures, if any, should be taken to provide:
 - (1) Sufficient funding, and to establish the administrative machinery necessary to insure adequate air service to Washoe County and the surrounding areas.
 - (2) Safe and convenient air travel and transport to and from the Reno area.
2. Report the results of such study to the 59th session of the Legislature, together with recommendations for any necessary and appropriate legislation.

Thirteen meetings were held, beginning September 24, 1975, over the following fourteen months. Meetings dates and locations were well publicized on T.V. and in the press, with a press release or press coverage following each meeting, in an effort to encourage public involvement and comment. Despite such publicity, attendance by members of the general public was lacking. The Committee specifically invited representatives of fixed base operators, National Guard, Chamber of Commerce, the gaming industry, warehousing and manufacturing (interested in air freight service), former City Manager Joe Latimore, the Reno City Manager and the Reno Airport Director.

It is a point of interest to note that although every means was used to attract involvement of the Airport users and the local citizens discussing possibility of an Airport Authority, there was an evident lack of interest in the proposal on the part of the general public.

At no time did the Committee seek the opinions from the City Councils of Reno and Sparks or the Commission members from Washoe County with regard to the pros and cons of an Airport Authority. Without exception airport authorities have been developed by two or more cooperating entities in order to resolve a burdensome or inequitable or malfunctioning operation.

In determining whether a special governmental corporation should be formed to provide adequate air services to Washoe County, it is necessary to establish a set of criteria which either tend to favor or oppose formation of an Airport Authority to operate the two Reno airports. It has been pointed out in testimony before the Washoe County Airport Study Committee, that there are advantages and disadvantages to either of these operational structures.

AIRPORT AUTHORITIES

ADVANTAGES:

- are created to overcome debt limits of municipal-jurisdiction in selling revenue and general obligation bonds
- often possess more freedom of action than is granted to city airport administrators
- provide greater continuity of policy if or when partisan politics of a city cause disruptive turnover of airport management
- are useful in administering an airport which serves a multi-jurisdictional area, resolving the conflict of jurisdictional problems
- can operate more like a business, exploiting profit possibilities in ways cities usually do not

DISADVANTAGES:

- have no direct responsibility to local government and may be beyond effective public control (usually the members are appointed by the Governor)
- pose the risk of placing broad powers in hands of a few; if mismanagement occurs, generally members can only be removed on grounds of malfeasance, not honest incompetence, in a long legal or legislative procedure.
- represents a decentralization of government, necessarily replicating police, fire, legal, housekeeping, fiscal functions, etc. which exist in a city government
- cannot set landing fees by ordinance (which municipalities can do) in the event agreements with airlines cannot be reached.

An Airport Authority could not be expected to have taxing powers, because one of the reasons for proposing such a governmental structure should be to relieve the taxpayers of the fiscal burden of the Reno airport, to put it on a paying basis. An Airport Authority would necessarily assume a refinance of the City of Reno's general obligation bonds for the airport function.

If an Airport Authority were formed, it would be legally bound to assume contracts and agreements now binding on the City of Reno.

Such an Airport Authority would necessarily take over the very difficult task of land acquisition and population relocation of those designated (Airport Master Plan) "take" areas adjacent to Reno International Airport. This type of Federal program is complex and very lengthy.

In the past two years since the introduction of the Airport Authority legislation in the 1975 session of the state Legislature, a number of improvements and developments have occurred.

Landing Fee Agreement - Scheduled Carriers

The City Council recently adopted new landing fee agreements between the City of Reno and the three carriers serving Reno International Airport. The agreements are currently being executed by the respective airlines and the last of the signed documents is expected to arrive back in the near future.

The new landing fee agreements represent an entirely different approach from the old agreement in the manner in which landing fees are established. Of major importance is the fact that the new rates are adjusted annually in accordance with actual airport expense, rather than a fixed rate for 25 years. As a result, the landing fee rate will be increased from 6½¢ per one thousand pounds to 27.9¢ per one thousand pounds, and is retroactive to July 1, 1975. The City will receive the reimbursement of \$294,910.99. In other words, for the period July 1, 1975 to June 30, 1976 Airport revenues will be increased approximately \$295,000 from just the landing fee rate source.

Landing Fee - Chartered And Non-Scheduled Carriers

At the request of airport manager and on the recommendation of the Airports Advisory Commission, in the spring of 1976 the Reno City Council adopted a new City Ordinance which established landing fees for all commercial carriers, other than the scheduled carriers that have written agreements with the City, which operate aircraft exceeding 12,500 M.G.L.W. As a result of the new landing fee ordinance more than \$5,000 per year income is anticipated for the period 1976-77. Heretofore, fees for charters for supplemental carriers have never been established.

Airport Accountant Position

In response to an administration recommendation, the Reno City Council established a new position at the Airport titled, Airport Accountant. The position was filled in March of 1976. As a result of the new position the Department of Airports is now able to conduct financial audits of airport tenants. It is anticipated that airport tenants will be audited at least once each year. During the first seven months of this position, audits revealed more than \$100,000 back due and owing rentals.

The Airport Accountant position is no doubt one of the most important positions at the airport because it provides the Department of Airports with the ability to perform reoccurring audits on a timely basis in order to prevent misunderstanding or errors that might occur in the system.

Airport Month-To-Month Leases

In response to a new policy established by the Reno City Council the Department of Airports no longer enters into month-to-month agreements with airport tenants. The staff is in the process of converting existing month-to-month leases into longer terms. In this process, several month-to-month agreements have been converted to one to three year agreements with respective upward adjustments of rental rates.

Safe Air Travel

The City of Reno's new crash/fire/rescue station is rated one of the best in the nation and contains the latest innovations for airport safety, including \$300,000 of rolling stock equipment. This facility meets major airport specifications, found in large hub airports.

Reno International has a fine air carrier safety record, an accomplishment sometimes too lightly regarded. Mr. John Sodek, Airport Certification Inspector from FAA district office in San Francisco, stated that since spring of 1974, the Reno airport has upgraded its facilities, equipment, and training to the extent that it rated "right along with the top airports in the country." During his last visit to Reno in August of 1976 he found "nothing to fault the Reno operation."

The Federal Aviation Administration is expending \$200,000 to construct a new Airport Surveillance Radar System to replace the existing surveillance radar system at Reno International. The ASR-8 facility will provide the same basic function as is now provided by the ASR-3, except that it will consist of a more modern, updated equipment detecting aircraft to a range of 60 nautical miles and 40,000 feet. The ASR-8 system is the finest of its kind.

\$180,000 Master Plan

The City of Reno funded one third of the cost of the \$180,000 Master Plan developed by Arnold Thompson & Associates, Inc. which was completed in April of 1976. The plan delineates necessary steps to be taken in order to accommodate the increase of approximately 1.1 million total passengers in 1974 to 4.8 million by 1995 through the Reno airport system. The first stage of terminal expansion is scheduled for 1977 and 1978. As of this date interviews have just been completed with airport consultants in the process of selecting a consulting firm to carry out the terminal expansion program. Twenty-four capital projects in addition to the terminal expansion include land acquisition, taxiway development, runway overlays, automobile parking development, T hanger development, etc.

Reno Airport Land Acquisition Project

Based upon the recommendations contained in the Master Plan the City of Reno has completed an Environmental Impact Report on the land acquisition project to the south of the airport. The land acquisition area has been delineated and an agreement with the Federal Aviation Administration has been signed by the City of Reno, which initiates the complicated procedure for land acquisition and relocation of 24 area residents at an estimated cost of 1.4 million dollars.

Enterprise Fund Accounting System

The City of Reno converted the accounting system from a revenue fund basis to an Enterprise Fund basis for Reno International and Reno/Stead Airports. The Enterprise Fund established an "accounts

receivable" for the aforementioned \$294,901.99 due from airlines for landing fees (per agreement during airline negotiations recently completed).

The City of Reno is making maximum use of Federal financing assistance through the Airport Development Aid Program (ADAP). The City Council recently applied for, and received a grant totaling more than 1.3 million, which will allow the first phase land acquisition project to be implemented. The City Council has resolved that future grant applications will be an on-going policy.

Airport Noise Suit

The City of Reno is currently under law suit brought by 27 property owners in the Home Gardens area south of Reno International Airport. Any airport owner/operator is subject to such suits whether it be county, city, Airport Authority or whatever. According to the proposed airline agreement which is soon to be finalized, the cost of such law suits would be built into the airline's landing fees.

The City of Reno has representatives which sit on the Joint Airport Zoning Board. Board membership includes elected officials from Reno, Sparks, and Washoe County and is shared by a non-elected official representing neutrality and the public. The Joint Airport Zoning Board is working to reduce conflicting land uses within the airport influence area. It has the power to adopt, administer and enforce airport zoning regulations.

Testimony Received By Committee

Critical comments and suggestions received by the Committee did not relate to whether or not an Airport Authority structure could have or would in the future resolve objections any better than the City operation of the airport. Most of the criticism centered around the airport terminal:

- 1) Airport terminal crowded and poorly layed out, partly caused by the need to accomodate Security Check requirements in recent years.
- 2) Inefficient baggage handling facilities.
- 3) Food service area too small.
- 4) Inadequate space for lines at the ticket counters.
- 5) Air freight.


Of major concern was the fact that the airport has been losing money due to low landing fees contained in a 25 year contract and that Reno taxpayers have been supplying the deficit funds on the airport function. With the final signing of the new airline contracts these problems will be resolved.

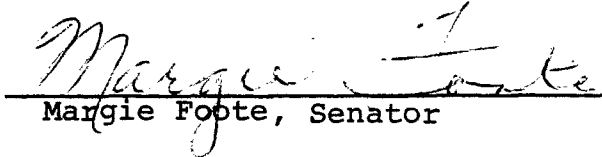
Another important area of criticism were complaints of inadequate air service to the Reno area and a lack on the part of the City to engage in promotion of the Airport. Promoting more and better air service into any city is an on-going task that must be pursued with vigor. The City of Reno has increased its efforts of that promotion. Attached to this report you will find resolutions indicating some of Reno's past efforts in this direction.


The City administration readily recognizes the need for terminal expansion and improvement, and is eager to get started on this project. Knowing the importance of first and last impressions, the City of Reno is intent on remaking Reno International into a first class airport facility, one that people find pleasurable coming into and departing from.

We the undersigned believe that there is not sufficient evidence to justify the development of an Airport Authority for Reno International and Reno-Stead Airports.


Clyde E. Biglieri


Ronald B. Darney


Margie Foote, Senator


Elwin Freemonth


Edwin F. Hastings


Pat Hardy Lewis

609.140, 609.150, 609.160, 609.170, 609.180 and 609.280 are hereby repealed.

Sec. 18. This act shall become effective upon passage and approval.

Assembly Bill No. 498—Washoe County Delegation

CHAPTER 742

AN ACT creating the Washoe County Airport Study Committee; directing such committee to conduct a study to determine whether a special governmental corporation should be formed to provide adequate air service to Washoe County; and providing other matters properly relating thereto.

[Approved May 27, 1975]

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. The legislature finds that:

1. The airport of the City of Reno has traditionally been operated by the city as a municipal function and originally served primarily the city residents.

2. With the development of multiple contiguous communities, suburban living and rapid increases in recreational pursuits by the traveling public, the airport of the City of Reno is now serving the inhabitants of a large geographical area and ever-increasing numbers of tourists.

