

MINUTES OF THE  
MEETING OF THE SENATE COMMITTEE  
ON FINANCE

SIXTY-FIRST SESSION  
NEVADA STATE LEGISLATURE  
April 27, 1981

The Senate Committee on Finance was called to order by Chairman Floyd R. Lamb, at 8:00 a.m., Monday, April 27, 1981, in Room 231 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Floyd R. Lamb, Chairman  
Senator James I. Gibson, Vice Chairman  
Senator Eugene V. Echols  
Senator Lawrence E. Jacobsen  
Senator Norman D. Glaser  
Senator Thomas R.C. Wilson  
Senator Clifford E. McCorkle

STAFF MEMBERS PRESENT:

Ronald W. Sparks, Chief Fiscal Analyst  
Dan Miles, Deputy Fiscal Analyst  
Candace Chaney, Secretary

OTHERS PRESENT:

Howard Barrett, Budget Division

SENATE BILL NO. 590 - Makes appropriation from state general fund to legislative fund.

Senator Gibson moved to approve Senate Bill No. 590.

Senator Jacobsen seconded the motion.

The motion carried unanimously.

ASSEMBLY BILL NO. 355 - Removes limitation on salaries of classified state employees based on salaries of their immediate supervisors.

Mr. Bob Gagnier, Executive Director of the State of Nevada Employees Association, testified in support of Assembly Bill No. 355. He said this bill was intended to repeal the 95% law under NRS 284 only insofar as the classified employees salary was limited by his immediate supervisor's salary when that supervisor was unclassified. It would not affect the 95% law in NRS 281 which restricted the salary of classified employees to 95% of the Governor's salary.

Mr. Gagnier noted one of the problems that this law had was the fact that there were classified employees in the same classification that were making the same salaries, others were not, which provided for an unequal treatment of employees in the same classification. There were 58 people affected by this bill.

Mr. Barried indicated this was the Administration's bill and was also recommended by the Governor's Task Force. He stated the amount of General Funding involved was somewhere around \$26,000. He noted the bill had the affect on those employees who were making more than their supervisors. as those employees were classified while the supervisors were not.

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ASSEMBLY BILL NO. 228 - Relieves court administrator of duties of secretary of Commission on Judicial Discipline.

Mr. Guy Shipler, Chairman of the Commission on Judicial Discipline, testified in support of Assembly Bill No. 228. He stated the Commission urged this particular piece of legislation because of what they felt was a built-in conflict. Under their present situation, the Administrator of the Office of the Courts was the Commission's secretary. That position oversaw all of the judiciary in the State and the Administrator was appointed by the Supreme Court which Mr. Shipler felt caused a special conflict.

Senator Lamb asked Mr. Shipler what he meant by "conflict". Mr. Shipler indicated that during the Supreme Court investigations and hearings last year it was impossible for the Court Administrator to serve as the Commission's secretary since he was appointed by the Supreme Court. The way the commission operated at that time was to have the Administrator's secretary serve as the Commission's secretary who, in turn, could not communicate with the Administrator with regard to the executive sessions the Commission had. Mr. Shipler said, in addition, it was the Administrator's duty to oversee all of the judges in the State and it was the Commission's responsibility to oversee all of the judges in the State. Also, it was the Commission's responsibility to investigate any complaints against judges. Mr. Shipler felt there was a potential conflict all the way through and it would be much more effective if the Commission was out from under that kind of restraint.

Mr. Shipler believed that with the passage of Assembly Bill No. 228, the Commission would be much freer and much better able to perform their responsibilities with a separate secretary. He noted the Supreme Court was opposed to this bill.

Senator Lamb inquired as to why the Supreme Court was opposed to the bill. Mr. Shipler said it was his understanding that the Supreme Court felt the Commission might "get out of hand". The Chairman asked if there was enough work to keep a secretary busy. Mr. Shipler indicated there was on a half-time basis. He noted one of the problems involved was the restriction of confidentiality built into the Commission by the constitution. He stated the number of meetings was really the tip of the iceberg with relation to the entire job. He said the secretary did a certain amount of preliminary investigation into complaints filed with the Commission; if the charge seemed reasonable, the Commission then pursued it.

Senator Jacobsen commented that he had done a small survey on the amount of meetings and cases the Commission dealt with and was not overly impressed with the amount of activity of the Commission. He asked if the secretary would be carrying the major share of the load. Mr. Shipler felt the secretary would be carrying the major share of the load in terms of the mechanical or secretarial operations. Senator Jacobsen inquired if, in the past, the Commission had used various secretaries. Mr. Shipler noted, since he had been on the Commission, they always had used the Court Administrator, with the exception of Supreme Court investigations, where the Administrator's secretary was used. On occasion, the secretary of Judge Peter Breen was used to avoid some conflicts.

Senator Jacobsen remarked, if the bill were approved, he would hope the Commission would document the secretary's workload in order to have some kind of basis to make a judgment on. Mr. Shipler felt the Commission should be able to do so. Senator Jacobsen noted another concern in not using Supreme Court staff, the Commission might find that information would not be available to their secretary. Mr. Shipler said that had not occurred to him and they had never faced that obstacle before.

ASSEMBLY BILL NO. 274 - Makes certain administrative changes in State Purchasing and increases amounts which may be paid for automobiles.

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Mr. Terry Sullivan of the State Purchasing Division noted there were some administrative changes in this bill and requested an increase in the purchasing price of automobiles. He said the administrative changes were simple in nature to remove archaic language from the NRS. Under section two of NRS 160, he indicated some people were interpreting this portion as an in-state preference and was better covered in NRS 333.300.

Mr. Sullivan referred to NRS 3-3.470, page two, he stated there was a fifteen day newspaper advertisement required when the agency purchased material for political subdivisions. It was felt that amount of time was far too excessive and was another archaic requirement the department wanted eliminated. Senator Lamb asked how long would the agency run the advertisement. Mr. Sullivan said there was no limit, only a reasonable amount of time, generally about a week. Senator Lamb thought the length of time to run the advertisement should be stated in the NRS. Mr. Sullivan stated it did not pay to run the advertisement. He noted local governments ran theirs four days. He said it was more of a protection for the purchasing department and the State rather than bringing in more bidders. He had no objection to stating length of time.

Senator Wilson referring to page one, lines 13 to 15, and to page two, line 17, asked for an explanation of the elimination of those sections. Mr. Sullivan stated a lot of the eliminations were a result of the bill drafter. He said the first portion referred to by the Senator was covered by NRS 333.300. He indicated there was no in-state preference in the Purchasing Act except when there was a tie bid and there was never intended to be an in-state preference.

Senator Lamb inquired as to why there was not an in-state preference. Mr. Sullivan said it could be considered unconstitutional. He stated it was not fair when using Federal funds.

Mr. Sullivan indicated the increase in the purchase price of automobiles was self-explanatory; with inflation, the department had simply run out of money. He noted the bill was amended with regard to Highway Patrol vehicles for an additional amount the second half of the biennium. He requested the bill again be amended to include the same thing for State vehicles. He wanted line 45 on page two to read the same as line 6 on page three. He noted there were a lot of levels of review on the purchase of automobiles.

Senator Jacobsen inquired if there were Federal funds in the agency budget. Mr. Sullivan said there were none. He noted he referred to the agencies, they paid the Purchasing Division and they, in turn, paid for the automobiles. Senator Jacobsen asked were there any advantages in not having the aforementioned language remain in the NRS. Mr. Sullivan noted the State had never purchased an automobile out of state. He said most of the bidders were in-state and when they got the bid, it was direct shipments to the division which was considered an in-state purchase.

Senator Echols asked if the division saw no reason for the legislature to set maximum prices. Mr. Sullivan said he wished the maximum prices were not in the bill. He noted that, historically, it was the policy of the State to buy the automobile that was the lowest bid meeting specifications. Senator Echols asked when the prices were first included in the statutes. Mr. Sullivan believed that practice was started at a time when the State bought whatever automobile the director of the division wanted so the legislature saw fit to limit the price of the vehicles. Senator Echols said he questioned the policy and procedure of having that limit stated in the statutes considering the times the legislature met and the rapid growth of inflation.

ASSEMBLY BILL NO. 358 - Changes name and increases amount of fund administered by Purchasing Division of Department of General Services.

