

Handwritten Copy

MEMBERS PRESENT: Chairman Dini
Vice Chairman Schofield
Mr. Craddock
Mr. DuBois
Mr. Jeffrey
Mr. May
Mr. Mello
Mr. Nicholas
Mr. Polish
Mr. Prengaman
Mr. Redelsperger

MEMBERS ABSENT: None

GUESTS: Mr. Bob Gagnier, SNEA Director
Mr. Fred Bartlett, State Personnel
Mr. Mitch Brust, State Personnel
Mr. John Crossley, Legislative Counsel
Bureau Auditor

Chairman Dini called the meeting to order at 9:00 A.M. The first bill to be heard is AB-520.

Mr. Gagnier testified: AB-520 was the request that we made of the committee to introduce. Prior to 1975, we had no statutory provision for payroll deduction for our organization or for the credit union, both of which are now getting, in effect, by sufferance of the State Controller. On Page 2, Lines 38-44, is the section that was added by the 1975 Legislature. It was our understanding at the time that this would take care of the situation. Now, however, we have had it brought to our attention that there is some question as to whether that section of the current law is all-inclusive and it has been suggested that, perhaps, this only applies to one of the six payroll systems we have. It appears to cover only the State Controller system, and not the Department of Transportation, Nevada Industrial Commission, the University of Nevada and the Public Employees Retirement System. This was not the intent in 1975, thus, we have requested this bill. Mr. Daykin also indicated that there are some deductions made for the Legislative Counsel Bureau that may be in doubt. The wording in subsection 1, Section 1 should take care of that.

Section 1, subsection 2: The reason we put that in there is that we are finding a number of small questionable insurance programs

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being put on payroll deduction by agencies, of their own volition, under NRS-616, which allows an employer to do it. As an example, they are currently deducting in several agencies for an insurance program which the committee on group insurance has disavowed. At the request of the State Controller, at the time Bob Bruce was the deputy State Controller, language was inserted in 1975 which is the last sentence of the current law that says: the State Controller shall adopt regulations establishing standards and procedures necessary to implement the provisions of this subsection. To the best of our knowledge, they have never been adopted. We have worked them out with the State Controller on two separate instances and nothing ever came of them, so there are no regulations.

We are not too concerned with subsection 2, as a whole. We are trying to put some order to it. But if you were to strike the subsection 2 completely, it would not bother us.

Mr. Dini: It seems to me that it would be a lot better to let the Controller adopt the regulations to cover this insurance deduction, instead of having to go through the insurance committee.

Mr. Gagnier: That would be fine.

Mr. Dini: It just appears to be another layer of red tape.

Mr. Gagnier: If you wanted to strike little 'a' and little 'b', we would have no difficulty whatsoever.

In answer to Mr. Polish's comment about eliminating the small insurance programs and stick to the big ones, Mr. Gagnier stated:

If that is your intent, Mr. Chairman, if we could go to subsection 2, beginning on Line 8, we could say: payroll deductions for an insurance program, other than the state's group insurance program, may be withheld from the pay of a state officer or employee upon his written request, subject to regulations adopted by the State Controller.

Mr. Mitch Brust testified against the bill. We think it needs to be broadened to include all pay centers for consistency on deductions for state employees. It just covers only about 6,500 of the 10,000 state employees. Our wording would be: any public officer authorized to disburse funds in payment of salaries and wages of public officers and employees is authorized.

The full text of this amendment is attached hereto as EXHIBIT A and made a part of these minutes.

1.39

Mr. Brust stated: The bill mandates deduction requests. There is no flexibility in at least the first section of the bill for the State Controller to adopt regulations and reasonable minimal requirements for the deduction to occur. We spent approximately two and one-half hours on each deduction to set it up and process it. That does not count any time spent by the Controller's office, the Treasurer's office and by Central Data Processing. So, we think that a provision here that the State Controller be allowed to adopt regulations and reasonable minimal requirements for all deductions is important. It does not allow for other types of deductions that may become necessary, i.e., employees being able to rent their houses, as in Fish and Game; they pay directly to that fund. We have a deduction for that and it comes out automatically. We would like to have those kinds of provisions. We have a bill coming out covering the same area with our language, or we would be agreeable to amend this one to put this language in to allow the things I have mentioned. This concluded testimony.

The next bill to be heard is AB-521.

Mr. Gagnier testified that the amendment he has to AB-521 guts the bill as it is. It had been our intent to place in the law essentially the same grievance procedure that we have today by rule, with the exception that there would be a professional arbitrator involved. Because of the lateness of the session and the fact that is a major substantive change, we would like to withdraw that portion of the bill. The reason for the amendment is what really originated the bill. We have currently a grievance procedure which has been in effect for almost nine years in state government without any real major changes. It is working and it is a pretty good procedure. It ends up in binding arbitration by a six member board, which is composed of three management representatives appointed by the governor and three employee representatives appointed by the governor at our recommendation. The problem we have run into, however, is the fact that this grievance procedure was set up by regulation and is not mentioned anywhere in the law. Recently, we had a state agency that lost a dumb grievance. The agency carried it to an extreme and they were going to challenge in court the decision based upon the fact that the grievance procedure had no foundation in law. We are proposing an amendment to AB-521 which would simply say that there must be a regulation for a grievance procedure and it may, and we understand that this is necessary, that this grievance procedure must include a provision for binding resolution of any dispute. This amendment will just say that we will have such a grievance procedure. It will not require that anything new be adopted, only gives legal sanction to what we already have.

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Mr. Fred Bartlett, State Personnel Division, testified next. Mr. Bartlett: We don't have a problem with the amendment or the change. We have always been advised by the Attorney General's office that our rules and regulations have the force and effect of the law, but I think, just to protect us, we should add to this last sentence: the regulation adopted pursuant to this section must include a provision for a binding resolution of any dispute, where feasible from a fiscal basis as determined by the state budget division. See EXHIBIT B attached.

Mr. Dini: In the proposal that we have for binding arbitration for all other public employees, I think the procedure has been outlined where the arbiter first has to determine the financial impact.

Mr. Bartlett: We really don't have an arbiter. We have this employee-management committee. They are operating under those rules and regulations now. I just think this is a safeguard, if Bob doesn't have an objection.

Mr. Gagnier: We have no objections to their proposed addition to the language as Fred indicated. That language is already in the regulation. Whether it is necessary or not, I don't know.

This concluded testimony on AB-521.