3. What was once a municipal airport in both name and fact is now a regional airport.

4. The financial problems of the airport have become more complex and administrative activities are required to be more responsive to the community at large and the directly paying airport tenants and users.

SEC. 2. There is hereby established the Washoe County Airport Study Committee composed of 13 members as follows:

1. The City of Reno shall be represented on the committee by two members, the City of Sparks by one member and Washoe County by two members, appointed as specified in this subsection. Within 30 days after July 1, 1975, the city councils of the cities of Reno and Sparks and the board of county commissioners of Washoe County shall appoint their representatives to serve on the committee.

2. The city councils of the City of Reno and the board of county commissioners of Washoe County shall each appoint two members of the general public not associated with the airport.

3. The legislative commission shall appoint two members from the assembly and two members from the senate.

SEC. 3. The four legislative members shall designate one of their number to serve as chairman of the committee.

SEC. 4. The board of county commissioners of Washoe County, and the city councils of the cities of Reno and Sparks shall provide funds, supplies and technical assistance necessary for the committee to conduct its study and prepare a report based thereon.

SEC. 5. The committee shall:

1. Conduct a study to determine:

(a) Whether a special governmental corporation should be formed to provide adequate air service to Washoe County.

(b) What measures, if any, should be taken to provide:

(1) Sufficient funding and to establish the administrative machinery necessary to insure adequate air service to Washoe County and the surrounding areas.

(2) Safe and convenient air travel and transport to and from the Reno area.

2. Report the results of such study to the 59th session of the legislature, together with recommendations for any necessary and appropriate legislation.

Senate Bill No. 151—Senator Bryan

CHAPTER 743

AN ACT making an appropriation to the state department of education for the purpose of nonrecurring capital outlays, lease or purchase of school buses, acquisition of library books, minor construction projects and other necessary items by recipient school district.

[Approved May 27, 1975]

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. 1. There is hereby appropriated from the general fund in the state treasury to the state department of education the sum of \$1,000,000.

2. The funds appropriated by subsection 1 shall be:

(a) Distributed by the state department of education to the county school districts on the basis of the ratio that each county school district's 1974-75 enrollment bears to the total statewide 1974-75 enrollment; and

(b) Expended by the recipient school district for nonrecurring capital outlays, lease or purchase of school buses, acquisition of library books, minor construction projects and other necessary items.

3. After June 30, 1976, any unexpended balance of the appropriation made by subsection 1 shall not be encumbered or committed for expenditure and shall revert to the general fund in the state treasury.

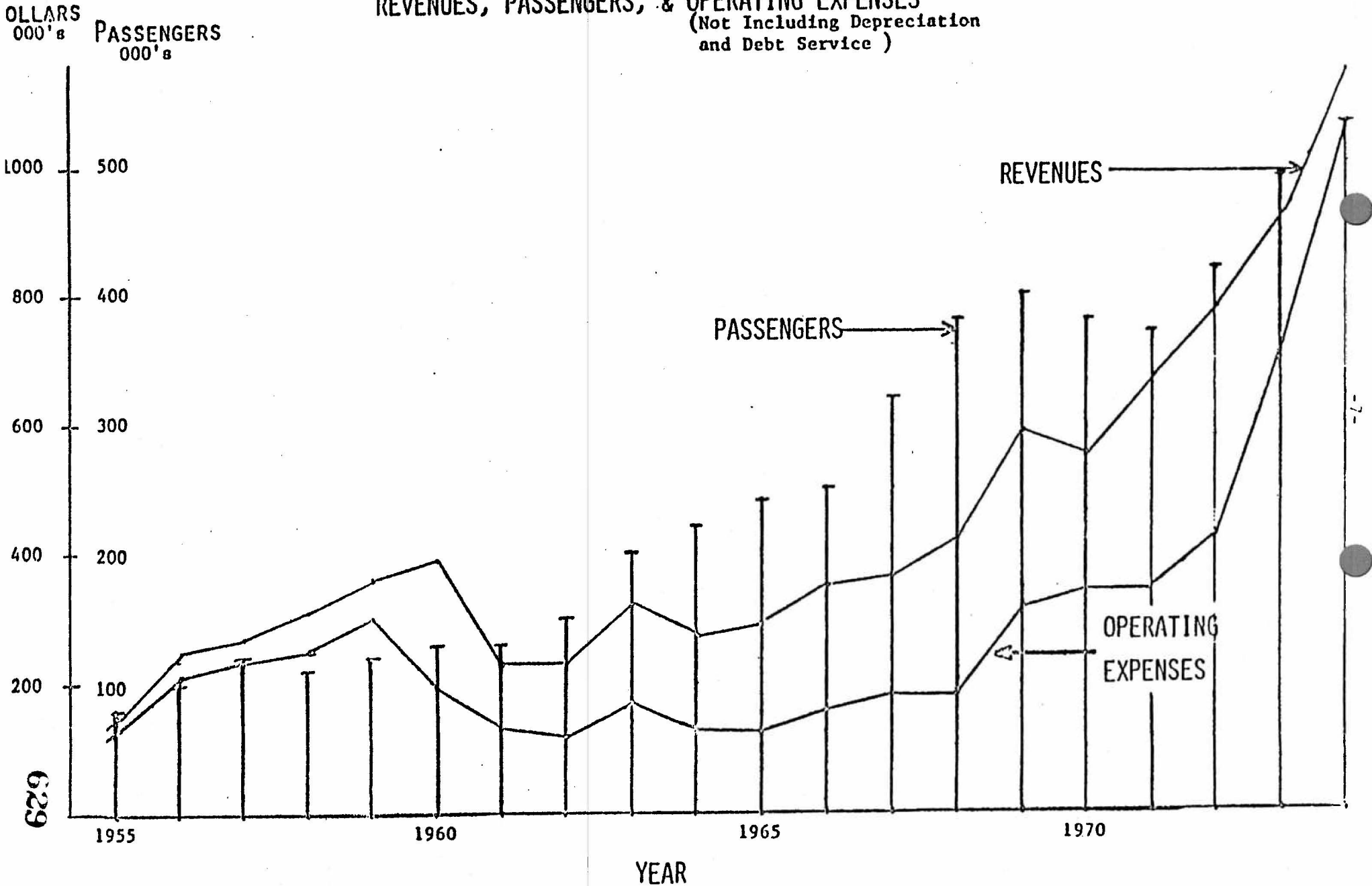
SEC. 2. This act shall become effective upon passage and approval.

EXHIBIT "B"

KAFURY ARMSTRONG TURNER REPORT
for 1975 LEGISLATIVE COMMITTEE

CITY OF RENO AIRPORT

REVENUES, PASSENGERS, & OPERATING EXPENSES (Not Including Depreciation and Debt Service)



629

-7-

RENO INTERNATIONAL AIRPORT
ENPLANING PASSENGERS
1955 THROUGH 1974

	<u>UNITED</u>	<u>WESTERN</u>	<u>AIR WEST AND PREDECESSOR AIRLINES</u>	<u>OTHER</u>	<u>TOTAL</u>
1955	83,364	-	468	-	83,832
1956	86,256	7,785	8,161	-	102,202
1957	90,007	8,743	8,637	-	117,387
1958	95,540	8,226	8,587	-	112,353
1959	103,325	9,623	12,093	-	125,041
1960	107,537	8,967	14,160	-	130,664
1961	103,698	7,058	15,218	-	125,974
1962	107,148	14,870	23,534	-	145,552
1963	129,371	21,438	46,259	-	197,068
1964	146,602	24,422	49,434	-	220,458
1965	173,218	23,283	45,673	-	242,174
1966	171,256	25,358	52,968	544	250,126
1967	238,251	25,336	55,515	-	319,102
1968	293,041	29,254	57,674	25	379,994
1969	303,681	31,699	63,465	1,029	399,874
1970	262,637	51,097	64,535	368	378,637
1971	222,028	84,108	64,340	-	370,476
1972	257,009	98,159	62,214	-	417,382
1973	298,471	110,726	83,388	-	492,585
1974*	340,043	97,313	88,487	-	525,843

* 1974 was the first year that the City of Reno Airport was a "Medium Hub" Airport (500,000 to 2 Million enplaning passengers).

CITY OF RENO - AIRPORT FUND
 RECAP OF REVENUES
 1954-1974

	<u>GAS AND OIL SALES</u>	<u>CONTRACT AND LEASE RENTALS</u>	<u>LANDING FEES</u>	<u>VENDING MACHINES</u>	<u>GASOLINE TAX REFUNDS</u>	<u>ELECTRICAL ENERGY REFUNDS</u>	<u>MISCELLANEOUS</u>	<u>PARKING RECEIPTS</u>	<u>FUEL FLOWAGE FEES</u>
1954	\$ 44,506	\$ 8,920	\$ 6,315	\$ 11,777	\$ -	\$ -	\$ 3,639	\$ -	\$ -
1955	96,607	19,361	13,709	25,562	-	-	4,473	-	-
1956	150,647	30,191	21,377	39,863	-	-	6,976	-	-
1957	162,938	32,287	17,361	44,251	-	-	10,787	-	-
1958	191,900	42,960	22,843	42,275	-	-	13,218	-	-
1959	225,918	47,784	30,198	43,106	-	-	17,066	-	-
1960	81,754	151,477	30,657	13,654	-	-	13,387	-	-
1961	-	169,446	46,293	3,058	16,659	-	1,659	-	-
1962	-	168,724	41,664	2,993	13,718	6,538	1,418	-	-
1963	-	183,218	47,664	3,817	13,594	6,142	1,450	-	-
1964	-	197,279	45,357	4,390	21,977	7,284	1,250	-	-
1965	-	204,794	47,134	4,967	21,446	7,858	4,961	-	-
1966	-	253,433	58,078	5,425	21,097	7,386	1,752	-	-
1967	-	245,943	73,128	5,664	25,101	8,143	1,891	-	-
1968	-	269,663	80,737	7,163	41,727	10,631	1,591	-	-
1969	-	431,971	85,378	9,080	48,336	11,682	6,671	-	-
1970	-	410,884	92,255	9,163	46,866	11,854	9,487	-	-
1971	-	531,956	83,535	9,369	28,506	12,135	2,394	-	-
1972	-	627,429	82,185	7,348	34,089	13,193	6,764	-	-
1973	-	636,561	96,124	8,736	21,097	14,244	4,627	108,878	35,718
1974	-	887,469	96,285	13,109	28,619	16,071	7,823	177,498	75,583

* In the years 1954 through 1960, the City of Reno operated the Slot Machines in the terminal and sold gas and oil. Subsequent to 1960, concessionaires operated both the slot machines and the gas and oil sales.

CITY OF RENO - AIRPORT FUND
RECAP OF EXPENSES
1954-1974

	<u>SALARIES</u>	<u>SERVICES AND SUPPLIES</u>
1954	\$ 9,354	\$ 60,841
1955	21,806	115,716
1956	34,573	179,218
1957	40,220	194,345
1958	48,727	210,114
1959	50,333	245,051
1960	53,439	141,567
1961	56,081	74,460
1962	54,048	64,474
1963	54,673	91,553
1964	54,487	72,090
1965	56,668	70,835
1966	61,165	77,891
1967	68,610	108,818
1968	73,788	91,698
1969	167,434	144,913
1970	179,510	163,166
1971	175,624	166,376
1972	201,300	214,524
1973	226,580	498,302
1974	321,742	741,880

* In the years 1954 through 1960, the City of Reno operated the Slot Machines in the terminal and sold gas and oil. Subsequent to 1960, concessionaires operated both the slot machines and the gas and oil sales. Services and supplies for those years (1954 through 1960) include gas and oil purchases.