Mr. Terry Sullivan testified in support of this bill. He noted the Purchasing fund requested in this bill was a fund created to allow the division to pay

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for goods received by the State of Nevada, to stock the warehouse, and for the division's operating expenses. He noted the division was now doing over 30 million dollars of business a year, and, as a result of inflation and growth, the division's buying power had been eroded. The division was requesting to have the fund itself increased by \$250,000 and the amount the division was allowed to borrow from the General Fund was requested to be increased to \$600,000. This allowed for a total buying power of \$1,850,000.

ASSEMBLY BILL NO. 24 - Establishes demonstration program of teacher internships.

Mr. Ted Sanders, Superintendent of Schools, testified in support of this bill. He noted this bill was a result of an Interim Study Committee looking into the whole general area of professional development of teachers and the notion of teacher internships.

The Study Committee made the following recommendations:

1. Additional attention to the initial screening processes used by the Universities for teacher training candidates.
2. Additional look at teacher training programs.
3. The evaluation of teacher and principal competencies and performance.
4. Upgrading skills and abilities for the current teaching force.
5. Improved teacher certification.

The study committee felt there were additional activities necessary to bridge the gap between pre-service training of teachers and their contingent in-service training. This brought about the introduction of Senate Bill No. 24 in its original form which, if passed, would have established 20 internships each year of the coming biennium; ten to be located in the North and ten in the Southern part of the State. These interns would be under the supervision of a master teacher who would receive some specific training for these purposes and some additional university training for the intern-teachers. Mr. Sanders noted the bill had been amended and it was his belief, if passed in its present form, the results would be a lot of verbiage but nothing more than what the system presently experienced. This, Mr. Sanders felt, would be against the original purpose of the bill.

Senator Lamb inquired if Mr. Sanders had some suggestions on the wording of the bill. Mr. Sanders felt the bill in its original form was a much better bill.

Senator Wilson asked Mr. Sanders to bottom-line the bill. Mr. Sanders noted the primary body of the original bill was still contained in the reprint with the exception that it restricted the location of the teacher-internships to Washoe County, Carons City and Clark County. Secondly, it provided reduced funding levels to only provide for the funding of the master teachers.

Senator Wilson inquired as to why the Human Resource Committee made their judgement to amend the original bill. Mr. Sanders thought that the committee's primary reason was a concern for the State's economic condition and a desire to reduce the funding to a more acceptable level.

Senator Gibson inquired if there was a budget to go along with the bill. Mr. Sanders said there was a full report he could make available to the committee. He noted the funding would break out into several major categories:

1. Purchase college credit for the teacher-intern during the year of internship. (\$7,136)
2. Travel expenses. (\$1,591)
3. Provided for the master teacher. (\$99,056)
4. Travel expenses for the state level internship committee. (\$9,576)
5. Expenses for local internship committee. (\$907)

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Senator Jacobsen asked if this bill was suggested by the Committee on Human Resources or by the State Board. Mr. Sanders said the bill was suggested and came from the Interim Study Committee as appointed by Assembly Bill No. 848. Senator Jacobsen commented that he did not see the need for another committee as the State Board should have the expertise to put together an internship-master teach program. Mr. Sanders indicated the State Board could do so. Senator Jacobsen felt the selection of the teacher-intern might be difficult as a teacher with more popularity might be selected over one who might benefit most from the program. Mr. Sanders stated the Senator's statement was distinctly in the realm of possibility. He remarked that there would be a pool of intern possibilities set up and approved at the State level by the State Internship Committee. The Board of School Trustees would make the final decision as to the individual chosen.

Senator Jacobsen asked if this would remove the teacher from his class in any way. Mr. Sanders indicated the only teacher who would be removed from their class would be the master teacher. Senator Lamb asked how much of the master teacher's time the program would entail. Mr. Sanders said it would be up to 20% of the master teacher's time. He stated it was the hope of the committee that the master teacher would be located in a close proximity to the teacher-intern. Senator Jacobsen commented that the benefits of this program did not warrant the amount of money requested.

Ms. Joyce Woodhouse, President of the Nevada State Education Association, testified in support of Senate Bill No. 24. Her group believe this program addressed by the bill would help in the issue of the quality of teachers and their professionalism.

Senator Wilson, referring to section five of the bill, asked if the program would be aimed at the newly graduated. Ms. Woodhouse said the program would only deal with students who were completing their four years at the University level and just starting out in teaching. Senator Wilson inquired as to the effectiveness of the student teacher program at the College of Education. Ms. Woodhouse felt the student teachers needed more time in the classroom. She noted a great area of concern of the first year teacher was in how to grade and discipline.

Senator Jacobsen felt that first year teachers did not graduate without some experience in the classroom and believed that might be the area where the responsibility should be assigned or that the University should assign the responsibility. He thought the idea of having a master teacher in the classroom might undermine the authority and credibility of the first year teacher to his students. Ms. Woodhouse agreed with the Senator's statement. She thought the program would take place more outside the classroom in lesson preparation and a debriefing after class.

ASSEMBLY BILL NO. 50 - Creates position of specialist for child abuse and neglect.

Assemblyman Steve Coulter testified in support of this bill. He noted this bill was a result of recommendations of an Interim Study Committee on child abuse on which Mr. Coulter served. He said the State of Nevada had an extremely fragmented system of child abuse and neglect services. The study found there were at least 49 public and private agencies involved in one aspect or another of child abuse.

Mr. Coulter indicated that every group that came before the study committee said there was a major coordination problem in this area. He stated the money was pulled out of the bill and addressed in the Director of Human Resources budget. The Governor cut the amount of funding from \$41,000 to \$19,000.

Senator Lamb asked if an unclassified position was being requested and what would the salary be. Mr. Bing Oberle of the Department of Human Resources replied an unclassified position was requested and added the question of salary was hoped to be hoped to be negotiated with the respective committees. He felt \$19,000 was adequate to hire the qualified personnel necessary. Mr. Oberle also

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indicated there had been four separate salary proposals which he was going to provide to the committee.

Senator Jacobsen asked if the committee determined when child abuse was first noted or reported. Mr. Coulter stated the State had a mandatory reporting law where, especially people in the medical profession, were mandated to report. Also there was civil immunity granted to anyone who reported cases in good faith. He said there were 4,100 cases of child abuse reported last year; half of those cases were substantiated. He noted that Nevada had an extremely high rate of child abuse.

Senator Jacobsen inquired if there were any other area where the function could be handled in-house. Mr. Coulter noted there was no central agency presently to perform a coordinating function. Senator Jacobsen asked how many known cases were there each year. Mr. Coulter said in Nevada there were about 2,000 substantiated cases each year.

Senator Echols asked if the committee dealt primarily with physical abuse. Mr. Coulter noted they dealt with physical abuse, mental abuse, and neglect.

Mrs. Laverne Frost, speaking for the Nevada Parent-Teacher Association, testified in support of Assembly Bill No. 50. (See Exhibit C.)

Senator Jacobsen asked if it was one of the policies of the PTA throughout the State to deal with child abuse. Mrs. Frost said it was one of the top priorities supported by the PTA. She noted it was an individual situation from county to county.

Senator Echols asked Mrs. Frost's opinion on how this program should be funded. Mrs. Frost noted she would like to get back to Senator Echols with a breakdown of funding.

Mr. John Sarb, Director of the WECAN Child Abuse Project in southern Nevada, testified in support of Assembly Bill No. 50. He requested that the budget be reinstated to its original amount.

Senator Jacobsen asked Mr. Sarb if he had given any thought as to how the program might be funded other than from general appropriations. Mr. Sarb said the only other avenue looked at was Federal funds and it was unclear whether those monies would be available. Senator Jacobsen inquired if a severe case of child abuse usually ended up in court. Mr. Sarb indicated they usually did. Sometimes they did not because the victim could not testify.

SENATE BILL NO. 123 - Creates council for seismic safety and makes various additions to law relating to seismic safety.

Mr. Tom Stevens, President of the Reno Chapter of the Nevada Society of Professional Engineers, testified in support of Senate Bill No. 123. He noted a report was published by a committee appointed by the Governor to study seismic hazard litigation two years ago. In that report, the committee recommended a number of things, one being the establishment of a Seismic Safety Council which this bill would create.

Mr. Stevens noted his group was concerned about earthquake potential and decided to support the creation of the Seismic Safety Council. He indicated the original bill contained \$400,000 in funding: \$200,000 for the Council and \$200,000 for the seismic hazard mapping of the State. That original bill had been pared down to the present one containing \$21,000 in funding the program for the biennium. Mr. Stevens stated a location had been found for the Council; the Public Works Board would provide a mailing address and a telephone contact point. Twelve people were to be appointed to the Council.