Mr. Dini stated the committee had BDR-31-1484* to introduce. It proposes that any statement made in a hearing or any deliberation concerning annual budgets of local governments must be made under oath. Mr. Mello moved for introduction, seconded by Mr. Schofield. Motion carried.

The Work Session followed.

AB-504

Mr. Dini asked if the subcommittee met with Assemblyman Rusk. Mr. Schofield indicated that the committee is working on it and Mr. Rusk is to get back to it today.

AB-230

Mr. Dini stated that he had done some work on it. The State Treasurer apparently works with short term investments, while the NIC deals in long term. We could create an advisory committee to the NIC to assist them as far as trying to do a better job in investments, although they have done a better job in investments this last year.

*AB 508

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Mr. Prengaman: I agree with your point. I think that came across rather well in the testimony. The State Treasurer does spent most of his time with short term investments. He has to do that by law. Who would you envision being on that advisory committee?

Mr. Dini: The State Treasurer could be chairman, one from NIC, and the Governor could appoint three, one from the employee organization, one from the employers and one layman.

Mr. Prengaman: I think that would be a good idea because the State Treasurer could still be involved.

Mr. DuBois: I would suggest that it ride for two years to see what the NIC accomplishes. They are making some positive changes now. If we do change it, of course, all the power would go to the State Treasurer, with the board be comprised of five people and with him as the chairman.

Mr. Nicholas: Who has the ability to actually review NIC now? Legislative auditors have the ability to look at it. Anybody else?

Mr. Dini: It is a quasi board appointed by the Governor and operates under its own function.

Mr. Mello: I don't know that they have any supervision. We had an advisory board set up last time. I'm not sure what they are doing. That has nothing to do with investing their money. Whether or not the LCB audits their books has nothing to do with investment procedures.

Mr. Nicholas: What I am really getting at, Don, is who looks over their shoulder? Anybody?

Mr. Mello: Nobody I know of.

Mr. Mello: A committee is advisable. They are very slow in making changes and the only time they make changes is when they see a direct mandate from the Legislature. They would just as soon we stay out of their business and if they see us getting to close to becoming directly involved, then they make changes. They only make the changes that they feel are enough for them to get by. I can see nothing wrong with setting up an advisory board to meet monthly to look at their investments. They retain an investment firm that they pay a tremendous amount of money; more than they probably should be paying. If you have someone like the Treasurer, as Joe mentioned, and the committee to sit and look at what they are doing, it would be a tremendous thing not only for the fund but for the Legislature. Then we would be able to call them in during sessions and ask questions directly involved to their investment practices.

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Mr. Dini: They have paid \$373,000 a year in investment counsel fees. They went from 4.7% return in 1976 to 7% in 1980. They have made a pretty good turn around in the last two years.

Mr. Mello: If we are going to pursue this, we can't have too many advisory boards, so it probably should be one person that represents management from that committee and one representing labor from that committee, so at least they can keep them advised of what is going on. If you have too many of them hanging out in limbo, that's exactly what NIC would like. Because, then, no one knows what is going on and that's what they like. The one person from the outside of NIC, as far as management and labor, should have an investment background. It should be a tremendous asset, I think. I don't think he should be a banker because then you are back to being conservative again. Maybe ask that this person have a minimum of five years in that field. Perhaps the Chairman could contact someone that is in the field of investments and find out exactly what they should be looking at and how they should be advising. The bill or resolution should be written with some technical expertise to it. If you set up another advisory group, that won't do it. They are going to have to advise. Just having someone else there that is looking over the shoulder of NIC and advising them on how to make their investments and even probably sitting down with their investment counsellors that they have right now is healthy.

Mr. Nicholas: Is 230, Mr. Chairman, a sufficient vehicle to handle the direction we are talking about now, or does it sound like we need another vehicle?

Mr. Dini: No, we could amend 230. I don't think we should take away the power of NIC to do the investing. We should give them some backup. The original bill provided that the State Treasurer do this function. The problem with this is the fact that you have a State Treasurer now and two years from now you might have a new one with a different philosophy.

Mr. Mello: Perhaps we should have them report quarterly to the interim finance committee and to the legislative commission. As long as someone knows that there is a report being made and they are being watched as far as their investment practices, it may make them a little more aware of what they are doing with public monies.

Mr. Dini: I am appointing a subcommittee to be chaired by Don Mello, with Dave Nicholas and John DuBois.

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Mr. Dini stated that John Crossley, auditor for the Legislative Counsel Bureau would report on the audit made of the Airport Authority at his request. A copy of the audit is attached hereto as EXHIBIT C and made a part of these minutes.

Mr. Dini: One thing we ought to get into is the change orders on construction. There is no provision in the law for local governments to be limited on the number of change orders. I have ordered a bill that puts the same rules for local government as we have for state government, where you can only have 10% of the contract on change orders. We think it might be a good idea to put that limitation on local governments, too.

Mr. John Crossley, Legislative Auditor and Jerry Cruse, Audit Manager testified.

Mr. Crossley: We have the letter that I wrote to Mr. Dini and have attached our schedules regarding our special report. Regarding Schedule I, in the contracts, there are two provisions, (1) terminal and lease amounts in the terminal that are fixed and will be paid (2) landing fee-if an airplane does not land there is no fee to be paid. The minimum guarantees are based only on the terminal and lease amounts. That is the reason for the piggyback airlines. If they don't land, they still have to pay and so they will be bringing in other airlines.

In Schedule 2, the agreements with the car rental agencies are not as firm as with the air lines. There is a facility lease and a concession agreement. In the concession agreement where they go down below the 85%, they can renegotiate that, the lease could be bid, however, having a facility gives a little more credence to the fact that they are going to stay there. Schedule 3 shows the decided increase in passengers in 1979 and 1980, with a decrease of 16% from July to December, 1980, under the forecast. The action that the Legislature took this session already was on the short term loan where they increased the percentage to 12% and the airport did borrow \$2.7 million to complete what they have in progress. This is shown on Schedule 4. On Page 2 of Schedule 4, there still is a shortfall, but they have informed us that they will be able to take care of that through their landing fees and other types of revenues they collect. This is the \$501,735 shortfall. The short term loan of \$2.7 million was negotiated at 10.5% interest.

In Schedule 5 - Application of Revenues - the \$44.5 million bond issue is set up differently in that the operation and maintenance expenses are first paid before the bond interest and/or principal is paid.