RENO AIRPORT

COMPARISON TO AIRPORTS OF SIMILAR SIZE

The Airport Operators Council International collects data on airports throughout the United States.

Airports are categorized according to the number of passengers enplaned per year. The Civil Aeronautic Board classifications are:

	<u># of Passengers</u>
Non Hub	Below 100,000
Small Hub	100,000 to 500,000
Medium Hub	500,000 to 2 million
Large Hub	Over 2 million

The Reno Airport has only recently moved from the small hub to medium hub category.

Because of the large amount of fixed expenses involved in an airport operation, only a small proportion of the medium hub airports operate at a profit.

- Non Hub - very few profitable airports
- Small Hub - airports can meet current debt from profits but not enough to finance growth
- Medium Hub - airports can meet current debt from profits and with proper management can finance growth, particularly with the assistance of Federal Airport Aid programs
- Large Hub - Profitable and able to finance continued growth

The lack of profit in the Reno airport is not a result of inefficient operations, but rather is part of a larger problem of the cost structure of airport operations together with binding long-term contracts which operate to the detriment of the airport. These contracts are now being renegotiated.

The following chart pictures the general nature of the relationships between fixed costs for different sized airports and their revenues.

AIRPORT PROFIT

PROFIT 
LOSS 

REVENUE
TOTAL COST
(FIXED + VARIABLE)

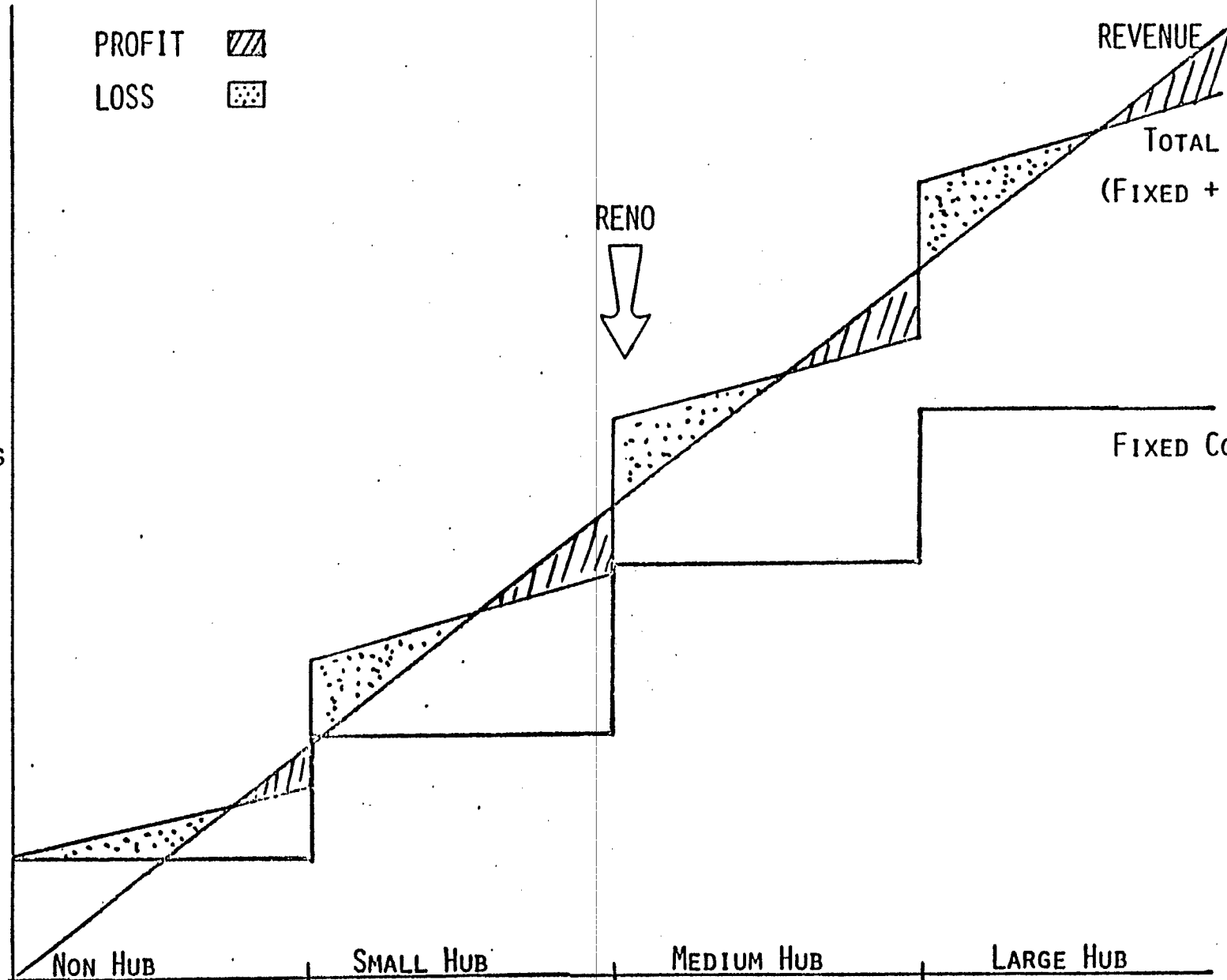
RENO


COSTS &
REVENUES

FIXED COST

634

NON HUB SMALL HUB MEDIUM HUB LARGE HUB
BELOW 100,000 100,000 - 500,000 500,000 - 2 MILLION OVER 2 MILLION
NUMBER OF PASSENGERS



OTHER REGIONAL AIRPORTS SIMILAR TO
THE RENO AIRPORT

<u>Location</u>	<u>Operating Authority</u>
Seattle	Port of Seattle Authority
Portland	Port of Portland
Spokane	City/County of Spokane
Sacramento	County of Sacramento
San Francisco	City of San Francisco
San Jose	City of San Jose
Los Angeles	City of Los Angeles
Orange County	Orange County
Ontario	City of Los Angeles
San Diego	City of San Diego
Las Vegas	Clark County
Salt Lake	City of Salt Lake
Denver	City and County of Denver
Phoenix	City of Phoenix
Eugene	Lane County
Albuquerque	City of Albuquerque
Reno	City of Reno

It should be noted that:

9 of 17 are operated by the City
4 of 17 are operated by the County
2 of 17 are operated by Citys and County cooperatively
2 of 17 are operated by Authorities

RENO INTERNATIONAL AIRPORT
 BALANCE SHEET AS COMPARED
 TO PROFILE OF AIRPORTS WITH 250M TO 500M
 ENPLANING PASSENGERS PER YEAR

ASSETS

	RENO INTERNATIONAL AIRPORT	PROFILE*OF AIRPORT 250,000 TO 500,000 ENPLANING PASSENGERS
OPERATING ASSETS	<u>\$ 1,862,271</u>	<u>\$ 945,724</u>
LONG-TERM DEBT		
Retirement assets	<u>1,000,000</u>	<u>1,234,503</u>
OPERATING PLANT		
Land	2,741,531	904,649
Land improvements	7,659,074	5,217,964
Buildings and equipment	<u>1,416,703</u>	<u>3,997,770</u>
Total Operating Plant	<u>11,817,308</u>	<u>10,120,383</u>
Less: Accumulated depreciation	<u>3,206,053</u>	<u>1,445,813</u>
	8,611,255	8,674,570
CONSTRUCTION IN PROGRESS	<u>201,536</u>	<u>66,544</u>
	<u>8,812,791</u>	<u>8,741,114</u>
Total Assets	<u>\$11,675,062</u>	<u>\$10,921,331</u>

*Profile Source:

Airport Operators Council, International 1972 AOCI Uniform Airport
 Financial Report.

LIABILITIES, CONTRIBUTION AND EQUITY

	RENO INTERNATIONAL AIRPORT	PROFILE*OF AIRPORT 250,000 TO 500,000 ENPLANING PASSENGERS
OPERATING LIABILITIES	\$ 692,111	\$ 1,205,884
LONG-TERM DEBT	2,931,000	-
DEFERRED INCOME	157,219	-
CONTRIBUTION FROM FEDERAL GOVERNMENT	6,708,079	2,279,887
Less: Accumulated depreciation	1,984,397	401,798
	<u>4,723,682</u>	<u>1,878,089</u>
EQUITY		
Equity arising from operations	(1,031,104)	2,124,745
Equity arising from contribution from governmental unit	4,202,154	5,712,613
Total Liabilities, Contribution and Equity	<u>\$11,675,062</u>	<u>\$10,921,331</u>

*Profile Source:

Airport Operators Council, International 1972 AOCI Uniform Airport
Financial Report.

EXHIBIT "C"
CITY OF RENO
AUDITORS REPORT - JUNE 30, 1976
CHANCELLOR BARBRERI and DEWITT

CITY OF RENO
MUNICIPAL AIRPORT FUND
BALANCE SHEET
JUNE 30, 1976

Assets

Current Assets

Cash and investments	\$ 956,026	
Accounts receivable	155,054	
Due from other fund	2,280	
Inventory	12,671	
Total current assets		\$ 1,126,031

Restricted Assets

Cash and investments	1,369,467	
Federal grants receivable	515,991	1,885,458

Property, Plant and Equipment, At Cost

Land	2,741,531	
Buildings	1,741,576	
Airport improvements	8,944,435	
Machinery, equipment and furniture	408,129	
	13,835,671	
Less accumulated depreciation	(4,262,340)	
	9,573,331	
Construction in progress	840,938	10,414,269
		\$13,425,758

Liabilities, Contributions & Retained Earnings

Current Liabilities

Accounts payable	\$ 15,086	
Accrued payroll	11,096	
Contracts payable	114,665	
Accrued bond interest payable	44,148	
General obligation bonds payable - Current portion	218,697	
Deposits	18,928	
Due to other fund	437,738	
Total current liabilities		\$ 860,358

<u>General Obligation Bonds Payable - Due After One Year</u>		2,517,944
--------------------------------------------------------------	--	-----------

Contributions

Federal Aviation Administration	6,231,502	
City of Reno	5,162,588	11,394,090

<u>Retained Earnings (Deficit)</u>		(1,346,634)
------------------------------------	--	-------------

\$13,425,758

See Accompanying Notes

CITY OF RENO
MUNICIPAL AIRPORT FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 1976

<u>Operating Income</u>		
Landing fees	\$ 76,140	
Parking fees	220,046	
Slot machine concession	331,249	
Service and sales concession	686,959	
Aviation gas tax refunds	30,534	
Fuel flowage fees	61,871	
Other	<u>52,479</u>	
Total operating income		\$1,459,27
<u>Operating Expenses</u>		
Salaries	395,015	
General services and supplies	439,199	
City provided services	712,439	
Other	<u>29,090</u>	
Total operating expenses		<u>1,575,743</u>
Net operating loss before depreciation		(116,468)
<u>Depreciation</u>		
On contribution acquired assets	367,725	
On internally acquired assets	<u>196,070</u>	
Total depreciation		<u>563,795</u>
Net operating loss		(680,260)
<u>Other Income (Expense)</u>		
Interest earned on investments	225,747	
Interest expense on general obligation bonds	<u>(153,565)</u>	
Total other income (expense)		<u>72,182</u>
Net loss for the year		<u>\$ (608,078)</u>

1/2 held 52049
...