Mr. Stevens commented that Nevada did not have its own building code to deal with seismic safety or civil defense procedures to handle seismic hazards and disasters. He noted the Council would be purely advisory and not regulatory.

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Senator Echols asked Mr. Stevens why at this time would this program be implemented. Mr. Stevens noted there had been major earthquakes in the Senator's lifetime; the earthquakes had merely not been in major populated areas of the State. He indicated the seismic building codes used in Nevada were taken, from the most part, from California.

Senator Lamb asked Mr. Stevens if he knew of any earthquakes in the history of Nevada as a State, where people had been killed or hurt. Mr. Stevens said he did not.

Mr. Gilbert Cochran, Chairman of the Earthquake Committee for the Reno Chapter, testified in support of Senate Bill No. 123. Mr. Cochran said the most susceptible buildings to major damage and loss of life as a result of earthquake were those built out of unreinforced masonry.

Mr. Glen Martin, citizen, testified in support of Senate Bill No. 123. He noted damage that had been sustained to certain buildings in Nevada as a result of earthquakes.

Senator Jacobsen remarked that he would like to hear from Bill Hancock of the Public Works Board to make sure he could provide clerical staff and adequate space for the Seismic Safety Council. Mr. Hancock assured the committee that his agency could provide the Council space and staff. He indicated that his agency supported Senate Bill No. 123.

Senator Jacobsen asked how many states had a Seismic Safety Council. Mr. Hancock stated Utah and California had councils.

Senator Glaser inquired if all state buildings were constructed of reinforced concrete. Mr. Hancock said the buildings were constructed to the codes for seismic standards and all types of construction materials were used. He noted those codes were continually improving. Senator Glaser inquired if, when a building was constructed, seismic hazards were taken into consideration. Mr. Hancock stated geological hazards were considered very strongly and much testing was implemented in the pre-construction period. Mr. Cochran commented that seismic hazard maps were not being produced fast enough in the areas where they were most needed.

Senator Glaser thought this area was fairly static and that one individual working on the mapping should be sufficient. Mr. Cochran disagreed, he said what was changing rapidly was the growth in the construction of new buildings on areas that had not yet been mapped.

Senator Jacobsen inquired as to how the criteria was developed for determining seismic hazards. Mr. Hancock indicated this was determined from photographic research, soil testing, experience, and excavation work.

SENATE BILL NO. 460 - Authorizes Department of Transportation to use appropriations from state general fund to match federal money for certain projects.

Mr. Al Stone, Director of the Department of Transportation, introduced Mr. Denny Berry, Assistant Director, to the committee. Mr. Stone testified in support of Senate Bill No. 460.

Mr. Stone noted when the Nevada Department of Transportation was created in 1979, it was assigned a number of non-highway responsibilities. Those included development and coordination of a transportation system. With the assignment of responsibility, no funding for implementation was provided. The State gas tax revenue could not be used for non-highway projects. He said a request for State General funds had been submitted.

Senate Bill No. 460 would match the annual work plan with regard to capital expenditures for Washoe and Clark counties. Under section five, it would provide 10% of the match from the state level, 10% from the local level, and 80% of the section

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five funds for a total of \$680,727. Under section 16B(2), which was a section of Federal funds for the elderly and handicapped, there would be a 10% match, 10% from other sources and 80% Federal funds.

The total transit match for the State would be \$886,000. The Rail Assistance Program, Mr. Stone indicated, may be eliminated from the Federal budget and would not require a State match. An additional request for feasibility planning in the amount of \$1,085,327 was requested. This amount of money, approximately 1.4 million dollars during the biennium, was to match a total Federal program of \$10,852,000.

Mr. Stone noted the reason for this bill was that many of the counties had problems in coming up with the matching funds. He said, referring to non-highway vehicle purchases only, this program contained a matching capital deficit. The vehicles acquired in Reno were 24 buses and 5 buses for Las Vegas. Fifty percent of the matching funds required in this bill were 16 buses for the City of Reno and 12 buses for the city of Las Vegas.

Senator Lamb asked what were done with those buses. Mr. Stone stated they were used to operate the public systems in Reno and Las Vegas. The Chairman noted the buses were charged at a rate of \$1 per year. Mr. Stone indicated the buses still belonged to the local entities. Senator Lamb commented the department was subsidizing a local business at the cost of \$75,000 per bus. Mr. Stone said that was the choice of the local entity.

Senator Lamb requested an exact figure on the buses. Mr. Stone indicated they would cost \$680,000. Mr. Berry added, in the Las Vegas area, the Regional Transportation Committee was studying the feasibility of a purchase of a service agreement plan to buy out the Las Vegas transit system and make it a publically owned system. Senator Lamb stated that he could not see the State giving private enterprise buses which they did when the entity turned around and charged a fare. Mr. Stone indicated the bus system in Reno was publically owned.

The Chairman asked if there was a private citizen in the meeting and asked him what he thought of the State or the Federal government subsidizing a local entity. Mr. Jim Thornton noted the value of having a bus transit system made it necessary to subsidize the program. He felt if the system were not subsidized some way, there would be no system at all.

SENATE BILL NO. 561 - Provides balance for working capital for Central Data Processing fund.

Mr. Gordon Harding, Administrator of Central Data Processing, testified in support of Senate Bill No. 561. He noted that CDP had, from its inception, suffered from a cash flow problem. The time between rendering service and receipt of revenue caused a shortfall and the borrowing, at the present time, from the General Fund. The borrowing had ranged in the course of any fiscal year from \$300,000 to \$850,000. The auditors had objected to this unauthorized borrowing and for that reason, Senate Bill No. 561 created a one million dollar revolving fund to make dollars available to prevent CDP from shortfaling.

Senator Wilson asked what the average length of time between the due date on a bill and when it was paid. Mr. Harding stated it was from 60 to 90 days. Senator Wilson inquired where most of the problem occurred. Mr. Harding said the problem resulted from the time the service was performed, getting the monthly billing out, processing by State agencies, going through the State accounting system, and it took from 60 to 90 days before a physical deposit of money went into the CDP account.

Senator Wilson inquired what the shortest time CDP's bills were trafficked and processed. Mr. Harding stated the shortest time would be 50 days minimum and the process might run as long as 150 days. He noted the effect on the General Fund and its interest earning capability was zero. The money earned the same amount of interest whether it was in a revolving fund or whether it was subject to the borrowing which had existed.



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Mr. Harding said there were two alternatives to solve this particular problem: one was the revolving fund, the second was to permit CDP to borrow from the General Fund. Either alternative would make CDP's use of the General Fund money an authorized use rather than an unauthorized use. The advantage of permitting CDP to borrow from the General Fund was then that money was not earmarked and would be available for the legislature to use in whatever fashion they wished. If the money were in a revolving fund, the money would be earmarked and could not be considered as part of the General Fund balance for expenditure purposes.

SENATE BILL NO. 562 - Makes appropriation for addition to junior livestock pavilion on Nevada State Fairgrounds.

Senator Virgil Getto testified in support of Senate Bill No. 562. He noted that his interest in this bill was the youth aspect indicating the facility in question. He said the appropriation was to be used to enlarge the pavilion as it had outgrown the youth groups and the shows had outgrown the pavilion.

Senator Lamb asked if this involved land that belonged to the State. Senator Getto concurred and added the facility was operated by the State Fair Board.

Senator Glaser inquired as to the square footage of the present facility. Senator Getto replied the building was 120 feet by 100 feet. He added the building would have an additional 60 feet in length after the enlargement. Senator Getto remarked that the pavilion was used all year round and was entirely too small for horse groups. He noted the use of the building was growing tremendously.

Senator McCorkle inquired as to how this facility related to the donated land at the Double Diamond development. Mr. Jim Thornton, President of the Nevada State Fair Board, noted all the buildings constructed on the fair grounds were done with monies from the Fair Board, the Rodeo Association, the Agricultural uses of the University, the county, and some money through the State. He indicated there had not been any major capital improvements on the ground since 1977. Mr. Thornton said new sites for the fairground were being looked into, one being on a piece of land on the Double Diamond Ranch. He commented, if either of the new sites became available today, it would be from six to ten years before they could be used as fairgrounds.