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In Schedule 6, which is the project summary, Item 2 shows the budget for the terminal expansion as \$18,000,000. Right now, the total commitment is \$26.4 million. This is an increase of \$8.4 million. \$1.0 million will be paid for by the airlines. Those are change orders that they have requested and must be financed by them. The rest of the change orders were as a result of passenger volume increased and they felt they had to expand the terminal. At that time, in response to a question by the chairman, Mr. Kadlic advised that he had reviewed the statutes and found no problem with the change orders. They are within the basic contract bid, as changes are within the shell, and nothing new is being added to the basic construction outline. So back then, the members of the Commission had questioned about the change orders and wanted to make sure that the change orders that they could make were within the law and, obviously, they were, as there is no provision in the local government law for change orders. As you can see on Page 3 of Schedule 6, we are up to Change Order No. 86, just on the terminal building alone. What they have done is taken money from the other items and pulled them in to the terminal expansion and have deferred many of the items that they had proposed. There was nothing wrong with this, as far as we could see; it was nothing illegal, but was moving money. In 1971, we admitted into the Public Works Board a 10% limitation, which was increases and decreases. So, really, you are giving them a 20% range when you say 10%.

Schedule 7 describes short term money borrowed - \$4.1 million. This is along the same lines as the \$2.7 million. You cannot refinance short term money with short term loans. You can only do it once. The \$2.2 million is due August, 1984 and the \$1.9 is due September, 1984. This money is being borrowed at 7.1% interest. At some point in time, they have to find means of either paying this off or refinancing on a long term basis. They can't come in on a short term basis.

Last fall, you will recall, they were trying to finance another bond issue for about \$30 million. This did not materialize for several reasons, one being the high interest rate. They are preparing financial statements as of December 31, 1980. We have been unable to do a report on this phase but are waiting for the financial reports. They are apparently not sure what they want to accomplish in that bond issue. The airline companies have not told them how much money they will put up. We know they have the \$4.1 million, the \$2.7 million, they have Stage 2 which they want to start, the balance of the items in Stage 2, but they don't know what they are going to accomplish with the new issue they are trying to float.

The final key point is the determination of the landing fees.

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On Schedule 9, the landing fees are determined by how much is necessary to finance the operation. They take their operating costs, the amount of their fixed payments, proposed capital outlay and then set the landing fees. They back into the figure. Operating costs come off the top, then they can finance their fixed payments.

We have several other documents: the proposed issue on the \$44.5 bond, the 1980 audit report by Elmer Fox, which is strictly a financial audit. It does not include performance, economy, etc., and covers the period January-June, 1980. We have a copy of the current year budget, as of February, showing their projections for the balance of 1981. We have their January 23, 1981 cash position, their tentative budget for 1981-82, which includes two different landing fees: \$1.62 and \$1.27. A decision has not been made as to which fee they will adopt. We did not do a complete audit which would have included operations.

We recommend you consider the change order proposal, which would also be good for all local governments.

Mr. Prengaman: You mentioned that they were \$8.5 million over and that the airlines were picking up \$1 million. Where is the other \$7.5 million?

Mr. Crossley: This was taken out of the \$44.5 because of the projects they did not complete, as shown in Schedule 6, Pages 1 and 2. There is no restriction when they float contracts for bonds as to the use of the funds. The airlines also agree to move funds from one project to another. There is no restriction on the Airport Authority, when they make change orders, to go to bid and take a firmer look at what they are doing.

Mr. Prengaman: They have \$29 million more in bonds that they want. Is that sound judgment? Looking at the short term that they owe? How are they going to pay that short term? You have \$4.1 and \$2.7.

Mr. Crossley: This is one of the reasons why they can't get this report for the new bond issue. They cannot guarantee traffic. There is a lot of concern with the tapering off of traffic. They had a high rate of increase, but that is fairly normal with a new terminal. The \$4.1 is due in 1984 and \$2.7 is due 1986. They have to hope the traffic materializes or, again, pay these off with the new bond issue. We are anxious to see the audit report which is due June 30. It is in draft form now. I think everyone is waiting to see what the traffic will do.

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Mr. DuBois: How does the 16% drop in traffic compare nationally, or in other areas?

Mr. Dini: Did McCarran have that kind of decrease?

Mr. Crossley: Nationally, the others are not dropping quite as significantly. The deregulation had a lot to do with the drop. If they do not float the \$29 million bond issue, the terminal would remain just like it is. The federal money that they receive cannot be used on the terminal. It can only be used on outside facilities, like runways, safety. As of last Friday, they were exploring the possibility of another runway.

Mr. Prengaman: Aside from tightening up the 10% on change orders and maybe take a look at where they are, what other recommendations would you make? Is some oversight necessary?

Mr. Crossley: If you had an oversight committee, who would they report to?

Mr. Prengaman: Possibly some further scrutiny - a councilman, perhaps. It does speak for some change at this time. Maybe putting a couple of councilmen on that board. Somebody else, as you have a captive group here. I feel they are in a very sensitive time and the decisions they make now are critical. They are out after \$29 million in additional bonds. It just might not be a good thing at this time. I think some change has to be effective right now.

Mr. Dini: Who is their legal counsel?

Mr. Prengaman: They have a deputy district attorney and also contract from time to time. One of their advisers is with a bonding company. Maybe they need someone outside that business.

Mr. Crossley: What you might consider is before they float a new bond issue, they could present it to the Interim Finance or they might need the approval of the Department of Taxation, because they are under the local government act. I don't know that you could construct a law just for them. I don't think you can. But it might be good for them to report to the Interim Finance before they actually go on the market, regardless of the advice they have. You could have either the Legislative Commission, the Interim Finance Committee or the Department of Taxation.

Mr. Prengaman: I still feel the public should have some input. That's why I keep going back to some sort of elected official on that board, because they are responsible to the public.

Mr. Dini: We have run out of time for today. We will need to do some more work on it. We would appreciate anymore data you can get for us, Mr. Crossley, and we will take it up again.

Mr. Crossley: All right. Will do.

Mr. Dini adjourned the meeting at 10:30 A.M.

Respectfully submitted,

Lucille Hill
Lucille Hill
Assembly Attache

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ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE

GUEST LIST

Date April 27, 1981

PLEASE PRINT

<u>PLEASE PRINT YOUR NAME</u>	<u>PLEASE PRINT REPRESENTING:</u>	<u>I WISH TO SPEAK</u>		
		<u>FOR</u>	<u>AGAINST</u>	<u>BILL NO.</u>
BOB GAGNIER	S N A	✓		520-521
FRED BARTHOFF	STATE PERSONNEL		✓	521
MITCH BRUST	STAR PERSONNEL		✓	520

PLEASE PRINT

STATE OF NEVADA
OFFICE OF THE ATTORNEY GENERAL

MEMORANDUM

TO: James Wittenberg, Personnel Administrator
cc: Richard H. Bryan, Attorney General

DATE: March 12, 1981

FROM: Robert H. Ulrich, Deputy Attorney General

SUBJECT: Payroll Deductions

As per your request, following is proposed statutory language concerning payroll deductions. The language should be added to Chapter 281 of NRS. As such it will apply to local as well as state agencies. Because of this I have proposed, in subsection 6, language which will provide for deductions other than these specifically enumerated. Subsection (6) was taken from the Revised Code of Washington, 41.04.230(8).