See Accompanying Notes

CITY OF RENO
MUNICIPAL AIRPORT FUND
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 1976

Retained earnings (deficit), Beginning of year	\$ (1,106,281)
Net loss for the year	(608,078)
Current year's depreciation on FAA grants transferred to contributions	<u>367,725</u>
Retained earnings (deficit), End of year	<u><u>\$ (1,346,634)</u></u>

See Accompanying Notes

CITY OF RENO
MUNICIPAL AIRPORT FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 1976

<u>Working Capital Provided</u>			
Net loss for the year		\$ (608,078)	
Add charges not requiring working capital			
Depreciation	563,795		
Working capital applied to operations	(44,283)		
Reduction of restricted assets		1,676,174	
FAA contribution		18,619	
Working capital provided			\$1,650,510
<u>Working Capital Applied</u>			
Property, plant and equipment acquisitions	98,718		
Reduction of long-term general obligation bonds payable	218,698		
Reduction of deferred income	182,571		
Reduction of City of Reno contribution	1,300		
Classification of debt service portion of fund balance	95		
Working capital applied			<u>501,382</u>
<u>Increase in Working Capital</u>			<u>\$1,149,128</u>
<u>Summary of Changes in Working Capital</u>			
Current assets - Increase (Decrease)			
Cash and investments	\$ 782,265		
Accounts receivable	(8,463)		
Due from other fund	2,280		
Inventory	3,596		
			<u>\$ 779,678</u>
Current liabilities - (Increase) Decrease			
Accounts payable	13,289		
Accrued payroll	(3,308)		
Contracts payable	832,580		
Accrued bond interest payable	1,686		
General obligation bonds payable	(24,339)		
Deposits	(12,720)		
Due to other fund	(437,738)		
			<u>369,450</u>
<u>Increase in Working Capital</u>			<u>\$1,149,128</u>
<u>Change in Working Capital</u>			
Working capital balance - July 1, 1975			\$ (883,455)
Increase in working capital			<u>1,149,128</u>
Working capital balance - June 30, 1976			<u>\$ 265,673</u>

See Accompanying Notes

CITY OF RENO
MUNICIPAL AIRPORT FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1976

Summary of Significant Accounting Policies

Basis of Accounting

The Municipal Airport Fund is maintained on the accrual basis whereby revenues earned but not received and expenses incurred but not paid are recognized.

The Fund is also operated on an enterprise basis. Enterprise funds are established to account for the financing of governmental units which render service on a user charge basis to the general public. Enterprise accounting permits determination of whether the activity operates at a profit or loss on a basis comparable to private enterprises.

Investments

Investments are carried at the lower of cost or market.

Accounts Receivable

Amounts receivable from customers and other sources are recorded at face value with no provision for uncollectible amounts or grant reductions. Amounts deemed uncollectible are charged to operations in the period such determination is made.

Inventory

Inventory represents materials and supplies on hand for use in operations, valued at cost, on the first-in, first-out basis.

Restricted Assets

Money or other resources, the use of which is restricted by legal or contractual requirements are classified under restricted assets.

Property, Plant and Equipment

Property, plant and equipment of the fund is recorded at cost. Depreciation is computed on the straight-line basis over estimated economically useful lives of ten to thirty years for the buildings and airport improvements and three to twenty years for machinery, equipment and furniture. Cost of normal repairs and maintenance are charged directly to operations. Expenditures which materially extend the estimated useful life are capitalized.

Contributions

The contribution accounts reflect the value of assets contributed to the fund for its unrestricted use without any liability attached. The general source of these contributions is the Federal Aviation Administration. The contribution accounts, which correspond in a general sense to capital invested by stockholders of a private corporation, are reduced annually by the related depreciation charge on assets generated by the contributions. Where contributions are not utilized to acquire capital assets, no depreciation is allocated.

CITY OF RENO
MUNICIPAL AIRPORT FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1976

When contributions from other governmental jurisdictions are for the purpose of funding current period expenses, the contributions are classified as income and not as an addition to the contribution account.

The accumulated depreciation expense transferred to the FAA contribution account as of June 30, 1976 was \$2,650,248. No depreciation is allocated to the City of Reno contribution account, as there are no depreciable assets related to the balance.

City Provided Services

The estimated costs of services provided by other City departments is based on rates established by the City after consideration of actual services provided and the related cost. Provision has been made in the new airlines agreements for reimbursement of various portions of these services. This reimbursement is to be included in calculation of the new landing fees. See Note 5.

Note 1 - Federal Grants Receivable - The Federal grants receivable of \$515,991 are subject to final Federal compliance audit and approval of various projects to determine that the proper procedures were followed and that the money was spent in accordance with regulations.

Note 2 - Contracts Payable - The fund is liable for various contracts on a number of projects. For detailed information regarding payee and project, refer to the Schedule of Contracts Payable in the Supplemental Information section of this report.

Note 3 - Bonds Payable - The bonds payable from operations of this fund are set forth in the balance sheet as follows:

Current portion - principal	\$ 218,697
Due after one year - principal	<u>2,517,944</u>
	<u>\$2,736,641</u>

For information regarding interest rate and other pertinent data, refer to the Statement of General Obligation Bonds Payable in the Supplemental Information section of this report.

Note 4 - Deposits - Deposits represent amounts received from concessionaires and other sources to be refunded pending completion of contracts or other agreements.

Note 5 - Airlines Agreements - During the year, the City of Reno entered into negotiation proceedings with the various airlines utilizing the airport facilities for the purpose of establishing a new lease agreement. The City objective was to increase the user fees to more equitably distribute the cost of operations. As of September 24, 1976, formal ratification by the airlines had not been made. It is anticipated by the City that formal ratification of the agreement will be forthcoming upon final review by the airlines. Included in the new agreement is a pro-

CITY OF RENO
MUNICIPAL AIRPORT FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1976

vision for payment retroactively for the period July 1, 1975 to June 30, 1976. No provision has been made in these financial statements for this retroactive adjustment as the agreements had not been formalized. However, it is estimated by the City that retroactive amount will be approximately \$294,900.

Note 6 - Prior Period Adjustment - The City of Reno contributions account has been restated from \$5,191,806 to \$5,163,838 to reflect adjustments to assets contributed by the City to the Airport Fund in prior years. Additional information became available during the year concerning the prior year contributions and accordingly, the records were adjusted.

EXHIBIT "D"
CITY OF RENO RESOLUTIONS
SUPPORTING ADDITIONAL AIR SERVICE

RESOLUTION NO. 3120

INTRODUCED BY COUNCILMAN BIGLIERI

RESOLUTION SUPPORTING ALL APPLICATIONS WHICH MAY BE FILED BEFORE THE CIVIL AERONAUTICS BOARD WHICH WOULD ESTABLISH ROUTES TO RENO AND THE SOUTHERN PORTION OF THE UNITED STATES, WITH INTERMEDIATE STOP AT DENVER, COLORADO.

WHEREAS, the City of Reno, Nevada and the Reno City Council through its Airport Advisory Commission and the Greater Reno Chamber of Commerce are interested in service from Dallas/Fort Worth, Houston and all other points South directly to Reno, Nevada; and

WHEREAS, the City of Reno by and through its City Council adopted Resolution No. 3107 on the 6th day of July, 1976 resolving that the City of Reno and the City Council urges the Civil Aeronautics Board to entertain all applications which would establish such routes; and

WHEREAS, the City of Reno and its City Council desire that such service from the South include new routes established between Reno and Dallas/Fort Worth, as well as other cities in Texas, the South, and in addition thereto including the intermediate point of Denver, Colorado; and

WHEREAS, the City Council of the City of Reno, the Airport Advisory Commission and the Greater Reno Chamber of Commerce feel that such service and air passenger routes directly to Reno, from Dallas/Fort Worth, Houston, other cities in Texas, and from the Southern portion of the United States, with an intermediate stop at Denver, Colorado would be justified, needed and advantageous.

NOW, THEREFORE, be it resolved by the City Council of the City of Reno that the City Council urges the Civil Aeronautics Board to entertain all applications which would establish new routes between Reno, and Texas (Dallas/Fort Worth, Houston and other cities in Texas) and the Southern United States, with an intermediate stop at Denver, Colorado.

On motion of Councilman BIGLIERI, seconded by Councilman GRANATA, the foregoing Resolution was passed and adopted this 9th day of August, 1976, by the following vote of the Council:

AYES: BIGLIERI, GRANATA, LAURI, LEWIS, BOGART

NAYS: NONE

ABSTAIN: NONE

ABSENT: DURANT, MENICUCCI

APPROVED this 9th day of August, 1976.

Carol G. Bogart
MAYOR OF THE CITY OF RENO

ATTEST:

Robin M. Bogich
CITY CLERK AND CLERK OF THE CITY
COUNCIL OF THE CITY OF RENO, NEVADA.

STATE OF NEVADA, }
COUNTY OF WASHOE } ss.

I, ROBIN M. BOGICH, City Clerk and Clerk of the City Council of the City of Reno, Nevada, do hereby certify that the foregoing is a full, true and correct copy of the original Resolution No. 3120, passed and adopted at a regular meeting of the City Council on August 9, 1976,

which now remains on file and of record in my office at Reno, Washoe County, Nevada.

IN TESTIMONY WHEREOF, I have hereunto set my

hand and affixed the seal of the said City of Reno, this _____ tenth _____ day of

August _____, A.D., 1976.

Robin M. Bogich, City Clerk.

By _____, Deputy.

15 LM
copy

RESOLUTION NO. 3089

INTRODUCED BY COUNCILMAN BIGLIERI

A RESOLUTION OF INTENT TO OPPOSE THE 1975 AVIATION ACT
(DEREGULATION OF AIR CARRIERS) PROPOSED BY THE CIVIL
AERONAUTICS BOARD

WHEREAS, on December 22, 1975, the City Council of the
City of Reno considered the proposed 1975 Aviation Act (Deregu-
lation of Air Carriers); and

WHEREAS, on December 22, 1975, the City Council of the
City of Reno acted pursuant to the request of the Reno Airports
Advisory Commission, and the Council expressed its explicit dis-
approval of the proposed Aviation Act of 1975; and

WHEREAS, on December 22, 1975, the City Council of the
City of Reno expressed the feeling that the concept of regulation
of common carrier traffic has been so long established that at
this point its abolition cannot be advocated; and

WHEREAS, the City Council has indicated that the regu-
latory process of the Civil Aeronautics Board has not been admin-
istered as well as it should be; and

WHEREAS, it is believed that if the deregulation process
were implemented immediately that it would have far reaching affects
on air carrier service at Reno International Airport.

NOW, THEREFORE, BE IT RESOLVED that the Reno City Council
urges its Congressional Legislators to oppose the 1975 Aviation Act
on the basis that if the deregulation act were implemented it would
have a far reaching impact on the aviation community in Reno.

BE IT FURTHER RESOLVED that the City Council urges the

Nevada Congressional delegation to advocate that the Civil Aeronautics Board be administered in a better manner.