Mr. Thornton said the Fair Board had received competitive bids on this project, the lowest being \$130,000. He noted the Fair Board would contribute \$40,000, the Washoe County Board of Commissioners would contribute \$25,000. The bill requested a matching appropriation of \$65,000 from the legislature to construct the addition to the Junior livestock pavilion.

Senator Getto commented that it had been an endeavor by Washoe County to make the Fair self-supporting as much as possible. With the enlargement of the pavilion, Senator Getto felt more seating would be available, thus bringing in more revenue.

SENATE BILL NO. 564 - Makes appropriation to Rural Nevada Development Corporation.

Mr. John Campos, representing the Rural Nevada Development Corporation, testified in support of Senate Bill No. 564. Mr. Campos said he represented a Tonopah group and indicated there was a growth problem in that locality due to the rapid growth of the mining industry. This resulted in a real problem in meeting the needs of the mining industry. He noted several businessmen in Tonopah got together to form the aforementioned corporation to help unite the public and private sectors to meet the needs of the community.

Mr. Campos indicated those needs included information gathering, zoning, and financing for the area. He said the corporation was formed in order to comply with the requirements for SBA section 502 and 503 which provided funding for buildings privately owned or occupied businesses.

Senator Lamb asked if this was a private corporation. Mr. Campos stated it was a non-profit private corporation. He noted another problem in the area was an

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inventory of the land as to what land would be available. Mr. Campos said Nye County was not equipped to handle the Tonopah problems. He added that the Tonopah businessmen wanted to have a say in the zoning of their town and to get some kind of control on its growth.

Mr. Campos indicated there were monies available through the Department of Economic Development and also through Senate Bill No. 121. The sum of \$4,400 was appropriated for Nye County which no one applied for, so, an amendment was being requested for Senate Bill No. 564 should any of the monies be received from Economic Development, that amount would be subtracted from this appropriation. He added this bill was for a one-shot appropriation.

Senator Lamb said he understood most of the miners were leaving Tonopah. Mr. Campos remarked the construction workers for the Anaconda project were leaving but added there was a big project being started in Silver Creek.

Senator Wilson asked if the corporation was limited to servicing the Nye County area. Mr. Campos stated it was not; they were mainly interested in the Tonopah area. Senator Wilson inquired if the appropriation would be used solely for the Tonopah area. Mr. Campos concurred, as that area had been major thrust of the growth. Senator Wilson asked if Nye County had an application into the Department of Economic Development. Mr. Campos did not know, the corporation was trying to receive the grant of \$4,400 as the county did not apply for the money. Senator Wilson inquired if a private non-profit corporation could apply for that money. Mr. Campos was not sure if they could.

In conclusion, Mr. Campos said the corporation wanted to establish a land bank in Tonopah so they would have the property in order to bring in the businesses that would help the area.

Senator McCorkle remarked that the only reason in having a State Department of Economic Development was to satisfy such problems as Tonopah was having. He noted the same reasoning applied to having a State Planning Office and asked why they had not done that. Mr. Campos did not know. He felt there was a need in Tonopah and there was not enough being done. He noted neither department had been approached by the corporation to his knowledge.

Senator McCorkle asked what caused the businessmen to obtain \$10,000 without obtaining the answers to those questions. Mr. Campos stated that they felt as a group there was a need in Tonopah and they needed to organize.

SENATE CONCURRENT RESOLUTION NO. 44 - Approves contract concerning Marlette Lake water system.

Senator Lawrence Jacobsen introduce Mr. Bruce Greenhalgh, Director of General Services, and Mr. Don Hataway, City Manager of Carson City to testify in support of Senate Concurrent Resolution No. 44. Senator Jacobsen distributed a handout to the committee members consisting of three items; an affidavit indicating all the members of the Advisory Committee were unanimous in their recommendation to approve the contract that had been negotiated with Carson City.

Senator Lamb asked what the contract was. Mr. Greenhalgh said the document was what he would term part one of a two part contract. This portion of the contract addressed the improvements, systems responsibilities, the water treatment facility, water delivery, and the payments for water.

Mr. Greenhalgh stated the endurance of the contract was dependent upon the second part which required the development and final approval of a comprehensive plan of improvement for the development of the Marlette Lake system. He noted, in recognizing the choice of the legislature expressed as the Hobart Alternative which called for a significant enlargement of the storage capacity of Hobart Dam, the following plan should include engineering designs and specifications, a construction timetable, cost, hydrological and environmental data, the manner and feasibility of financing, and operational criteria of the improvements to be constructed.

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The Chairman inquired, when all the improvements were completed, who would own the water system. Mr. Greenhalgh indicated that upon final approval of the development plan and initiation of construction, Carson City would assume operational control of the water treatment plant and the State distribution system below it. Carson City would purchase an interest in 37.6% of the water treatment plant for 55 years. The State of Nevada would retain ownership of the entire system and would maintain operational responsibility for all functions above the raw water reservoir at the water treatment plant in Ash Canyon.

Senator Wilson asked what the reason for the term of the 55 year interest in the water treatment plant. Mr. Greenhalgh said the projected life of the treatment plant was forty years.

Senator Lamb inquired as to who determined the 37.6% figure. Mr. Greenhalgh stated the figure was based on what their present needs were which were approximately 450 acre feet per year. The Public Works Department forecast that they reserve another 600 feet for the next 55 years which brought it to a total of 1,050 acre feet that the State would have or reserve for its own use. Dividing that into the treatment plant, the balance left would provide 37.6% that would be available to Carson City. The Chairman asked what the amount was that Carson City would pay. Mr. Greenhalgh noted it would be \$360,495. Senator Lamb asked how much the State was into the whole operation. Mr. Greenhalgh said that amount was \$957,000. Mr. Hataway noted the actual initial cost was \$958,000. The Chairman asked what would Carson City own. Mr. Greenhalgh stated the city would own an interest in the treatment plant for 55 years.

Senator Wilson inquired as to why the 55 years were bought. Mr. Greenhalgh indicated the law provided that they could enter a contract for 55 years. The contract also provided that the State, or the city, or both could mutually enlarge the treatment plant so this could provide for an additional contract further down the line.

Senator Lamb asked if the State would be obligated if the city wanted to expand the treatment plant. Mr. Greenhalgh said their plan would have to be approved by the State as a mutual agreement. Senator Lamb inquired as to what could stop the enlargement. Mr. Greenhalgh stated the State could.

Senator Wilson inquired if the contract provided for a depreciation reserve so the plant could be replaced after 40 years. Mr. Greenhalgh indicated the State had paid for its share, the city was going to pay for its share up front. It was provided in the contract that the State would have 600 acre feet that at present it did not need. The contract provided if the State was not using that portion, the city could and would amortize that cost to the State at about 5¢ per thousand gallons.

Senator Wilson asked if the cost included depreciation reserve of the present plant so it could be replaced after 40 years. Mr. Greenhalgh said it did not.

Mr. Greenhalgh continued by saying the State currently consumed 300 acre feet per year from the Marlette Lake system. Additionally, it purchased 150 acre feet per year from Carson City for State facilities. Mr. Hancock of the Public Works Board estimated that 600 acre feet should be sufficient if reserved for future growth over the next 55 years. This would provide for a total of 1,050 acre feet of water from the Marlette system which would be reserved for the State of Nevada in this contract.

The contract also recognized the existing obligations it had with other users. The document stated that those obligations had priority over any request for water for Carson City. The State had agreed to deliver to Carson City annually 150 acre feet of water which was equal to the amount of water they were now providing to State facilities. This portion of the contract would survive if the rest were to fail for some other reason. It was felt the State had an obligation to at least furnish water to its own buildings.

Carson City agreed to purchase the amount of water actually used by State Buildings. The State had also agreed to supply to Carson City all other water which

Senate Committee on Finance  
April 27, 1981

might be available in the system if requested. The contract recognized the State Fishery at Marlette Lake. When Carson City assumed operational control of the water treatment plant, it should become indebted to the State in the amount of \$360,495 which represented its share of the water treatment plant.

While formulating this contract, it was recognized by both Carson City and Mr. Greenhalgh, that the manner of payment of indebtedness would ultimately rest with both the legislative finance committees. The contract provided that this amount be paid in a single payment upon the issuance of bonds or at an annual rate which would retire the debt in 20 years at 7% interest.