"Any public officer authorized to disburse funds in payment of salaries and wages of public officers and employees is authorized, upon written request of the officer or employee specifying an amount, to withhold such amount for payment to:

1. charitable organizations.
2. employee credit unions.
3. accident, life, health and casualty insurers.
4. the Federal Government for United States Savings Bonds or other similar United States obligations.
5. employee or labor organizations.
6. deductions other than those enumerated in this section may be allowed, by the public officer authorized to disburse such funds, for purposes related to employment."

Proposed amendment to AB 521

Strike all material after line 2 and insert the following:

B
1. The chief must by regulation provide for a grievance adjustment procedure for hearings not provided by NRS 284.376 or 284.390. Such regulation shall be subject to review and adoption by the commission.

2. The regulation adopted pursuant to this section must include a provision for a binding resolution of any disputes.

where feasible from a fiscal basis, as determined by the State Budget Division.

AUDIT DIVISION
WASHOE COUNTY AIRPORT AUTHORITY
SPECIAL REPORT TO ASSEMBLY GOVERNMENT AFFAIRS

EXPLANATION OF LETTER TO ASSEMBLYMAN DINI

1. Schedule of Airlines - Signed and Unsigned
2. Information on Car Rental Agencies
3. Passenger Volume
4. Effect of \$2.7 Million Short Term Loan
5. Application of Revenue
6. Status of Phase I
7. Non-Construction Fund Projects
8. Description of Phase I and Phase II
9. Determination of Landing Fee Rates

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627

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Arthur J. Palmer, *Director, Secretary*

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William A. Bible, *Assembly Fiscal Analyst*

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FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5527
JOHN R. CROSSLEY, *Legislative Auditor* (702) 885-5520
ANDREW P. GROSE, *Research Director* (702) 885-5637

April 23, 1981

Mr. Joseph E. Dini
Chairman of Government Affairs
Legislative Building
Carson City, Nevada 89710

Dear Assemblyman Dini:

We have completed our preliminary inquiries into the Airport Authority of Washoe County. The personnel have been extremely cooperative in providing us and allowing us to obtain information. The following is a brief outline of our findings.

1. The Authority has signed contracts through 1996 with six major airlines. These contracts provided that the airlines will pay terminal rental and lease space, and provide for landing fee for per pound landed. The terminal and lease amounts are fixed. The landing fee is obviously not. Three other major airlines have not signed, but the Airport Authority is currently trying to obtain signed contracts. Certain other airlines will probably not sign major contracts, but will utilize the space of the major airlines.
2. The association between the rental car agencies and the Airport Authority is different from that of the airlines and the Airport Authority. Three major rental car agencies have facilities built on the premises. This gives more reliance that they will remain operative at the airport.
3. The passenger volume significantly increased in 1979. Based on our analysis, volume was forecast to increase 33% between 1978 and 1979. Actual results were a 49% increase, or 16% over the forecast. The same was true in 1980. There was a 10% increase over the forecast. The last six months in 1980 was at least 16% under the forecast.

4. The airport did obtain the \$2.7 million short term loan. This allowed for normal shutdown of Phase I projects in progress.
5. One of the main things about the \$44.5 million bond issue is that the operating costs of the airport are paid first, then the bond costs.
6. A review of the nineteen items that were to be accomplished in Stage I indicates that many of these items were deferred and the money was spent on the terminal. The terminal was originally budgeted for \$18 million, and now that total commitment is \$26,400,000. This means they are \$8.4 million over their budget for the terminal. This brings up one of the major points we identified in our review. No where in the statutes does a control exist on the amount a construction contract may be changed. In 1971, the Legislature amended into the Public Works Board Law a 10% limitation on State construction change orders. This change applies to both increases and decreases. No such law exists for local governments, and it is our feeling that one should exist.
7. The airport borrowed \$4.1 million for other items which they classified as non-construction fund items.
8. The Authority is preparing to float another bond issue to accomplish two things:
 - a. to complete Stage I
 - b. to start on Stage II

One of the major problems in preparing another bond issue is that they are experiencing difficulty in working with the airlines as to what the airlines will actually finance. There was supposed to be a set of financial statements completed as of December 31, but they are still pending completion. Another firm was to prepare a bond proposal as they did for the first issue. However, that is not forthcoming since they do not know how many projects will be accomplished in the new bond issue. What it amounts to is how much money will the airlines put up for future expansion of the airport.

Mr. Joseph E. Dini
Page three
April 23, 1981

The determination of the landing fee is the critical issue. The Airport Authority determines its operating costs, the amount of fixed payments, the proposed capital outlay, and then sets the landing fee rate.

We are available to discuss any of the above points and show you some of the schedules and analyses we have developed. Please call us at your convenience.

Sincerely yours,



John R. Crossley, C.P.A.
Legislative Auditor

JRC:hjr
pc: Senator Keith Ashworth

WASHOE COUNTY AIRPORT

SCHEDULE 1

SIGNATORY AIRLINES - Signed contracts through 1996

1. United
2. Air California
3. Western
4. Republic
5. Delta
6. Braniff

NOT SIGNED

1. American
2. PSA
3. Frontier

OTHER

1. Eastern
2. TWA

WASHOE COUNTY AIRPORT
AUTOMOBILE RENTAL CONCESSION

SCHEDULE 2

	<u>1979</u>	<u>1980</u>
Operating Revenue	<u>\$3,551,879</u>	<u>\$4,710,996</u>
Automobile Rental Concession	<u>\$ 675,512</u>	<u>\$1,044,476</u>
Automobile Concession Rental as a % of Operating Revenue	<u>19%</u>	<u>22%</u>

The following automobile concessionaire's have constructed major facilities on the airport property.