On motion of Councilman BIGLIERI, seconded by Councilman GRANATA, the foregoing Resolution was passed and adopted this 10th day of May, 1976, by the following vote of the Council:

AYES: BIGLIERI, GRANATA, LEWIS, MENICUCCI, BOGART

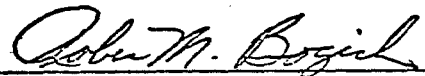
NAYS: LAURI

ABSTAIN: NONE ABSENT: DURANT

APPROVED this 10th day of May, 1976.


MAYOR OF THE CITY OF RENO

ATTEST:


CITY CLERK AND CLERK OF THE CITY COUNCIL OF THE CITY OF RENO, NEVADA

INTRODUCED BY COUNCILMAN BIGLIERI DEC 3 1953

RESOLUTION REQUESTING OUR CONGRESSIONAL DELEGATION
IN WASHINGTON, D.C. TO TAKE WHATEVER STEPS POSSIBLE
AND NECESSARY TO ASSIST THE CITY OF RENO IN PROVIDING
ADEQUATE AIR TRANSPORTATION TO AND FROM THE CITY.

WHEREAS, the City Council of the City of Reno, the
Chamber of Commerce of the City of Reno and all other interested
parties desire to take whatever action possible and necessary to
insure that the citizens of this area are provided with air trans-
portation; and

WHEREAS, Western Airlines is a certificated carrier to
and from the Reno area; and

WHEREAS, Western Airlines could assist the City of Reno
in scheduling on request more flights to and from the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the
City of Reno that the City Council wholeheartedly endorses the
request of the Reno Chamber of Commerce to seek from Western
Airlines an increase in air service provided to and from the City.
That Western Airlines either take immediate steps to increase their
air operations to this area or allow other air carriers who desire
to compete with the viable market available from throughout the
western United States.

BE IT FURTHER RESOLVED that the City administration is
authorized to contact the Los Angeles and San Francisco areas for
the purpose of proceeding with a petition to the Civil Aeronautics
Board requesting additional certificates of service in and out of
the Reno area.

BE IT FURTHER RESOLVED by the City Council of the City of
Reno that the City Council respectfully ask that our Congressional
Delegation take whatever immediate action is possible and appropriate
to intercede in behalf of the City of Reno to encourage increased.

air services to our area by any existing or new air carrier.

BE IT FURTHER RESOLVED by the City Council of the City of Reno that the City Council authorizes the City Clerk to distribute this Resolution to our Congressional Delegation and all other interested parties concerning this matter.

On motion of Councilman BIGLIERI, seconded by Councilman MENICUCCI, the foregoing Resolution was passed and adopted this 22nd day of December, 1975, by the following vote of the Council:

AYES: BIGLIERI, MENICUCCI, GRANATA, LAURI, LEWIS, BOGART

NAYS: NONE ABSTAIN: DURANT ABSENT: NONE

APPROVED this 22nd day of December, 1975.

Carl J. Bogart
MAYOR OF THE CITY OF RENO

ATTEST:

Alvin M. Bogich
CITY CLERK AND CLERK OF THE CITY COUNCIL OF THE CITY OF RENO, NEVADA.

STATE OF NEVADA, }
COUNTY OF WASHOE } ss.

I, ROBIN M. BOGICH, City Clerk and Clerk of the City Council of the City of Reno, Nevada, do hereby certify that the foregoing is a full, true and correct copy of the original Resolution No. 3053, passed and adopted at a regular meeting of the City Council held December 22, 1975.

which now remains on file and of record in my office at Reno, Washoe County, Nevada.

IN TESTIMONY WHEREOF, I have hereunto set my

hand and affixed the seal of the said City of Reno, this twenty-ninth day of

December, A.D., 1975.

Alvin M. Bogich, City Clerk.

By _____, Deputy.

INTRODUCED BY COUNCILMAN BIGLIERI

RESOLUTION REQUESTING OUR CONGRESSIONAL DELEGATION IN WASHINGTON, D. C. TO TAKE WHATEVER STEPS POSSIBLE AND NECESSARY TO ASSIST THE CITY OF RENO TO CONTINUE AT LEAST FIVE DAILY FLIGHTS BY WESTERN AIRLINES TO AND FROM THE CITY OF RENO.

WHEREAS, in recent communications received from Western Airlines, the City of Reno has been informed that they intend to request permission to drop two turn-around daily flights at Reno International Airport; and

WHEREAS, it is understood by the City of Reno that this request for discontinuation will be processed in accordance with the normal C. A. B. procedures requesting elimination of the Los Angeles to Reno, Reno to Los Angeles, Salt Lake City to Reno, and Reno to Salt Lake City flights; and

WHEREAS, this will mean Western Airlines will only have three remaining scheduled flights to and from Reno; and

WHEREAS, the City Council of the City of Reno is deeply concerned that this would not be in the best interest of the City of Reno; and

WHEREAS, the City Council of the City of Reno desires to take whatever action possible to discourage the discontinuation of this air service.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Reno that the City Council respectfully asks that our Congressional Delegation take whatever action is possible and appropriate to intercede on behalf of the City of Reno to prevent the discontinuation of the above-mentioned flights by Western Airlines.

BE IT FURTHER RESOLVED by the City Council of the City of Reno that the City Council authorizes the City Clerk to distribute this Resolution to our Congressional Delegation and all other parties involved concerning this matter.

On motion of Councilman BIGLIERT, seconded by
Councilman MENICUCCI, the foregoing Resolution was passed
and adopted this 11th day of August, 1975, by the following
vote of the Council:

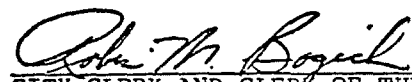
AYES: BIGLIERT, MENICUCCI, GRANATA, LAURI, LEWIS, BOGART

NAYS: DURANT ABSENT: NONE

APPROVED this 11th day of August, 1975.


MAYOR OF THE CITY OF RENO

ATTEST:


CITY CLERK AND CLERK OF THE CITY
COUNCIL OF THE CITY OF RENO, NEVADA.

RESOLUTION NO. 2965

INTRODUCED BY COUNCILMAN BIGLIERI

A RESOLUTION TO PROVIDE FOR AN AIRPORT ENTERPRISE FUND IN ACCORDANCE WITH THE PROVISIONS OF NEVADA REVISED STATUTES §354.610 TO BE FULLY OPERATIONAL JULY 1, 1975.

WHEREAS, Nevada Revised Statutes, Section 354.610 established the authority of local government to designate "Enterprise Funds" in those areas of local government which are self-supporting operations; and

WHEREAS, Chapter 496 of the Nevada Revised Statutes, The Municipal Airports Act, grants to local government the authority to independently operate and control its municipal airports; and

WHEREAS, the Reno City Council heretofore by Resolution No. 2868 indicated its intention to designate and establish within the City of Reno accounting department a separate and distinct accounting for all revenue and expenditures at the City of Reno Airports.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Reno as follows:

I. That in accordance with Nevada Revised Statutes §354.610, "Enterprise Funds," and Nevada Revised Statutes §496.010 through §496.270, Municipal Airport Act, the authority by law to operate an "Enterprise Fund" at the Reno Airports is given and by this Resolution the Reno City Council hereby indicates its intention to establish the fund subject to full compliance and utilization on and after July 1, 1975.

(a) The Airports Enterprise Fund is established for the purpose of creating a completely independent accounting system for the Reno Airports and to provide a continuing accountability for the City of Reno of all revenue and expenditures in accordance with proper accounting procedures as set forth in Local Government Regulation No. 15, "Enterprise

RECEIVED
MAY 13 1976

MAY 13 1976

Funds" attached hereto as Exhibit "A."

(b) The authorization for the establishment of an independent enterprise fund is contained in Chapter 496 Municipal Airports Act of the Nevada Revised Statutes.

(c) The Reno Airports are financed not considering federal, state and city sources primarily from the revenue derived from the airlines, all lessees at the Airport, all FBO Operators, all common carriers and all parties authorized to operate at the Reno Airports with valid agreements with the City of Reno. These sources include but are not limited to the following entitles:

The Airport terminal concessionaire--Mapes Enterprises, INC., United Airlines, Western Airlines, Airwest Airlines, Casino Air Service, ASI, Reno Flying Services Whittlesea Cab Company, Baker and Drake Cab Company, Hertz Rent-a-Car, Avis Rent-a-Car, National Rent-a-Car, Butler Aviation and all other companies, partnerships or individuals not holding an agreement with the City of Reno or who may have contracts in the future at the Reno Airports to provide goods or services. The authority for the City of Reno to operate at Reno International Airport and the Stead Airport, known as the Reno Airports and to levy charges or fees for the operation of said Airports is contained in Chapter 496 and 497 of the Nevada Revised Statutes.

(d) All expenditures and revenues at the Reno Airports shall be accounted for by the independent "Enterprise Fund" under the control of the City of Reno and in accordance with accepted accounting procedures and as provided for in all of the agreements mentioned above which now exist or which may exist in the future.

(e) The control and provisions for reserves, depreciation allowances and surpluses shall be the responsibility of the City of Reno.

II. As specifically provided for in NRS §354.610 no expenditures from the Airports Enterprise Fund shall be made or authorized in excess of the balance of such fund.

III. The Reno Airports Enterprise Fund shall support all expenditures properly related to the operation of the Airport including but not limited to, debt service, capital outlay and operating expenses. All in accordance with NRS §354.610. No surplus of the Airports Enterprise Fund will be declared until all expenditures and disbursements relating to such fund have been accounted for.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City of Reno Airports Enterprise Fund is hereby provided for by the Reno City Council and shall be fully operational as established on and after July 1, 1975.

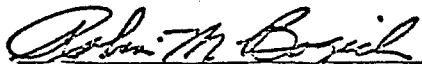
On motion of Councilman BIGLIERI, seconded by Councilman MENICUCCI, the foregoing Resolution was passed and adopted this 10th day of February, 1975, by the following vote of the Council:

AYES: BIGLIERI, MENICUCCI, LAURI, LEWIS, BOGART, DIBITONTO
NAYS: NONE ABSENT: SORENSEN

APPROVED this 10th day of February, 1975.


MAYOR OF THE CITY OF RENO

ATTEST:


CITY CLERK AND CLERK OF THE CITY
COUNCIL OF THE CITY OF RENO, NEVADA.