Upon initiation of construction, it was requested that the Marlette Lake Water System Advisory Committee be increased from seven to nine members which would include a member of each from Carson City and Storey County. This contract would be for a period of 55 years if the system development plan were approved. If no plan were approved, it would expire on July 1, 1983. The only surviving clause would be the agreement that the State shall furnish Carson City with 150 acre feet of water annually.

Mr. Don Hataway testified in support of Senate Concurrent Resolution No. 44. He noted the contract had involved much work by all parties involved.

Senator Lamb asked why 20 years were necessary to pay the debt off. Mr. Hataway said the contract was flexible in the sense that it was felt that a bond issue would be passed to do all of the improvements at which time that amount would be rolled into it. That could happen within the two to three year period.

Senator Wilson, referring to page 5, paragraph C, of the contract, "the State is obliged to supply all water available", asked if there were any limitations upon that obligation. Mr. Greenhalgh indicated the limitations were that it was felt the water was there, available, and the State could still fulfill their prior commitments. Senator Wilson wondered what would happen if there were a disagreement over how much water there was, going from a wet year to a dry year.

The committee requested, at a further hearing of this resolution, that the State Engineer be present.

Mr. Greenhalgh, in response to Senator Wilson's question, said someone had to be in the position of making a determination as to whether or not there was felt to be sufficient water there. Senator Wilson remarked that he did not want this project pre-programmed to get into a district court. The language as presently stated in paragraph C would do that, he felt.

There being no further business, the meeting adjourned at 10:30 a.m.

Respectfully submitted by:

  
Candace L. Chaney, Secretary

APPROVED BY:

  
Senator Floyd R. Lamb, Chairman

DATE: May 11 - 81

SENATE AGENDA

COMMITTEE MEETINGS

Committee on FINANCE, Room 231.  
Day (SEE BELOW), Date (SEE BELOW), Time 8:00 a.m.

MONDAY, APRIL 27, 1981

1. A. B. No. 50 - Creates position of specialist for child abuse and neglect. (Assemblyman Coulter, Ace Martell)
2. A. B. No. 228 - Relieves court administrator of duties of secretary of commission on judicial discipline. (Mike Brown, Guy Schippler)
3. A. B. No. 274 - Makes certain administrative changes in State Purchasing and increases amounts which may be paid for automobiles.
4. A. B. No. 358 - Changes name and increases amount of fund administered by Purchasing Division of Department of General Services.
5. A. B. No. 355 - Removes limitation on salaries of classified state employees based on salaries of their immediate supervisors. (J. Wittenburg)
6. S. B. No. 24 - Establishes demonstration program of teacher internships. (Ted Sanders)
7. S. B. No. 123 - Create council for seismic safety and makes various additions to law relating to seismic safety.
8. S. B. No. 460 - Authorizes Department of Transportation to use appropriations from state general fund to match federal money for certain projects. (Al Stone)
9. S. B. No. 561 - Provides balance for working capital for central data processing fund. (Gordon Harding)
10. S. B. No. 562 - Makes appropriation for addition to junior livestock pavilion on Nevada State Fairgrounds. (Senator Getto)
11. S. B. No. 564 - Makes appropriation to Rural Nevada Development Corporation. (Senator Blakemore)
12. S.C.R. No. 44 - Approves contract concerning Marlette Lake water system. (Senator Jacobsen)
13. S. B. No. 572 - Provides increases in certain industrial insurance benefits.

TUESDAY, APRIL 28, 1981

1. Meeting with Board of Prisons Commissioners - 9:00 a.m.

WEDNESDAY, APRIL 29, 1981

1. Closing of Budgets.

THURSDAY, APRIL 30, 1981

1. Closing of Budgets.

FRIDAY, MAY 1, 1981

1. S. B. No. 425 - Increases number of district judges in eighth judicial district.
2. S. B. No. 442 - Provides salary to district judges for serving as ex-officio trustees of law library and for their availability to sit on supreme court.
3. S. B. No. 565 - Requires state to pay employee contributions to public employees' retirement system for justices and district judges who remain members.

SENATE COMMITTEE ON FINANCE

DATE: APRIL 27, 1981

PLEASE PRINT NAME	PLEASE PRINT ORGANIZATION & ADDRESS	PLEASE PRINT TELEPHONE
LaVonne Frost	STATE PTA - ABSO	883-3357-
TOM STEPHENS	NV SOCIETY OF PROFESSIONAL ENGINEERS	323-1011
John Bonall	" " " "	747-1418
Joyce Woodhouse	Nev St. Educ Assoc	882-5574
W.E. HANCOCK	PUBLIC WORKS BOARD	4870
BOB GAQUIER	SNEA	882-3910
TED SANDERS	DEPT OF EDUC	885-5700
Colene Martin	Citizen	882-0449
Paul Sullivan	Purchasing Dir	885-4070
Bob Ulrich	4th Gen	4061
Bruce Greenhalgh	General Services	4074
JUD ALLEN	NEVADA STATE FAIR BOARD	786-3130
DAVID DREW	" " " "	785-4306
Jim Thornton	NEVADA STATE FAIR BOARD	252-6159
BING DICKIE	Dept of Human Resources	885-4730
JOHN HAWKINS	NV. STATE FAIR BOARD	
Jim Lott	Pres. Dir.	885-4050
MIKE BROWN	Admin. Dir. of the Fair	885-4050
JOHN CAMPOS	RURAL NEVADA DEVELOPMENT	482-3054
JOHN STRIS	WNE	885-4070
LV SMITH	NEV. DIV OF FORESTRY	885-4350
Bill Johnson	" " " "	849-2510
JOHN MEDER	STATE FAIR	885-4301
Paul Harris	Citizen	883-6415
Jack Warncke	Carson City, 101 E. Anne Street, cc.	882-5114
Harold Jacobsen	CARSON CITY MAYOR	" "

GENE McLIGAN, NEV. ASSESSOR, & REGISTRAR JUL 27 1983

1/81:cf

April 27, 1981

Dear Chairman and Members of the Senate Finance Committee:

Attached please find a copy of the Nevada Parent Teacher Association position on AB 50 which was presented verbally at this mornings session.

In response to Senator Echols request, the Nevada State Parent Teacher Association submits the following guidelines for funding AB 50.

A professional salary is definitely needed and that salary should not be a beginning professional salary. A person with experience is needed to evaluate this program and a \$25,000.00 annual salary is suggested. This position requires traveling around the state and \$3,000.00 annually is suggested for travel and office expenses. A \$5,000.00 annual figure is suggested for part-time clerical assistance.

However, please note that the Nevada Parent Teacher Association feels a greater commitment to AB 50 than to the dollar amount.

If this dollar amount is unreachable, we suggest that existing clerical personnel might share the responsibility for this position.

If you have any other questions or would like further input please feel free to phone LaVonne Frost -- 883-3357 (office) or 883-5755 (home).

llf:ms

cc: Senator McCorkle  
" Senator Jacobsen  
" Senator Glaser  
" Senator Lamb  
" Senator Gibson  
" Senator Wilson  
" Senator Echols  
" Assemblyman Steve Coulter  
" Ron Sparks, Fiscal Analyst  
" Secretary



\*\*\*\*\*

I'm LaVonne Frost speaking for the Nevada Parent Teacher Association and its 29,000 members across the State.

\*\*\*\*\*

Mr. Chairman and Members of the Committee:

The Nevada Parent Teacher Association has long been concerned about the social problem of child abuse. Ann Lynch, our State President, has been a member of the Legislative Subcommittee on the study of child abuse services since the last legislative session. Your subcommittee findings included the knowledge that services for the abused child were varied, overlapping and not well orchestrated. AB50 addresses that concern, providing for a professional to evaluate existing programs and to return with alternatives which would correct and improve services within the State.

The Nevada Parent Teacher Association strongly encourages this Committee to support AB50 and recommend its passage. Beyond that request we are concerned about one detail. It seems the budget provides less than one-half (1/2) of the money originally requested for this Bill. Since this Bill has a termination date after twenty-four (24) months and the resulting recommendations will be long lasting and statewide, we would encourage you to give extensive attention to the funding of this position. It seems appropriate to make a strong initial investment in the specialist position, to insure the quality of recommendations you expect.

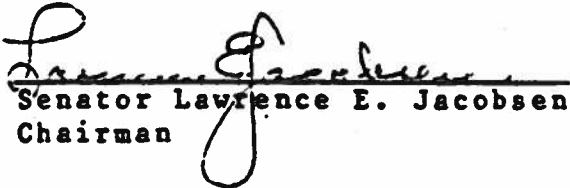
Thank you for your attention to a matter that is of vital interest to concerned parents across the State of Nevada.