- (a) Hertz
- (b) Avis
- (c) National

WASHOE COUNTY AIRPORT

SCHEDULE 3

<u>Fiscal Years</u>	<u>Total enplaned passengers</u>
1965	227,540
1970	387,780
1971	375,395
1972	389,467
1973	450,917
1974	523,220
1975	521,823
1976	537,356
1977	643,722
1978	795,055
1979	1,252,601
1980	1,309,822
July-Dec. 1980	571,423

SCHEDULE 4

March 12, 1981

AIRPORT AUTHORITY OF WASHOE COUNTY

Summary Sources and Uses of Funds

SOURCES

Cash in Bank	\$ 295,023	
Short Term Loan	2,700,000	
Receivables:		
ADAP (1)	\$ 426,000	
ADAP Inner Taxiway A		
Change Order #1	89,503	
Investment Interest Rec'ble	1,721	
Airline:		
Change Orders (2)	252,664	
ADAP 11 Sponsor Share	-	
		<u>769,888</u>
TOTAL SOURCES		\$ 3,764,911

USES

Contracts Payable (3)	\$ 2,765,773	
Future Requirements	<u>732,706</u>	
TOTAL USES		<u>3,498,479</u>
NET FUNDS AVAILABLE		\$ <u>266,432</u>

- (1) See ADAP Summary
- (2) See Reimbursable Change Orders Invoice Summary
- (3) See Construction Fund Contracts Summary

March 12, 1981

AIRPORT AUTHORITY OF WASHOE COUNTY

Cash Needs Analysis
for Stage I Capital Improvements Program

USES

Cash Requirements - Contracts Payable	\$ 2,765,773	
Future Requirements	<u>732,706</u>	
TOTAL REQUIREMENTS		\$ <u>3,498,479</u>

SOURCES

Cash in Bank	\$ 295,023	
Interest	1,721	
Short Term Loan	2,700,000	
Shortfall	<u>501,735</u>	
TOTAL		\$ <u>3,498,479</u>

AIRPORT AUTHORITY OF WASHOE COUNTY

**Detail Analysis of Cash Needs
March 12, 1981**

	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>Contracts Payable</u>
Vasco (C.O. 1 through 79)	\$ 395,584	\$ 350,000	\$ 230,000	\$ 105,903	\$ 359,456	\$ 359,456	\$ 1,854,815
Vasco (C.O. 80 through 85)	54,416						
G.A. Apron Taxiway	35,734		71,410				107,144
G.A.O.B.	10,000						10,000
Burns & McDonnell (Amendments 1-21)	34,550	35,238	35,238	35,238	27,725	10,000	177,989
Burns & McDonnell (Amendment 22)	72,750	24,250					97,000
Burns & McDonnell (Amendment 23):							
Inspection	45,000	45,000	46,000				136,000
Airline C.O. Design	32,000	8,000					40,000
Restaurant Design	5,000	20,000	5,000				30,000
LWV Casework		57,000	57,000	56,293			170,293
G.A. Apron/Taxiway Asphalt	9,573						9,573
Terminal HVAC Computer - Yarnis	1,256		12,271				13,527
Inner Taxiway "A"		<u>119,432</u>					<u>119,432</u>
Total	\$ <u>695,863</u>	\$ <u>658,920</u>	\$ <u>456,919</u>	\$ <u>197,434</u>	\$ <u>387,181</u>	\$ <u>369,456</u>	\$ <u>2,765,772</u>
Future Requirements:							
Future C.O.'s - Vasco	\$ 28,703	\$ 28,703	\$	\$	\$	\$	\$ 57,406
Future R.F.O.'s - Vasco	58,536	25,042	18,781	47,641			150,000
C.O. for Food & Beverage							
Concession - Vasco		185,000	185,000				370,000
Burns and McDonnell - Inspection				35,000	20,000		55,000
C.O. for New Roof - Vasco		15,000					15,000
Land Acquisition	5,100	32,500	4,000				41,600
Furniture for Lobby				<u>43,700</u>			<u>43,700</u>
Future Requirements	\$ <u>92,339</u>	\$ <u>286,245</u>	\$ <u>207,781</u>	\$ <u>126,341</u>	\$ <u>20,000</u>	\$	\$ <u>732,706</u>
Total Requirements		\$ <u>945,165</u>	\$ <u>664,700</u>	\$ <u>323,775</u>	\$ <u>407,181</u>	\$ <u>369,456</u>	\$ <u>3,498,479</u>
Cash Required from Present to March 31, 1981	\$ <u>788,202</u>						

March 12, 1981

<u>Grant Number</u>	<u>Grant Amount</u>	<u>ADAP Summary</u>		
		<u>Total Reimbursement</u>	<u>Reimbursements Received</u>	<u>Reimbursements Receivable</u>
05	\$ 1,352,716	\$ 1,352,716	\$ 751,832	\$ 426,000
06	5,532,325	5,532,325	5,258,438	-
07	1,315,037	1,195,037	1,195,037	-
08	1,408,000	899,610	899,610	-
09 Runway Grooving	1,500,000	1,052,264	1,052,264	
10 G/A Taxiway	1,783,586	1,685,696	1,384,164	301,532
11 Taxiway A	<u>1,635,129</u>	<u>1,635,129</u>	<u>1,243,305</u>	<u>391,824</u>
	\$ <u>14,526,793</u>	\$ <u>13,352,777</u>	\$ <u>11,784,650</u>	\$ <u>1,119,356</u>

WASHOE COUNTY AIRPORT

SCHEDULE 5

Application of Revenues

The Application of Revenues ("Flow of Funds") to various funds and accounts is governed by provisions of the Resolution. Figure 2 presents a condensed summary of the flow of funds; a complete description is presented in the Summary of Certain Provisions of the Bond Resolution section of the Official Statement.

The Resolution provides that all Revenues will be deposited into the Revenue Fund established under the Resolution. Monies held in the Revenue Fund will be deposited into the following funds and accounts established under the Resolution in the following order of priority:

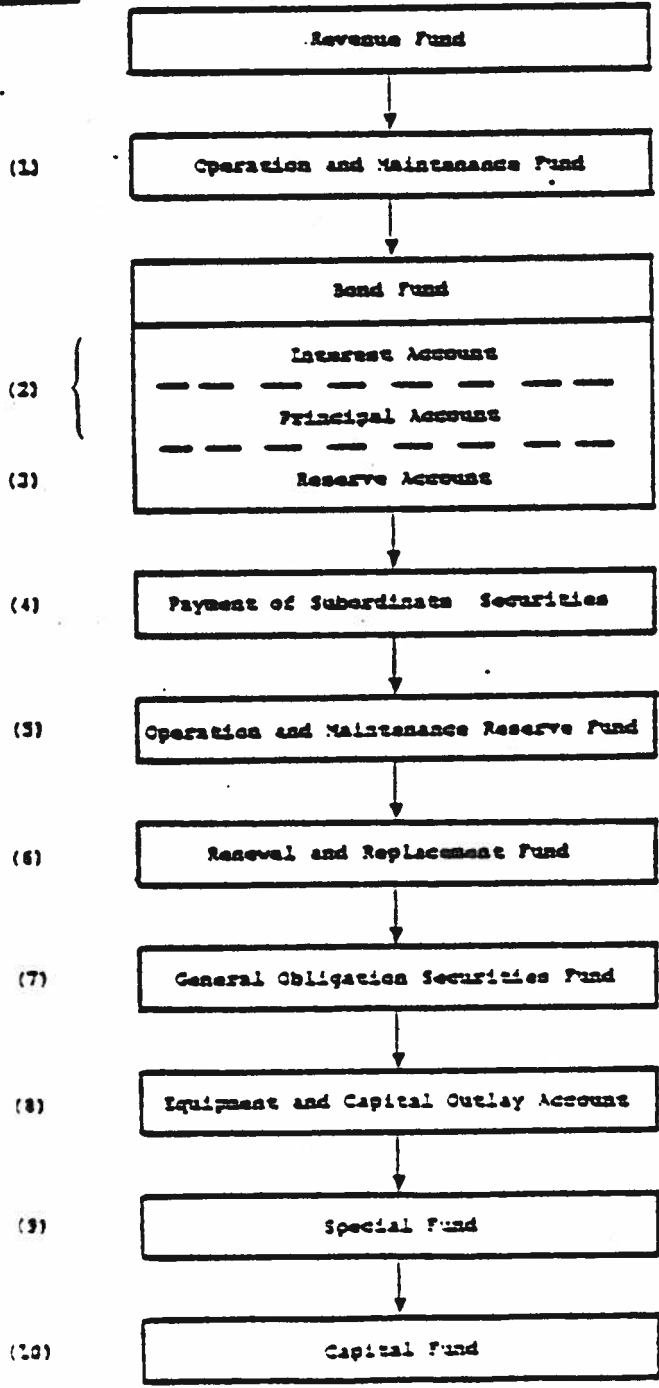
- (1) Operation and Maintenance Fund (current annual budget for operation and maintenance expenses)
- (2) Bond Fund Interest and Principal Accounts (pay principal and interest on Airport Revenue Bonds)
- (3) Bond Fund Reserve Account (replenish Revenue Bond reserve, if required)
- (4) Payment of debt service on Subordinate Securities
- (5) Operation and Maintenance Reserve Fund (33% of budgeted operation and maintenance expense)
- (6) Renewal and Replacement Fund (up to \$600,000 limit, or such larger amount determined by the Director of Airports after consultation with the Airport Consultant)
- (7) General Obligation Securities Fund (principal and interest on City general obligation bonds issued for Airport purposes, principal and interest on short-term notes, or interfund loans)
- (8) Equipment and Capital Outlay Account of the Operation and Maintenance Fund (amounts budgeted for equipment purchases and minor capital outlays)
- (9) Special Fund (equal to 35% of gaming revenues)
- (10) Capital Fund (all monies remaining in the Revenue Fund as a reserve for capital improvements, for securities redemption for any law suit obligations, or to make transfers of over-payments made by the Signatory Airlines from the Capital Fund into the Revenue Fund.)

WASHOE COUNTY AIRPORT

SCHEDULE 5
(continued)

SUMMARY OF APPLICATION OF REVENUES
AS ESTABLISHED BY THE RESOLUTION

Priority



1979 Revenue Bonds Construction Fund
Project Summary
April 1, 1981

SCHEDULE 6

1785

Item	Project		Budget	Design Inspection	Construction	Other	Total Commitment	Over (Under) Budget	
1.	Land Acquisition	A9	\$ 16,456,000	\$	\$	76-77	\$ 501,288	\$	
		AH				77-78	6,160,641		
		A9				77-78	591,530		
		A9				78-79	359,844		
		AH				78-79	67,415		
		A9				11-30-79	50,490		
		JT/802					3,114,917		
		JU/803					837,905		
		JV/804					1,494,877		
		JV/804				Demolition	47,557		
		\$ 13,226,472	13,226,472	(3,229,528)					
2.	Terminal Expansion	A6	18,000,000	3,029,000	38,431	195,078	26,425,446	In Prog.	8,425,446 (3)
		BZ/806.2			1,128,430				
		BK/806.01			22,034,507				
		23,201,368							
3.	Apron Expansion Phase A	AJ	980,000	19,651 ⁽⁴⁾	821,263	31,390	872,304	Complete	(107,696)
4.	Auto Parking/ Access	BAI/AR	949,000	171,900	24,550	(1,641)	1,297,672	Complete	348,672
		AG			16,790				
		AS			92,241				
		BA			899,259				
		JW/832			94,042				
		1,126,882							
5.	ICC/FIS Bldg.	6A	900,000	88,400	846,039	Brnz Sign 1,263	927,702	Complete	27,702
6.	Nvgl. Aids	2A/810	53,000					Deferred	(53,000)
7.	Taxiway B, F & Inner Taxiway A	Part JL/ 811	1,890,000	278,500	2,388,625		2,667,125	In Prog.	777,125
8.	Runway 16/34 & Taxiway A	AK	365,000	980 ⁽⁴⁾	277,124	SEA 13,000	291,104	Complete	(73,896)
9.	Runway 7/25, Taxiway B	4A/813	460,000	45,200			45,200	Deferred	(414,800)
10.	CFR/Tracon Drainage	AL	59,000	2,327 ⁽⁴⁾	46,320	SEA 2,081	50,728	Complete	(8,272)
11.	Fuel Facility Site Prep	6E/815	100,000			(2) Appraisal 600	600	Deferred	(99,400)
12.	Rental Car Site Prep	5E/816	500,000	62,200	599,471	Appraisal 600	662,271	Complete	162,271