WASHOE COUNTY AIRPORT BY COMMITTEE

MEMBERS NAMES	1975					1976					Attendance Totals			
	9/24	10/22	11/19	1/14	2/11	3/10	4/14	5/12	6/16	7/14		8/11	9/29	10/27
Margie Foote, Chairman	X	X	X	X	X	X	X	X	X	X	X	X	X	
Al Wittenberg	X	X	X		X	X	X	X	X	X	X	X	X	
Bob Heaney	X		X	X	X	X	X		X			X	X	
Ted Hermann	X	X	X	X	X	X	X	X		X	X	X	X	
Randy Capurro	X										X	X		
Gerald Grow	X		X				X					X		
Pat Lewis	X	X	X	X	X	X		X	X	X	X	X		
Bill Raggio	X		X	X	X		X	X				X		
Ron Darney	X	X	X		X	X	X		X	X	X	X	X	
Clyde Biglieri	X	X	X			X	X	X	X		X	X		
Ed Hastings	X		X		X	X		X				X		
Bob Rusk	X	X	X	X	X	X	X	X	X		X	X	X	
Elwyn Freemonth												X	X	
Ed Oaks	X													

*-Replaced Ed Oaks effective
9/29/76

WASHOE COUNTY AIRPORT STUDY COMMITTEE

DATE: TERM: NONE DESIGNATED
PLACE: REFERENCE: Assembly Bill
No. 498
APPOINTED BY: City Council

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE</u>	<u>APPOINTED</u>
BIGLIERI, CLYDE (Councilman)	490 S Center Street B-Washoe Realty 1100 Kietzke Lane R-2250 Tybo Avenue	785-2014 786-6932 358-7451	7/28/75
DARNEY, RONALD B. (Public Accountant)	Darney, Rand, Vannoy & Romwall, Ltd 245 Gentry Way R-660 Capitol Hill Ave.	 825-2143 322-1317	7/28/75
LEWIS, PAT HARDY (Councilwoman)	490 S Center Street R-1290 W Plumb Lane	785-2011 826-4050	7/28/75
FREEMONTH, ELWYN F. (Public Accountant)	Harris, Kerr, Forster & Company 1755 E. Plumb Lane R-2085 Dant Boulevard	 786-7700 825-7997	
MEMBERS FROM THE CITY OF RENO			

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE</u>
HASTINGS, EDWIN F. (Councilman)	431 Prater Way B-Sierra Pacific Power Co-920 B Street-Sparks R-1940 Brunetti Way	359-2700-10 789-4532 358-2965

MEMBER FROM THE CITY OF SPARKS

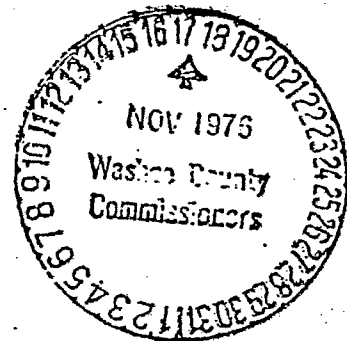
WASHOE COUNTY AIRPORT STUDY COMMITTEE
(Page 2)

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE</u>
CAPURRO, RANDALL V. (Insurance Consultant)	Capurro, Voss Associates 400 S Wells Avenue Rm 210 R-6450 Longley Lane	786-5422 825-6456
GROW, GERRY (County Commissioner)	1205 Mill Street B-State Farm Insurance 1205 Rock Blvd R-182 Galleron Way-Sparks	785-5454 358-7583 358-5634
HERMANN, E. T. (TED)	Pres.-Pacific Freeport Warehouse Co. 901 E Glendale Avenue R-1200 Riverside Drive	358-3931 786-0233
RUSK, ROBERT F. (County Commissioner)	1205 Mill Street B- R-729 Humboldt Street	785-5454 329-6411 323-3477

MEMBERS FROM WASHOE COUNTY

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE</u>
FOOTE, MARGIE (Sparks Senator)	Carousel Shop 210 - 10th Street-Sparks R-5585 Wedekind Road	358-6592 358-5171
HEANEY, ROBERT E. (Reno Assemblyman)	Attorney-10 State Street Room #301 R-6850 Prestwick Circle	786-1614 359-2823
RAGGIO, WILLIAM J. (BILL) (Reno Senator)	Attorney-First National Bank Bldg-Suite #806 1 East 1st Street R-795 Robin Street	329-6232
WITTENBERG, ALBERT M. (Reno Assemblyman)	R-2630 Scholl Drive	747-2606

LEGISLATIVE MEMBERS



WASHOE COUNTY AIRPORT STUDY COMMITTEE

Minority Report

October 27, 1976

[Faint, mostly illegible typed text, possibly containing a list or report content]

An Airport Authority, a special governmental corporation should not be formed to operate Reno International and Reno/Stead Airports in Washoe County. This is the finding of a minority of six of the thirteen member Washoe County Airport Study Committee.

The task given to the Washoe County Airport Study Committee is found in Section Five, Assembly Bill #498 as follows:

Section Five. The Committee shall:

1. Conduct a study to determine:
 - (a) Whether a special governmental corporation should be formed to provide adequate air services to Washoe County.
 - (b) What measures, if any, should be taken to provide:
 - (1) Sufficient funding, and to establish the administrative machinery necessary to insure adequate air service to Washoe County and the surrounding areas.
 - (2) Safe and convenient air travel and transport to and from the Reno area.
2. Report the results of such study to the 59th session of the Legislature, together with recommendations for any necessary and appropriate legislation.

Thirteen meetings were held, beginning September 24, 1975, over the following fourteen months. Meetings dates and locations were well publicized on T.V. and in the press, with a press release or press coverage following each meeting, in an effort to encourage public involvement and comment. Despite such publicity, attendance by members of the general public was lacking. The Committee specifically invited representatives of fixed base operators, National Guard, Chamber of Commerce, the gaming industry, warehousing and manufacturing (interested in air freight service), former City Manager Joe Latimore, the Reno City Manager and the Reno Airport Director.

It is a point of interest to note that although every means was used to attract involvement of the Airport users and the local citizens discussing possibility of an Airport Authority, there was an evident lack of interest in the proposal on the part of the general public.

was done @ Each meeting, by those City Councilmen who sat on the Study Comm.
At no time did the Committee seek the opinions from the City Councils of Reno and Sparks or the Commission members from Washoe County with regard to the pros and cons of an Airport Authority. Without exception airport authorities have been developed by two or more cooperating entities in order to resolve a burdensome or inequitable or malfunctioning operation.

In determining whether a special governmental corporation should be formed to provide adequate air services to Washoe County, it is necessary to establish a set of criteria which either tend to favor or oppose formation of an Airport Authority to operate the two Reno airports. It has been pointed out in testimony before the Washoe County Airport Study Committee, that there are advantages and dis-

AIRPORT AUTHORITIES

ADVANTAGES:

- are created to overcome debt limits of municipal-jurisdiction in selling revenue and general obligation bonds
- often possess more freedom of action than is granted to city airport administrators
- provide greater continuity of policy if or when partisan politics of a city cause disruptive turnover of airport management
- are useful in administering an airport which serves a multi-jurisdictional area, resolving the conflict of jurisdictional problems
- can operate more like a business, exploiting profit possibilities in ways cities usually do not

DISADVANTAGES:

- have no direct responsibility to local government and may be beyond effective public control (usually the members are appointed by the Governor)
- pose the risk of placing broad powers in hands of a few; if mismanagement occurs, generally members can only be removed on grounds of malfeasance, not honest incompetence, in a long legal or legislative procedure.
- represents a decentralization of government, necessarily replicating police, fire, legal, housekeeping, fiscal functions, etc. which exist in a city government
- cannot set landing fees by ordinance (which municipalities can do) in the event agreements with airlines cannot be reached.

An Airport Authority could not be expected to have taxing powers, because one of the reasons for proposing such a governmental structure should be to relieve the taxpayers of the fiscal burden of the Reno airport, to put it on a paying basis. An Airport Authority would necessarily assume a refinance of the City of Reno's general obligation bonds for the airport function.

If an Airport Authority were formed, it would be legally bound to assume contracts and agreements now binding on the City of Reno.

Such an Airport Authority would necessarily take over the very difficult task of land acquisition and population relocation of those designated (Airport Master Plan) "take" areas adjacent to Reno International Airport. This type of Federal program is complex and very lengthy.

In the past two years since the introduction of the Airport Authority legislation in the 1975 session of the state Legislature, a number of improvements and developments have occurred.

Landing Fee Agreement - Scheduled Carriers

The City Council recently adopted new landing fee agreements between the City of Reno and the three carriers serving Reno International Airport. The agreements are currently being executed by the respective airlines and the last of the signed documents is expected to arrive back in the near future.

The new landing fee agreements represent an entirely different approach from the old agreement in the manner in which landing fees are established. Of major importance is the fact that the new rates are adjusted annually in accordance with actual airport expense, rather than a fixed rate for 25 years. As a result, the landing fee rate will be increased from 6½¢ per one thousand pounds to 27.9¢ per one thousand pounds, and is retroactive to July 1, 1975. The City will receive the reimbursement of \$294,910.99. In other words, for the period July 1, 1975 to June 30, 1976 Airport revenues will be increased approximately \$295,000 from just the landing fee rate source.

Landing Fee - Chartered And Non-Scheduled Carriers

At the request of airport manager and on the recommendation of the Airports Advisory Commission, in the spring of 1976 the Reno City Council adopted a new City Ordinance which established landing fees for all commercial carriers, other than the scheduled carriers that have written agreements with the City, which operate aircraft exceeding 12,500 M.G.L.W. As a result of the new landing fee ordinance more than \$5,000 per year income is anticipated for the period 1976-77. Heretofore, fees for charters for supplemental carriers have never been established.

Airport Accountant Position

In response to an administration recommendation, the Reno City Council established a new position at the Airport titled, Airport Accountant. The position was filled in March of 1976. As a result of the new position the Department of Airports is now able to conduct financial audits of airport tenants. It is anticipated that airport tenants will be audited at least once each year. During the first seven months of this position, audits revealed more than \$100,000 back due and owing rentals.

The Airport Accountant position is no doubt one of the most important positions at the airport because it provides the Department of Airports with the ability to perform reoccurring audits on a timely basis in order to prevent misunderstanding or errors that might occur in the system.

Airport Month-To-Month Leases

In response to a new policy established by the Reno City Council the Department of Airports no longer enters into month-to-month agreements with airport tenants. The staff is in the process of converting existing month-to-month leases into longer terms. In this process, several month-to-month agreements have been converted to one to three year agreements with respective upward adjustments of rental rates.

Safe Air Travel

The City of Reno's new crash/fire/rescue station is rated one of the best in the nation and contains the latest innovations for airport safety, including \$300,000 of rolling stock equipment. This facility meets major airport specifications, found in large hub airports.

*ALL Suppl
Fed. Gov.
Grand.*

Reno International has a fine air carrier safety record, an accomplishment sometimes too lightly regarded. Mr. John Sodek, Airport Certification Inspector from FAA district office in San Francisco, stated that since spring of 1974, the Reno airport has upgraded its facilities, equipment, and training to the extent that it rated "right along with the top airports in the country." During his last visit to Reno in August of 1976 he found "nothing to fault the Reno operation."

The Federal Aviation Administration is expending \$200,000 to construct a new Airport Surveillance Radar System to replace the existing surveillance radar system at Reno International. The ASR-8 facility will provide the same basic function as is now provided by the ASR-3, except that it will consist of a more modern, updated equipment detecting aircraft to a range of 60 nautical miles and 40,000 feet. The ASR-8 system is the finest of its kind.

\$180,000 Master Plan

The City of Reno funded one third of the cost of the \$180,000 Master Plan developed by Arnold Thompson & Associates, Inc. which was completed in April of 1976. The plan delineates necessary steps to be taken in order to accomodate the increase of approximately 1.1 million total passengers in 1974 to 4.8 million by 1995 through the Reno airport system. The first stage of terminal expansion is scheduled for 1977 and 1978. As of this date interviews have just been completed with airport consultants in the process of selecting a consulting firm to carry out the terminal expansion program. Twenty-four capital projects in addition to the terminal expansion include land acquisition, taxiway development, runway overlays, automobile parking development, T hanger development, etc.