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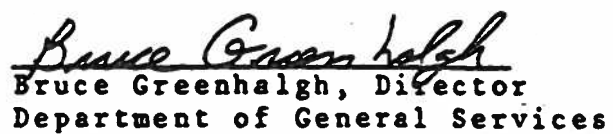
RESOLVED UNANIMOUSLY BY THE MARLETTE LAKE WATER SYSTEM ADVISORY COMMITTEE, at their meeting held on Friday, April 10, 1981, That this committee declares it has reviewed the Marlette Lake Water System Contract, a copy of which is annexed to this statement and recommends that this contract be submitted to the interim finance committee on this day, 27th day of April, 1981.

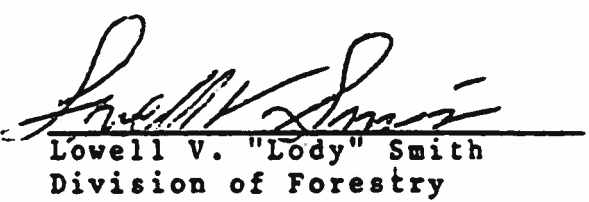
MARLETTE LAKE WATER SYSTEM ADVISORY COMMITTEE MEMBERS:

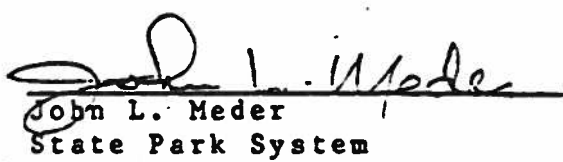
  
Senator Lawrence E. Jacobsen  
Chairman

  
Assemblyman Alan H. Glover  
Vice Chairman

\_\_\_\_\_  
A. Jack Dieringer  
Department of Wildlife

  
Bruce Greenhalgh, Director  
Department of General Services

  
Lowell V. "Lody" Smith  
Division of Forestry

  
John L. Meder  
State Park System

  
Arthur J. Palmer, Director  
Legislative Counsel Bureau

RESOLUTION


WHEREAS, Section 9 of chapter 681, Statutes of Nevada 1975, as amended by chapter 604, Statutes of Nevada 1979, at page 1300, requires the direction of the department of general services to consult with the Marlette Lake water system advisory committee before entering into the contract with Carson City which is contemplated by those statutes; and

WHEREAS, The director has so consulted and the committee has reviewed the proposed contract and finds it acceptable; and


WHEREAS, The provision of the cited statutes for approval of the contract by the interim finance committee could cause delay because that committee cannot exercise that power while the legislature is in session; now, therefore, be it

RESOLVED BY THE MARLETTE LAKE WATER SYSTEM ADVISORY COMMITTEE, That this committee declares it has reviewed the Marlette Lake Water System Contract, a copy of which is annexed to this resolution, and recommends that this contract be submitted to the legislature for approval by concurrent resolution, or if not so approved before the final adjournment of the present session, to the interim finance committee for its approval as originally provided.

Adopted this 10<sup>th</sup> day of April, 1981.

  
Lawrence E. Jacobsen  
Chairman

Attest:

  
Arthur J. Palmer  
Secretary

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MARLETTE LAKE WATER SYSTEM CONTRACT

This is a contract made and entered the date last appearing, by and between the STATE OF NEVADA, acting through its Department of General Services (hereinafter called "STATE") and CARSON CITY, a consolidated municipality of the State of Nevada.

RECITALS:

1. STATE owns rights to water generated in the Marlette Lake, Hobart Reservoir and East Slope drainage areas and the appurtenances necessary to collect, transmit, store, treat and distribute such waters, all of which has been defined by the Legislature as the Marlette Lake Water System.

2. From this source, STATE is obligated to provide water for the present and future needs of State of Nevada buildings and grounds and, under contract, to deliver certain quantities of water to Storey County and other entities.

3. State of Nevada also maintains a trout brood stock and spawn taking facility in Marlette Lake and administers watershed lands of significant natural and cultural value.

4. CARSON CITY suffers a severe and critical shortage of water which vitally affects the welfare of all residents in the area.

5. Water from the System, as it now exists and as it may be improved, can be made available to CARSON CITY without detriment to prior rights and obligations.

6. Both STATE and CARSON CITY maintain water distribution systems within Carson City which are frequently parallel and cross connected and which could be consolidated into a single system with gains in efficiency, economy and security.

7. The execution of a contract by the parties for the supplying of water to CARSON CITY by STATE from the Marlette Lake

2065

1 Water System and the supplying of water to State of Nevada build-  
2 ings and grounds by CARSON CITY from all sources is necessary and  
3 will be beneficial to both parties.

4 W I T N E S S E T H:

5 NOW, THEREFORE, in light of the foregoing recitals and  
6 in consideration of the mutual undertakings set forth below, the  
7 parties agree as follows:

8 I. BASIC CONSIDERATIONS:

9 A. STATE is the owner of record of permits, claims of  
10 vested rights, and decreed rights relating to waters of the  
11 Marlette Lake Water System which are filed with the Office of the  
12 Nevada State Engineer under the following numbers:

13 02419, 24876, 24877, 30895, 30896 and 15973.

14 B. From a series of studies of the Marlette Lake Water  
15 System submitted in November, 1974, February, 1979, May, 1979,  
16 and February, 1980 by Wateresource Consulting Engineers and  
17 Montgomery Engineers, the parties adopt as a preliminary inventor  
18 the following quantities of water potentially available:

- 19 1. Hobart Drainage - 2660 acre feet annual yield.
  - 20 2. East Slope Drainage - 320 acre feet annual yield.
  - 21 3. Marlette Lake - 2570 acre feet annual yield
- 22 available for transfers from the Lake without  
23 interference to trout brood and spawn.

24 C. The present water requirements of State of Nevada for  
25 its own consumption in buildings and grounds in Carson City and  
26 as a reserve for future growth reflect a total of 1050 acre feet  
27 annually as follows:

- 28 1. Consumption from the Marlette Lake System: 300  
29 acre feet per year;
- 30 2. Consumption from Carson City resources: 150 acre  
31 feet per year;
- 32 3. Reserve for growth from the System: 600 acre feet

1 per year.

2 D. The acquisition of water outside of the Marlette Lake  
3 Water System by either party shall not diminish or otherwise  
4 affect the reserve designated above.

5 E. The parties acknowledge that STATE is obligated by  
6 contract or otherwise to deliver a maximum of 823.41 acre feet  
7 per year of water from the System to the following entities:

- 8 1. Storey County: 500,000 gpd (560.07 ac.ft. annually)
- 9 2. Lakeview Water Co.: 55,500 gpd (62.16 ac.ft.  
10 annually)
- 11 3. Laxalt Estate: 1.5 mgpy (4.6 ac.ft. annually)
- 12 4. Grant Weise: 175,500 gpd (196.58 ac.ft. annually)

13 F. Nothing in this Contract is intended to supersede or  
14 affect these or any other pre-existing obligations.

15 G. Nothing in this Contract shall supersede, subordinate or  
16 otherwise diminish the responsibility of the State Engineer in  
17 determining water rights for the Marlette Lake Water System  
18 according to law.

19 H. The parties acknowledge the decision of the Nevada  
20 Supreme Court in Franktown vs. Marlette, 77 Nev. 348, 364 P.2d  
21 1069 (1961); nothing in this contract is intended to derogate the  
22 law of that case.

23 I. The parties recognize the direction of the Legislature  
24 (Chapter 532, Statutes of Nevada, 1977) as expressed in the "Marle  
25 Hobart Management Plan".

26 J. In this Contract the parties endeavor to give force and  
27 effect to the expression of the legislation in Chapter 681,  
28 Statutes of Nevada, 1975, and Chapter 604, Statutes of Nevada,  
29 1979. Questions of construction should be resolved in light of  
30 those enactments.

31 II. IMPROVEMENTS:

32 A. For CARSON CITY to realize long term benefits from this

1 Contract, it is necessary that the collection, storage and trans-  
2 mission capabilities of the Marlette Lake Water System be signifi-  
3 cantly improved. In this regard, the parties recognize the  
4 choice of the Legislature expressed as the "Hobart Alternative",  
5 which includes a significant enlargement of the existing storage  
6 capacity of the reservoir on Hobart Creek.