1979 Revenue Bonds Construction Fund Project Summary
 April 1, 1981
 Page 2

Item	Project	Budget	Design Inspection	Construction	Other	Total Commitment	Over (Under) Budget
13.	Expand Apron, Phase B B7 JL/817	750,000 ⁽¹⁾	88,500	1,502,255	93	1,590,848	Complete 840,848
14.	Gen'l Aviation Apron/Taxiway 2B/818	2,900,000	235,500	1,819,739	Asphalt 130,244	2,185,483	In Prog. (714,517)
15.	FBO Relocation 3B/819	1,300,000	60,500			60,500	Deferred (1,239,500)
16.	Gen'l Aviation Office Bldg. 8X/820	1,500,000	140,000	1,426,560	SPPC 20,913	1,587,473	In Prog. 87,473
17.	Runway Grooving 1A/812	378,000	20,000	278,850		298,850	Complete (79,150)
18.	Runway 16/34 Exten. Paving 7B	50,000	14,346 ⁽⁴⁾		5	14,351	Complete (35,649)
19.	Runway/Taxiway Repair BT/823.01 BV BX JG/823.02	300,000		0,000 43,952 151,800 203,752	34 65 10 109	203,861	Complete (96,139)
TOTAL		\$ 47,890,000	\$ 4,249,004	\$ 34,538,240	\$ 13,620,738	\$ 52,407,990	\$ 4,517,990

- (1) Construction contract with Helms was split between bond funds (JL) 69.5% and non-bond funds (JM) 30.5%. The Bond Fund portion is to be further split between items 7 and 13. The contract included the one-half of Taxiway "A" in item 7 as well as all of item 13.
- (2) Fuel Facility Site Preparation, item 11, has been combined with Rental Car Site Preparation.
- (3) Change Orders 19 through 11 and 37, 38, 43, 47 56, 58, 67, 70, 71 and 82 are to be paid by the airline requesting the change (\$967,593).
- (4) Design and inspection fees are not incurred by Burns and McDonnell.

BUDGET PERFORMANCE ANALYSIS

Projects Completed	Over	\$ 1,379,493
	Under	(400,802)
Projects In Progress	Over	9,290,044
	Under	(714,517)
Land Acquisition		(3,229,528)
Construction Fund Projects Deferred		(1,806,700)
		<u>\$ 4,517,990</u>

SCHEDULE 6

April 1, 1981

	<u>Terminal Building Expansion</u>					
	<u>Temporary Bag Claim Building Ford-A6</u>	<u>Computer for Mechanical Equipment Yarris-BK (806.03)</u>	<u>Terminal Building Addition Vesko-BK (806.02)</u>	<u>Bag Claim Addition & Temporary Concourses Vesko-BZ (806.01)</u>	<u>Burns & McDonnell AD (825.02)</u>	<u>Other</u>
Original Contract	\$ 38,431.00	\$ 105,141.00	\$ 15,610,000.00	\$ 814,000.00		
C.O. #1		12,922.00				
C.O. #1-19				314,430.00		
C.O. #1-70			5,708,820.00			
C.O. #71			67,174.00			
C.O. #72			15,998.00			
C.O. #73			18,976.00			
C.O. #74			19,752.00			
C.O. #75			12,276.00			
C.O. #76			2,692.00			
C.O. #77			12,638.00			
C.O. #78			4,987.00			
C.O. #79			100,000.00			
C.O. #80			18,553.00			
C.O. #81			11,988.00			
C.O. #82			85,884.00			
C.O. #83			17,383.00			
C.O. #84			47,386.00			
C.O. #85			150,000.00			
C.O. #86			130,000.00			
Total Contract	\$ <u>38,431.00</u>	\$ <u>118,063.00</u>	\$ <u>22,034,507.00</u>	\$ <u>1,128,430.00</u>	\$ <u>3,029,000.00</u>	\$ <u>77,015.00</u>
Total Commitments for Item #2						\$ 26,425,446.00
Airline Change Order Reimbursement (85)						<u>(967,593.00)</u>
Project Budget for Item #2						<u>(18,000,000.00)</u>
Over Budget						\$ <u>7,457,853.00</u>
Payments	<u>38,431.00</u>	<u>105,747.05</u>	<u>20,340,446.00</u>	<u>1,128,430.00</u>		
Contract Balance	\$ <u>-</u>	\$ <u>12,315.95</u>	\$ <u>1,694,061.00</u>	\$ <u>-</u>		

SCHEDULE 6

1788

This schedule reflects the changes in Amendment No. 23.

April 1, 1981

Burns and McDonnell Contract
By Project

Item	Project	Task I & II	Task III	Task IV	Task V	Task VI	Task VII	Task VIII	Additional Services	Total	
<u>Construction Fund</u>											
2	Terminal Expansion	BK	\$ 2,086,300	\$ 817,800	\$	\$	\$	\$ 15,000	\$ 109,900	\$ 3,029,000	
4	Auto Parking/ Access Roadways	BA	126,700	19,000					26,200	171,900	Complete
5	F.I.S. Building	6A	60,000	18,000					2,400	80,400	Complete
7	Taxiways B, F and Inner Taxiway A	JF/JG JL (Part)		53,500			130,000		95,000	278,500	
9	R/W 7/25 and Taxiway B	4A		2,200			40,000		3,000	45,200	
12	Rental Car Site Preparation	5B		10,000		40,200			12,000	62,200	
13	Expand Apron, Phase B	JL (Part)		12,000			60,000		16,500	88,500	Complete
14	General Aviation Apron/Taxiway	2B		81,000			30,000		124,500	235,500	
15	F.B.O. Relocation	3B		8,000		30,000			22,500	60,500	
16	Relocate FSS/NWB	8B		33,000		90,000			17,000	140,000	
17	Runway Grooving			10,000					10,000	20,000	
<u>Total</u> Construction Fund			\$ 2,273,000	\$ 1,064,500	\$	\$ 120,000	\$ 40,200	\$ 260,000	\$ 15,000	\$ 439,000	\$ 4,211,700

Burns and McDonnell Contract by Project
 April 1, 1981
 Page 2

Item	Project	Task I & II	Task III	Task IV	Task V	Task VI	Task VII	Task VIII	Additional Services	Total
Non Construction Fund										
20	Interim Air Cargo JH	\$	\$ 12,000	\$	\$	\$ 89,100	\$	\$	\$ 66,000	\$ 167,100
21	Apron Expansion, Phase B-1 JM		12,500				46,000		15,000	73,500
22	Maintenance Facility JN		<u>12,000</u>			<u>50,700</u>			<u>10,000</u>	<u>72,700</u>
	Total Non Construction Funds	\$	\$ <u>36,500</u>	\$	\$	\$ <u>139,800</u>	\$ <u>46,000</u>	\$	\$ <u>91,000</u>	\$ <u>313,300</u>
Operation and Maintenance Fund										
	Staff Consultation	\$	\$	\$ 200,000	\$	\$	\$	\$	\$	\$ 200,000
	Stead Land Use, Task IX								10,000	10,000
	Finance Team, Task X								<u>18,000</u>	<u>18,000</u>
	Total Operation and Maintenance Fund	\$	\$	\$ <u>200,000</u>	\$	\$	\$	\$	\$ <u>28,000</u>	\$ <u>228,000</u>
	TOTAL	\$	\$ <u>2,273,000</u>	\$ <u>1,101,000</u>	\$ <u>200,000</u>	\$ <u>120,000</u>	\$ <u>180,000</u>	\$ <u>306,000</u>	\$ <u>15,000</u>	\$ <u>558,000</u>
									\$ <u>558,000</u>	\$ <u>4,753,000</u>