Reno Airport Land Acquisition Project

Based upon the recommendations contained in the Master Plan the City of Reno has completed an Environmental Impact Report on the land acquisition project to the south of the airport. The land acquisition area has been delineated and an agreement with the Federal Aviation Administration has been signed by the City of Reno, which initiates the complicated procedure for land acquisition and relocation of 24 area residents at an estimated cost of 1.4 million dollars.

Enterprise Fund Accounting System

The City of Reno converted the accounting system from a revenue fund basis to an Enterprise Fund basis for Reno International and Reno/Stead Airports. The Enterprise Fund established an "accounts

receivable" for the aforementioned \$294,901.99 due from airlines for landing fees (per agreement during airline negotiations recently completed).

The City of Reno is making maximum use of Federal financing assistance through the Airport Development Aid Program (ADAP). The City Council recently applied for, and received a grant totaling more than 1.3 million, which will allow the first phase land acquisition project to be implemented. The City Council has resolved that future grant applications will be an on-going policy.

Airport Noise Suit

The City of Reno is currently under law suit brought by 27 property owners in the Home Gardens area south of Reno International Airport. Any airport owner/operator is subject to such suits whether it be county, city, Airport Authority or whatever. According to the proposed airline agreement which is soon to be finalized, the cost of such law suits would be built into the airline's landing fees.

The City of Reno has representatives which sit on the Joint Airport Zoning Board. Board membership includes elected officials from Reno, Sparks, and Washoe County and is shared by a non-elected official representing neutrality and the public. The Joint Airport Zoning Board is working to reduce conflicting land uses within the airport influence area. It has the power to adopt, administer and enforce airport zoning regulations. *In 3: it has to next nothing*

Testimony Received By Committee

Critical comments and suggestions received by the Committee did not relate to whether or not an Airport Authority structure could have or would in the future resolve objections any better than the City operation of the airport. Most of the criticism centered around the airport terminal:

- 1) Airport terminal crowded and poorly layed out, partly caused by the need to accomodate Security Check requirements in recent years.
- 2) Inefficient baggage handling facilities.
- 3) Food service area too small.
- 4) Inadequate space for lines at the ticket counters.
- 5) Air freight.

Of major concern was the fact that the airport has been losing money due to low landing fees contained in a 25 year contract and that Reno taxpayers have been supplying the deficit funds on the airport function. With the final signing of the new airline contracts these problems will be resolved.

Another important area of criticism were complaints of inadequate air service to the Reno area and a lack on the part of the City to engage in promotion of the Airport. Promoting more and better air service into any city is an on-going task that must be pursued with vigor. The City of Reno has increased its efforts of that promotion. Attached to this report you will find resolutions indicating some of Reno's past efforts in this direction.

The City administration readily recognizes the need for terminal expansion and improvement, and is eager to get started on this project. Knowing the importance of first and last impressions, the City of Reno is intent on remaking Reno International into a first class airport facility, one that people find pleasurable coming into and departing from.

We the undersigned believe that there is not sufficient evidence to justify the development of an Airport Authority for Reno International and Reno-Stead Airports.

Clyde Biglieri

Reno City Rep.

Ronald B. Darney

Reno City Rep.

Margie Foote, Senator

Elwin Freemonth

Reno City Rep.

*Attended 2 meetings
As City Rep.*

Edwin F. Hastings

*Would have gone with majority if recommendation
had included removal of airport location.*

Pat Hardy Lewis

Pat Hardy Lewis

Reno City Rep.

Throughout our history, tourism in the Reno/Sparks area has been primarily dependent upon the automobile and the bus. Currently, no more than seven (7) percent of our visitors are arriving by air.

Yet in recent weeks we have experienced more interest from airlines not now serving our area than at any time in our past. Five new airlines currently have requests before the CAB to service Reno.

The fundamental reason for the lack of air service over the years has been a shortage of major-sized hotels. Air travelers are more attracted to large, resort-type hotels than any other single factor. The current construction of the Reno MGM Grand has done more to stimulate air service activity and interest than any single factor in our long history.

In looking to the future, it would appear that if we are ever to convert to an airport authority, this is the best time to do so. Currently the City of Reno is faced with many problems that are vital and time consuming not involving either the airport or air service. Yet, due to its economic importance, both the airport and air services need far greater attention than the City of Reno is able to offer.

This is not a criticism of the City of Reno. Many progressive steps have been taken in recent years after long periods of neglect. But it still remains that the Reno International Airport is not adequate to properly take care of our current needs and its problems will increase dramatically in the years to come. We should also keep in mind that the airport, although operated by the City of Reno, serves as the gateway to most air activity in Washoe County, Carson City and Lake Tahoe. For these reasons, the Greater Reno Chamber of Commerce believes that it would be in the best interests of the Reno Area citizens if an authority were created to work full time in keeping pace with airport needs and expansions. It would also free the City of Reno to spend more time on such current vital issues as the expansion of the sewer plant, downtown parking, growth policies and many other problems currently threatening the orderly development of our economy.

March 9, 1977

Senate Committee on Government Affairs
Washoe County Airport Authority Hearing
Nevada State Legislature

I have been a member of the Reno Airport Advisory Commission since its inception in 1972, although I am speaking to you in an unofficial capacity.

Airport management at that time was questionable and the responsiveness of the Reno City Council was less than satisfactory. As an example, the established chain of command at the time was from the Airport Manager to the City Engineer to the Director of Public Works to the City Manager and, finally, to the City Council.

Now, from that less than satisfactory situation to the present, there has really been a positive change. For example, the chain of command has been shortened, so that the Airport Manager now reports directly to the City Manager. In addition, there has been an Airport Master Plan initiated and implemented inspite of an embarrassing bungling of a selection of a planning team. Airport leases have been standardized and improved at the city's gain. A long needed landing fee agreement has been negotiated by the city which will immediately improve the financial condition of the airport. The City Cour has been very responsive to the recommendations of the Airport Commission and in all but a very few cases has approved all recommendations. In fact they generally won't act on an airport matter unless it is accompanied

Vernon Durkee, Jr.

-2-

by a recommendation from the Airport Advisory Commission. In short, the Reno International Airport is now high priority with the current Council and definite improvements are being initiated.

I background you with this information because I feel it is a mistake and an injustice to initiate an airport authority with the principal argument that the City of Reno has not done its job. On the contrary, I sincerely feel that they have made a fine effort to improve the facility.

Why then a regional airport authority? For one very important reason: Taking from the words expressed in proposed Senate Bill 198, the airport of the City of Reno is now serving the inhabitants of a large geographical area and whereas what was once a municipal airport in both name and fact is now a regional airport. That is the reason for an authority.

~~Control of that airport should, therefore, be regionalized, so that the prime users, namely Reno, Sparks, and Washoe County, should be uniformly responsible for and to the airport. Further, there is a real advantage in having an authority that has the ability to make its own decisions financially and administratively.~~

In urging this authority, I also have genuine concerns as to the wording of the Bill and would like to make you aware of these concerns.

The City of Reno certainly has a strong financial interest and has to be fairly compensated. Perhaps this can be in the way of a tax credit to Reno citizens in the future.

more...

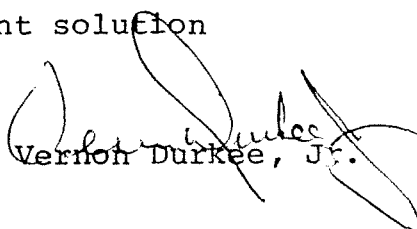
(7)

I question whether a five-person Board is adequate in size. With so many important matters, conceivably three persons could act and vote upon them at any given time. Perhaps seven members would be a more realistic number.

Section 6, Paragraph 2 of Senate Bill 189, states that no member may have any financial interest in the Aviation industry or be interested as a private purveyor in any contract or transaction with the authority. These restrictions appear to be self defeating. To get people with real expertise perhaps requires an individual with some of the aforementioned affiliations. It is essential to obtain people with a real knowledge of airport functions. Certainly it would be possible for an authority member to refrain from voting on an issue that could constitute a conflict of interest.

Because of the many changes happening in the Reno, Sparks, Washoe County area and because of many pending improvements starting to take place at the airport, it is imperative that proper planning be exercised to insure a quick and smooth transition from City control to the area authority control.

Finally, I wish to emphasize that I urge this change as a concerned citizen of the City of Reno -- not on the strength that I am personally interested in being a member of the new authority, for I would not be a candidate for this position, but I sincerely believe that to create an airport authority is the only intelligent solution


Vernon Durkee, Jr.

671

INTRODUCTION TO TESTIMONY BEFORE THE SENATE GOVERNMENT
AFFAIRS COMMITTEE
MARCH 9, 1977
Afternoon

Jan

I am Ted Hermann of Reno; I am a member of the Airport Study Committee and of the Majority Report and one of the original members of the Reno Airport Advisory Commission. In business I am President of Trans Western Leasing Corporation, developer of Pacific Freeport Industrial Park in Sparks; I am also President of Pacific Freeport Warehouse Company which is the largest public warehouse operation in Nevada. We now operate 690,000 square feet of warehousing, all built within the last ten years. By the end of 1977 our facilities will total over 1 million square feet. Our clients are all headquartered in the Eastern United States or in foreign countries. Nearly one-half of the products we handle are imported from some 15 foreign countries. We handle over 1 million pounds of product a day.

This information is not only for personal background, but to give you ~~some profile of an industry which in Northern Nevada is second only to tourism.~~ Since I came to Northern Nevada 15 years ago the distribution warehousing industry has grown to total over 12 million square feet and represents an investment of over \$150 million. Warehousing in Northern Nevada directly provides nearly ten thousand year round jobs and expenditures for wages, utilities and supplies of something in excess of \$300,000,000.00 a year.

Growth of this industry is currently over 10% a year and trending upward. Our industry is totally dependent on good transportation services and increasingly dependent upon air transportation both for people and for air freight.

RECEIVED
 APR 25 1977
 INTL AIRPORT, RENO

Western Airlines, Inc. BOX 92005 WORLD WAY POSTAL CENTER, LOS ANGELES, CALIFORNIA 90009

INVOICE NUMBER 12804	3 15 TOTAL 41859.20	CASH DISC. .00	NET CHECK 41859.20	12277	202899
-------------------------	------------------------	-------------------	-----------------------	-------	--------

Western Airlines Routes
 Western/Continental Airlines
 No-Change-of-Plane Service

PLEASE DETACH BEFORE DEPOSITING

Western Airlines

P.O. Box 92005 World Way Postal Center, Los Angeles, California 90009

BANK OF AMERICA NT & SA
 LOS ANGELES MAIN OFFICE
 325 SOUTH FLOWER STREET
 LOS ANGELES, CALIFORNIA 90071

DATE	VOUCHER NO.	AMOUNT
12277	202899	***41859.20

Western Air Lines, Inc.

[Handwritten Signature]

[Handwritten Signature]

RENO/STEAD AIRPORT
 AIRPORT MANAGERS OFFICE
 RENO INTL AIRPORT
 RENO NV 89502

⑈ 660465 ⑈ ⑆ 1220 ⑈ 0066 ⑆ 06002 ⑈ 01178 ⑈

HUGHES AIR WEST TO COME.
 FLEXIBLE
 EVERY YEAR FROM NOW ON

Presented with Mr. Biglieri's testimony



date check no. net amount
 383,766.20 03/03/77 17299 *****383,766.20

pay to the order of

CITY OF RENO
 RENO INTERNATIONAL AIRPORT
 RENO NV 89502

operating account

[Handwritten Signature]

[Handwritten Signature]

WACHOVIA BANK AND TRUST COMPANY, WINSTON-SALEM, N.C.