7 B. Upon execution of this Contract, CARSON CITY shall begin  
8 preparation of a comprehensive plan of improvements. Components  
9 of the plan shall include engineering design and specifications,  
10 a construction timetable, costs, hydrological and environmental  
11 data, and the manner and feasibility of financing, including  
12 financing through the State of Nevada and reimbursement by CARSON  
13 CITY. The plan shall also include criteria for the operation and  
14 maintenance of the System after improvements called for in the  
15 plan are made.

16 C. It is understood by the parties that the plan must be  
17 reviewed by the Marlette Lake Water System Advisory Committee and  
18 approved by STATE, State Public Works Board, Interim Finance  
19 Committee or the Legislature itself, the Governor, and, if State  
20 of Nevada issued bonds are to be approved, by the State Board of  
21 Examiners before construction can begin. It is therefore essential  
22 that all affected agencies of the State of Nevada, including the  
23 State Engineer, cooperate with CARSON CITY in formulating a  
24 feasible plan.

25 D. It is the intent of the parties that construction of  
26 improvements of the "Hobart Alternative" shall begin on or before  
27 June 30, 1983.

### 28 III. SYSTEM RESPONSIBILITIES UPON EXECUTION

29 A. Upon execution of this Contract, the parties will retain  
30 such proprietary and operational responsibilities as presently  
31 exist with STATE maintaining the Marlette Lake Water System and  
32 making deliveries of water as it deems proper.

1           B. Upon execution, STATE shall supply CARSON CITY 150 acre  
2 feet of potable water per annum from the Marlette Lake Water  
3 System, this quantity being equal to the quantity now supplied by  
4 CARSON CITY from other sources to buildings and grounds owned by  
5 the State of Nevada.

6           C. Upon execution, STATE shall further supply all water  
7 available in the Marlette Lake Water System to CARSON CITY as  
8 CARSON CITY may, from time to time, request and which STATE  
9 reasonably determines, from time to time, is in excess of that  
10 necessary for STATE to fulfill water commitments pre-dating this  
11 Contract. Delivery of water under this provision will occur only  
12 after CARSON CITY has received the 150 acre feet provided above.

13           D. It is expressly understood that aside from the 150  
14 feet per annum, STATE is not obligated to supply CARSON CITY with  
15 any fixed amount of water or any water at all if STATE determines  
16 that excess water is not reasonably available.

17           E. Diversions from the Marlette Lake Water System to CARSON  
18 CITY shall be made at a place or places mutually convenient to the  
19 parties but STATE shall have final responsibility for determining  
20 reasonable locations and means.

21           F. CARSON CITY shall provide, place or construct any means  
22 of diversion or shall pay STATE to accomplish diversions as STATE  
23 determines; CARSON CITY shall further provide and place or pay  
24 STATE to provide and place such meters as are reasonably necessary  
25 to monitor flows of water supplied CARSON CITY.

26           G. Deliveries of water are contemplated by the parties at  
27 some point after treatment of the water at the STATE facility in  
28 Ash Canyon and, additionally, at some point before treatment  
29 which may be useful to CARSON CITY in determining the feasibility  
30 of, and accomplishing recharge of, the underground water basin of  
31 the Eagle Valley.

32           H. At anytime CARSON CITY requests delivery of water for

1 purposes of recharge of the underground water basin, CARSON CITY  
2 shall indemnify and hold the State of Nevada free of harm or  
3 liability which may arise from any delivery accomplished by STATE  
4 in response to that request.

5 I. Deliveries of water shall be accomplished at reasonable  
6 times and rates requested by CARSON CITY and the parties shall  
7 endeavor to establish a system of communication in this regard  
8 which will best serve the changing needs of CARSON CITY without  
9 undue hardship on STATE.

10 J. STATE shall not commit to supply any other persons or  
11 entities with water from the Marlette Lake Water System for any  
12 significant term without first offering such a commitment to  
13 CARSON CITY on similar terms; in the event, however, flowage in  
14 the System exceeds both the needs of STATE and of CARSON CITY at  
15 any given time, STATE may temporarily divert such flowage to any  
16 other use.

17 K. STATE shall, when it deems practical and upon request of  
18 CARSON CITY, cause the transfer of water by pump or other means  
19 from Marlette Lake to the eastern slope portion of the System,  
20 but it is understood that no such transfers shall occur under  
21 circumstances which may disrupt the spawning activities of trout  
22 brood stock or cause the surface level of the Lake to fall more  
23 than three (3) feet below the top of the spillway of the existing  
24 dam.

25 L. CARSON CITY shall pay STATE for water in a manner  
26 convenient to STATE and at the following rates:

- 27 1. for treated water: \$0.30 per 1,000 gallons
- 28 2. for raw water diverted at the specific request  
29 of CARSON CITY: \$0.16 per 1,000 gallons
- 30 3. As a surcharge to the prices stated above, for  
31 water transferred from Marlette Lake to the eastern  
32 slope of the System at the request of CARSON CITY:



1  
2 the actual cost of transfer calculated on a unit  
3 basis per 1,000 gallons.

4 M. The prices recited above are recognized by the parties  
5 as a reasonable reflection of the present costs of System main-  
6 tenance and water delivery. However, upon service of 30-day  
7 written notice to CARSON CITY, STATE may reasonably change price  
8 to reflect changes in cost.

9 IV. LONG-TERM SYSTEM RESPONSIBILITY

10 A. No existing ownership interests in real property or in  
11 water rights are affected by this Contract.

12 B. Upon the initiation of construction, STATE shall retain  
13 full proprietary and operational responsibility of the System as  
14 it presently exists and as it may be modified in furtherance of  
15 this Contract, from the inlet of the raw water storage reservoir  
16 at the treatment plant in Ash Canyon and above. If diversions  
17 from the System to CARSON CITY above the treatment plant appear  
18 useful, STATE may grant operational responsibility to CARSON CITY  
19 at or near such diversions.

20 C. CARSON CITY shall retain full proprietary and opera-  
21 tional responsibility for its existing water rights, works and  
22 systems and those it might hereafter acquire or develop outside  
23 of the Marlette Lake Water System.

24 D. Upon initiation of construction, CARSON CITY shall  
25 assume operational but not proprietary responsibility for the  
26 Marlette Lake Water System at the inlet of raw water storage at  
27 the treatment plant in Ash Canyon.

28 E. Upon initiation of construction, CARSON CITY shall  
29 assume full responsibility for the delivery of potable water to  
30 all State of Nevada consumers presently served by the Marlette  
31 Lake Water System at or below the treatment plant. CARSON CITY  
32 shall also serve new State of Nevada consumers to the extent of  
STATE's reserve provided all costs directly attributable to

1 connecting service shall be borne by The State of Nevada.

2 F. Upon assuming responsibility for delivery, it is ex-  
3 pressly understood that at CARSON CITY's option, exercised from  
4 time-to-time, all or any part of the existing STATE distribution  
5 system below the treatment plant may be utilized and maintained,  
6 or that all or any part of the system may be removed, modified or  
7 abandoned. Upon termination of this Contract, CARSON CITY shall  
8 warrant continued delivery of water to then existing State of  
9 Nevada consumers and to new State of Nevada consumers provided:

10 1. STATE shall supply water of adequate quantity and  
11 quality to the delivery system.

12 2. State of Nevada pays reasonable rates for operation  
13 and maintenance.

14 3. The cost of labor and materials solely and directly  
15 attributable to serving new State of Nevada consumers is borne by  
16 the State of Nevada.

17 G. Each party grants to the other party, upon prior notice  
18 and consent, which shall not be unreasonably withheld, license to  
19 go upon the land of the other party to conduct inspections, sur-  
20 veys, construction, maintenance, repair or other work necessary  
21 to accomplish the sense of this Contract.

22 H. Routine maintenance and repair shall be accomplished by  
23 the party holding operational responsibility for the affected  
24 portion. Ultimate final control and approval of any improvement,  
25 construction or modification, except as provided in subparagraph  
26 F, shall rest in the party holding proprietary responsibility for  
27 the affected portion.