SCHEDULE 7

Non-Construction Fund
Project Summary
April 2, 1981

	<u>Description</u>	<u>Project</u>	<u>Budget</u>	<u>Design Inspection</u>	<u>Construction</u>	<u>Other</u>	<u>Total Committed</u>	<u>Changes Under Considera- tion</u>	<u>Revised Commitment</u>	<u>Over (Under) Budget</u>
20.	Interim Air Carson	826	\$ 864,000	\$ 167,100	\$ 822,487		\$ 989,587		\$ 989,587	Complete \$ 125,587
21.	Apron Expansion Phase B-1	827	796,000	73,500	656,927		730,427		730,427	Complete (65,573)
22.	Maintenance Facility	828	1,225,000	72,700	1,006,541		1,079,241		1,079,241	Complete (145,759)
23.	Fuel Facility	830	1,000,000	285,000		298,542 ⁽¹⁾	583,542		583,542	In Progress (416,458)
24.	Steed Hangar Renovation	829	<u>265,000</u>	<u>1,809</u>	<u>212,093</u>		<u>213,902</u>		<u>213,902</u>	Complete (51,098)
	TOTAL		<u>\$ 4,150,000</u>	<u>\$ 600,109</u>	<u>\$ 2,698,048</u>	<u>\$ 298,542</u>	<u>\$ 3,596,699</u>		<u>\$ 3,596,699</u>	<u>\$ (553,301)</u>

Budget Performance Analysis

Projects completed		\$ (136,843)
Projects In Progress	Over Under	\$ (416,458)
		\$ <u>(553,301)</u>

Status of Estimated Non-Bond Project Financing

<u>Valley Bank Note</u>	<u>Amount</u>	<u>Cash</u>	<u>Receivable</u>
1979-1	\$ 2,225,000	\$ 1,451,506	\$ 773,494
1979-2	<u>1,925,000</u>	<u>1,902,035</u>	<u>22,965</u>
	<u>\$ 4,150,000</u>	<u>\$ 3,353,541</u>	<u>\$ 796,459</u>

(1) Fuel Facility Tanks (Resource Development)

WASHOE COUNTY AIRPORT

SCHEDULE 8

Stage I

<u>Item Number</u>	<u>Item</u>	<u>Estimated total cost</u>	<u>Eligible ADAP</u>	<u>Estimated ADAP</u>	<u>Estimated net cost</u>
1	Land acquisition	\$15,456,000	\$13,530,000	\$ 9,381,000	\$ 7,075,000
2	Expand terminal	18,000,000	—	—	18,000,000
3	Expand apron, Phase A	980,000	918,000	907,000	73,000
4	Auto parking/access	847,000	—	—	847,000
4A	Incentive employee parking	102,000	—	—	102,000
5	Federal Inspection Services building	900,000	—	—	900,000
6	Navigation aids	53,000	50,000	17,000	36,000
7	Taxiways S. F. 1/2 A	1,890,000	1,770,000	510,000	1,380,000
8	Runway 18/36, 1/2 Taxiway A	383,000	342,000	338,000	27,000
9	Runway 7/25, Taxiway B	460,000	431,000	424,000	36,000
10	Drainage at Crash/Fire/Rescue— Terminal Radar Approach Control Facility	59,000	53,000	54,000	5,000
11	Fuel facility	100,000	—	—	100,000
12	Rental car site and access	500,000	—	—	500,000
13	Expand apron, Phase B	750,000	703,000	203,000	547,000
14	General aviation taxiway/apron	2,900,000	2,728,000	784,000	2,116,000
15	Relocate fixed base operators	1,300,000	—	—	1,300,000
16	Relocate Flight Service Station/ National Weather Service	1,500,000	—	—	1,500,000
17	Runway grooving	378,000	354,000	354,000	24,000
18	Runway extension planning	50,000	47,000	12,000	38,000
19	Runway/taxiway repair	300,000	—	—	300,000
	Total Project costs	<u>\$47,890,000</u>	<u>\$22,918,000</u>	<u>\$12,684,000</u>	<u>\$35,206,000</u>

WASHOE COUNTY AIRPORT

SCHEDULE 8
(continued)

	<u>Estimated total cost</u>	<u>Estimated grants-in-aids</u>	<u>Estimated net cost</u>
<u>Stage I</u>	\$47,890,000	\$12,684,000	\$35,206,000
<u>Stage II</u>			
Cargo building/apron	\$ 2,000,000	\$ 1,875,000	\$ 125,000
Extend Runway 16R/34L	2,000,000	1,875,000	125,000
Construct Runway 16L/34R	2,000,000	1,875,000	125,000
Vehicle circulation	100,000	—	100,000
Security fencing	35,000	33,000	2,000
Runway end identifier lights, Runway 16R	8,000	7,000	1,000
Expand apron, Phase B-1	1,266,000	1,187,000	79,000
Purchase land and extend runway	2,000,000	1,875,000	125,000
Security fence/perimeter roadway	555,000	520,000	35,000
	<u>\$ 9,964,000</u>	<u>\$ 9,247,000</u>	<u>\$ 717,000</u>
 Total Approved Capital Program	 <u>\$57,854,000</u>	 <u>\$21,931,000</u>	 <u>\$35,923,000</u>

WASHOE COUNTY AIRPORT

SCHEDULE 9

Signatory Airline Rates and Charges. The Agreement provides that Signatory Airline rates and charges will be reviewed at least annually and adjusted as necessary so that total revenues from such rates and charges, together with all other Airport System Revenues, will be sufficient to pay Operation and Maintenance Expenses, make required deposits to various funds and accounts established under the Resolution, and generate 1.25 times debt service on the 1979 Bonds.

The forecasts of Signatory Airline rates and charges in this report are based on two important assumptions:

1. The Signatory Airlines, collectively, will be financially capable to pay the rates and charges required under the Agreement in every year that the Bonds are outstanding.
2. The Authority will calculate Signatory Airline rates and charges in a manner consistent with provisions of the Agreement.