⑈ 017299 ⑈ ⑆ 0531 ⑈ 0049 ⑆ 8094 ⑈ 603 ⑈

Presented with Mr. Biglieri's testimony

My name is Walter E. Mullally of Cashill Boulevard, Reno. I am chairman of the Reno International ^{Airport} Advisory Commission. The Commission did not take any action on S.B. 198, therefore, my thoughts are my own. *I was also a member of the Washoe Agreement negotiating team for 2 yrs*

Mr. Chairman and members of the Committee, I am here to discuss with you S.B. 198. This bill, in my opinion, has been ill-conceived and is particularly ill-advised at this time. It seems to me that this issue has become perennial as it has been considered now at three separate sessions of the Nevada Legislature. The Reno City Manager, staff and previous speakers have prepared for you and presented to you very thorough arguments refuting specific aspects in support of S.B. 198. I will limit my remarks to some comments on the generalities of the majority report of the Washoe County Airport Study Committee and some of the particulars of S.B. 198.

The seven member majority of the thirteen member committee opens its report with the following statement: "It is the belief of the majority that the findings expressed herein are consistent with and supported by the evidence presented to the Study Committee during the course of its year of meetings and deliberations". I looked up in the Webster's Dictionary the definition of "belief". I found that belief is defined as "conviction or persuasion of truth".

Now to the majority report: Under the summary of findings Paragraph B. Subparagraph 1, the report indicates that "adequate funding of the Airport and its future financial health can best be

insured by the creation of an airport authority which has the following advantages over the present municipal operation of the Airport". In Subparagraph A, the first advantage indicated identifies "support of a wider tax-base for increased financial capacity". This reference to the wider tax-base is irrelevant when one understands the conditions of the Airport Lease and Landing Fee Agreement effective July 1, 1975 through June 30, 1986 (including attachments A and B). The "so called" wider tax base is inconsistent with the pronounced twenty year expansion of the Reno International Airport as provided for in the Reno International Airport Master Plan. The cited expansion programs approved by the Reno City Council indicates approximately 20.5 million dollars will be spent in the next ten to twenty years. Of that 20.5 million dollars, the ADAP Program of the Federal Government should finance approximately 15 million and Reno City Airport funds will be required initially in the amount of about 5.5 million dollars. Very likely these funds will be raised through Airport revenue bonds. However, the terms of the aforementioned Landing Fee Agreement allows for total reimbursement to the City of Reno's portion of these expansion program costs and debt service costs. This reimbursement is provided through annual adjustments of the landing fees. In July, 1986, the City could effect a renewed contract with the airlines or adopt an ordinance on an annual basis and accomplish the same terms for the years of 1986 through 1995. The existing or future tax-base has nothing to do with revenue bonds nor is a wider base necessary even if

general obligation or a combination of general obligation/revenue bonds are used. It is just not relevant.

Subparagraphs C and D have either been accomplished or again are not based on fact.

Paragraph 5 has already been accomplished.

Ladies and Gentlemen, so it goes with the inaccuracies and opinions presented to the Legislature as fact for its consideration of S.B. 198. In the interest of time I will not cite any further inaccuracies, however, I submit that a reading of the subsequent paragraph will show errors, inaccurate statements and capricious statements concerning present Airport management.

I will now turn to S.B. 198 for a few comments on some of its provisions. Here again, on Page 1, Line 16, opinion is identified as fact. I will read line 16. "The City of Reno is unable to operate the Airport effectively within the traditional framework of local government, evidencing the need to create a special governmental corporation to provide specific facilities and services to the public." I am sure you will agree as is evidenced by the previous presentations made to you that this statement has to be opinion.

Just briefly, the City has collected most of the \$495,000 in retroactive landing fees from the servicing airlines for the period of July 1, 1975 to December 30, 1976. I submit that with this collection the Reno International Airport is on a pay-as-you-go pay basis and that the economic and service future of the Reno International Airport is assuredly bright.

Again, on Page 1, Line 20 through Page 2, Line 3, S.B. 198 states that the "development of a modern airport requires the expenditure of vast sums of money for land acquisitions and capital improvements not available to the City of Reno through the issuance of municipal securities secured by general obligation tax receipts. Of course, in this statement S.B. 198 does not identify that money from land acquisitions and capital improvements are available to the City of Reno through ADAP funds in the usual amount of 93% or by the issuance of either revenue bonds, general obligation bonds or a combination of both.

Page Three identifies the representative makeup of the proposed authority which would be two members appointed by the City Council of Reno, two by the Washoe County Commission and one by the City of Sparks. I ask the Committee, does this representation represent to the Legislature compliance with the U.S. Supreme Court's thesis of one man, one vote handed down some years ago. A minority representation of Washoe County (excluding Reno population) plus Sparks representation could out-vote or override the majority population. Actually, a quorum of three with a majority vote of two could conduct business as indicated on Line 47 to 50 of Page Three of this bill. At best, this is once removed from the citizen taxpayer and, in effect, represents potential taxation without representation.

I refer now to Section 21 on Page 6 of S.B. 198. If I understand this section, I believe it is illustrative of the lack of understanding by the drafters of this legislation and is self

evident to the reader how ludicrous this section and other sections of S.B. 198 are.

To elaborate, the Board would have financial authority up to \$4,999 to acquire land, construct, install, complete any airport or the making of a contract with the United States or any other person or corporations to carry out the objects or processes of the authority requiring the creation of an indebtedness of \$5,000 or more. However, any such board requirement of this magnitude would require the submission of such proposal to the Washoe County electorate with all the resulting delay, expense, and political exposure involved.

Ladies and Gentlemen to the Committee, consider that the Reno Internatioanl Airport operating budget would be approximately 1.5 million dollars and capital expenditures of 3 million dollars in the next fiscal year. With the above restrictions, how many elections do you suppose there would have to be in order to accomplish the operations of the Airport and every incremental item to be expended in excess of \$5,000. Is this the type of "optimum airport management" referred to in Item 7 of the majority report? It seems to me that just this restriction obviates the claim the majority report makes that an authority type management will take the management of the Reno International Airport out of politics. I truly believe that rather than taking it out of politics, it will thrust it in the middle of the political involvements of the area.

Lastly Ladies and Gentlemen, reimbursement to the taxpayers

who have financially supported the purchase, development, and operation of the Reno International Airport for twenty-three years until it is presently an asset of the City with the market value of perhaps 30 million dollars or more is not even addressed in S.B. 198. Could it be that sponsors of S.B. 198 realistically do not expect litigation by citizens of Reno would be forthcoming in such a legislative confiscation of assets. In my opinion, such litigation would tie up the implementation of S.B. 198 either permanently or for years.

Members of the Committee, I can support an airport authority approach to the management of any publically owned airport or other facility under certain circumstances and conditions. However, I submit that the circumstances in this instance are unsupportable.

For presentation to the Senate Governmental Affairs Committee
March 9, 1977.

FIRST NATIONAL BANK
OF NEVADA

A. M. SMITH
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER

March 09, 1977

My name is Arthur M. Smith, Jr. and I reside at 1077 Dartmouth Drive, Reno, Nevada. I am Chairman of the Board of First National Bank of Nevada. I would like to make the following statement in support of Senate Bill 198.

Because of the uniqueness of our airport in that it serves a multitude of political subdivisions (Reno, Sparks, Washoe County, Carson City, Minden, Gardnerville), it appears to me that the ultimate in the operation of the airport would be the creation of an Airport Authority.

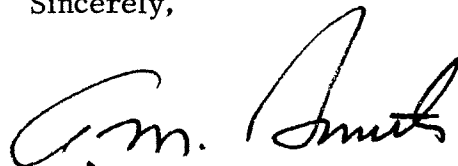
If properly constructed through the appointment of astute men from commercial aviation, private pilots, fixed base operators and business men, I am sure that an Authority of this type can operate effectively and efficiently and properly grow in airport traffic that is sure to come to our area.

I was the first Chairman of the Airport Commission in Las Vegas approximately 15 years ago, prior to my return to Reno. After over a year's deliberation, a master plan was submitted to the Clark County Commission. The Commissioners became so upset and irate over the plan that rather than fire the Airport Commissioners, they decided to abolish the Airport Commission. If you would look at those recommendations some 15 years ago and the Clark County Airport today, you will find that they followed the recommendations almost to the letter.

My point is that with proper members, a great service can be made to the community.

I fully support Senate Bill 198.

Sincerely,



Read by BILL BARTON

C

SENATE GOVERNMENT AFFAIRS COMMITTEE

GUEST REGISTER

NOTE
↓ ↓

DATE 3-9-77

PLEASE SIGN - EVEN IF YOU ARE NOT HERE TO TESTIFY.....

NAME	WILL YOU TESTIFY	BILL NO	REPRESENTING - - - - -
ROBERT KENDRO	Yes	SB 198	CITY OF RENO
WALTER E. MULLALLY	yes	SB 198	City of Reno
JOE H. LUTIMORE	Yes	SB 198	MY SELF
BOB HAYES	NO	SB 198	AIR TRANSPORT ASSN
MIKE COX	yes	SB 135	NEW SOCIETY OF CPAs
RUSS McDONALD	YES	✓	WASCOE COUNTY
HARRY CLOSE	yes	SB 198	Der WEBB Hotels
Bob Broadbent	Yes	✓ ¹¹⁰ 198	
DON McChie	yes	✓ 135	CPA Society
Leroy Bengstrom	yes	✓ 135	✓ -
Mike Cox	yes	✓ 135	✓ ✓
William G. BARTON	yes	✓ SB 198	FIRST NATIONAL BANK OF NEV
ALBERT E. CARTER	NO	✓ 135	CPA SOCIETY
Pat Hardy Lewis	yes	✓ SB 198	City Reno
James Lien	yes	✓ SB 110	Deputy Taxation
AL WITTENBERG	yes	✓ SB 198	myself
Dr. W. S. Hunt	yes	✓ SB 91	Woods Settlement Assoc
LORRAINE ARMS	YES	SB 230	RENO CDP. ✓
R.H. Oldland	YES	✓ SB 198	City of Reno
STEVEN STUBBS	YES	✓ SB 110	City of NORTH LAS VEGAS
Matt Benson	yes	✓ SB 91	Gardnerville
Walter E. Mullally	YES	✓ SB 198	
Walter E. Mullally	yes	✓ 198	City of Reno 681

SENATE GOVERNMENT AFFAIRS COMMITTEE

GUEST REGISTER

DATE _____

PLEASE SIGN - EVEN IF YOU ARE NOT HERE TO TESTIFY.....

NAME	WILL YOU TESTIFY	BILL NO	REPRESENTING
Ken Jankle	yes	SB 198	CITY OF RENO
HEP Rotzmann		"	BURNS & MCDONNELL
Ed Schorr	SB 91 ✓		L.C.B Staff
Ted Thurman	stop ✓	SB 198	Self.
Bill Kottinger	Yes ✓	198	CofC Greater Reno
Bob Haney	yes ✓	SB 198	Majority of Interim Study Comm.
Lorraine A.R. NS			
Carl F Bogart	yes - ✓	198	Mayor City of Reno