28 V. WATER TREATMENT

29 A. The water treatment facility completed by STATE in Ash  
30 Canyon in December, 1979, at a cost of \$958,077, was designed and  
31 built with an enlarged capacity in anticipation of this Contract.  
32 Upon assuming operational responsibility for the treatment plant,

1 CARSON CITY shall become indebted to STATE in the amount of  
2 \$360,495 less that amount, ascertained using standard accounting  
3 principles, paid by CARSON CITY to STATE (for water sold by STATE  
4 to CARSON CITY) intended to amortize the Water Treatment Plant in  
5 Ash Canyon which represents CARSON CITY's share of the enlarge-  
6 ment over and above STATE's predicted needs.

7 B. In retirement of this sum CARSON CITY shall pay STATE:

8 1. Interest on the outstanding balance at the rate of  
9 seven percent (7%) per annum, which shall begin to accrue upon  
10 assumption of operational responsibility.

11 2. The entire sum of principal and interest outstand-  
12 ing in a single payment upon the issuance of a bond, or bonds,  
13 for that purpose, or at an annual rate calculated to retire the  
14 principal and interest within 20 years.

15 C. Further, each year for forty (40) years following the  
16 assumption of operational responsibility, CARSON CITY shall pay  
17 STATE a sum calculated to retire all or part of the additional  
18 amount of \$597,582 plus interest if CARSON CITY shall actually  
19 treat more than CARSON CITY's share of 490,100 gallons of water  
20 per day in addition to that amount of treated water supplied to  
21 STATE. The additional amount owed each year shall be calculated  
22 over the course of the year at .05 dollars per thousand gallons.

23 D. CARSON CITY, upon assumption of operational responsi-  
24 bility, may process water from sources other than the Marlette  
25 Lake Water System through the treatment plant so long as capacity  
26 is available without loss or reasonable potential for loss of  
27 System water.

28 E. CARSON CITY may expand treatment capacity on the pre-  
29 sent facility site, as it deems necessary, after assuming opera-  
30 tional responsibility, provided STATE retains the right of design  
31 approval, construction oversight and water treatment plant usage  
32 allocation of such expanded capacity, and STATE may, at its sole

1 option, participate. STATE and CARSON CITY shall have, respec-  
2 tively, the same rights of expansion and participation.

3 VI. WATER DELIVERY

4 A. Upon initiation of construction, CARSON CITY will  
5 assume responsibility for the delivery of potable water as pro-  
6 vided in paragraphs IV (E) and (F).

7 B. Upon initiation of construction and after receipt of  
8 reasonable notice, STATE shall deliver to CARSON CITY at the  
9 inlet of the raw water storage reservoir above the treatment plant  
10 and such other places as the parties may agree, all water avail-  
11 able in the System that CARSON CITY may, from time to time,  
12 request. "All water available" shall be defined as all waters  
13 naturally collected, diverted and transported in the existing  
14 System or as it may be improved in furtherance of this Contract,  
15 diminished in the amount necessary for delivery under prior con-  
16 tracts and for the maintenance of the trout brood stock and spawn  
17 taking facility. It is expressly agreed that water may not be  
18 withdrawn or removed from Marlette Lake itself, whenever the  
19 level of the Lake is at or below an elevation three (3) feet  
20 below the top of the spillway of the existing dam.

21 C. Failures of delivery by either party due to accident,  
22 disaster or otherwise are forgiven provided all reasonable steps  
23 are taken to restore services as soon as possible.

24 VII. PAYMENT FOR WATER

25 A. After CARSON CITY assumes responsibility for all such  
26 deliveries, STATE shall pay CARSON CITY for all water delivered  
27 to State of Nevada buildings and grounds at the lowest rate  
28 charged by CARSON CITY to any water consumer in Carson City, less  
29 that portion of the rate charged which amortizes CARSON CITY's  
30 cost of fulfilling the obligations of this Contract.

31 B. After assuming operational responsibility for the treat-  
32 ment plant, CARSON CITY shall pay STATE for all water delivered

1 at the inlet of the raw water storage reservoir or elsewhere at  
2 the same rate provided in paragraphs III(L) and (M) or that rate  
3 charged other entities buying water from the System save and  
4 except that the rate charged CARSON CITY may be increased by  
5 STATE in an amount calculated to offset the additional expenses  
6 incurred by STATE in operating and maintaining the System which  
7 are directly attributable to the improvements to the System as a  
8 result of this Contract. CARSON CITY shall be obligated to pay  
9 STATE annually for a minimum amount of water equal to the amount  
10 actually used by the State of Nevada buildings and grounds during  
11 the same period plus 40,000,000 gallons whether or not that  
12 amount is actually accepted or used by CARSON CITY.

13 C. The rate paid by CARSON CITY together with income realized  
14 by STATE from other entities buying water from the System, is  
15 intended to defray the costs of water collection and transmission  
16 experienced by STATE in managing the System.

17 D. Meters and comprehensive records of water flow shall be  
18 maintained at all appropriate points along the System.

19 E. Timing and place of submission for billings shall be  
20 established for mutual convenience.

21 VIII. TERM

22 A. This Contract shall remain in full force and effect for  
23 a term of fifty-five (55) years.

24 B. It is acknowledged by the parties that CARSON CITY, upon  
25 completion of its comprehensive plan for improvements, may conclude  
26 that construction of all components of the "Hobart Alternative"  
27 including the significant enlargement of a Hobart Creek storage  
28 reservoir, cannot or should not be accomplished or that the  
29 authorized limit for bonding is insufficient. In such case, it  
30 is the intent of CARSON CITY to seek appropriate change from the  
31 Legislature during the session scheduled to begin in January,  
32 1933, or before. With this in mind the parties agree that if

1 construction pursuant to an approved plan, or legislative change,  
2 does not occur prior to July 1, 1983, this Contract shall become  
3 null and void except as provided immediately below.

4 C. In the event the contract fails as provided immediately  
5 above, the provisions found in paragraphs III(B), (E), (F), (G),  
6 (H) (I), (K), (L) and (M), relating to the delivery by STATE of  
7 150 acre feet of water to Carson City, shall survive such termina-  
8 tion and have force and effect for a term of fifty-five (55)  
9 years.

10 D. Upon expiration of this Contract or upon termination for  
11 reason other than a substantial default by CARSON CITY or for  
12 reason other than an expiration in accordance with Paragraph VIII<sup>th</sup>  
13 (B), STATE grants to CARSON CITY the right of first refusal to  
14 purchase water from the System at the same price and upon the  
15 same terms as STATE may offer some other purchaser.

16 IX. MISCELLANEOUS

17 A. Upon initiation of construction, the parties shall seek  
18 legislative expansion of the Marlette Lake Water System Advisory  
19 Committee from seven to nine members to include one member each  
20 from Carson City and Storey County.

21 B. The parties shall investigate the practicality of genera-  
22 ting power through a hydroelectric project on the Marlette Lake  
23 Water System, subject to the following conditions:

- 24 1. Costs and benefits will be shared;
- 25 2. Water will not be diverted to produce power which  
26 will reduce water deliveries from the System.

27 C. Except for lands purchased under the Federal Land and  
28 Water Conservation Fund Program, recreational or other use of the  
29 lands of the Marlette Lake Water System land shall remain subor-  
30 dinate to its primary function as watershed as provided in the  
31 "Marlette-Hobart Management Plan" developed in accordance with  
32 Chapter 532, Statutes of Nevada, 1977.

1 D. The provisions of this Contract shall be binding on the  
2 successors or assigns of the parties.

3 E. Nothing in this Contract shall be construed to preclude  
4 future renegotiations of any or all provisions.

5 IN WITNESS, the parties and the participating and  
6 reviewing authorities affix their signatures as follows:

7 FOR CARSON CITY:

8 Approved for form:

9 \_\_\_\_\_  
10 David B. Small  
District Attorney

CARSON CITY BOARD OF SUPERVISORS

11 Attest:

By \_\_\_\_\_  
Harold J. Jacobsen  
Mayor

12 \_\_\_\_\_  
13 Ted P. Thornton, Clerk

14 FOR STATE OF NEVADA:

15 Approved for form:

STATE OF NEVADA  
DEPARTMENT OF GENERAL SERVICES

16 RICHARD H. BRYAN  
Attorney General

By \_\_\_\_\_  
Bruce Greenhalgh  
Director

17 By \_\_\_\_\_  
18 Robert H. Ulrich  
Deputy Attorney General

19  
20 APPROVED AND MADE EFFECTIVE

21 THIS \_\_\_\_\_ day of \_\_\_\_\_, 1981

22 \_\_\_\_\_  
23 Robert List  
Governor

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