

MINUTES OF THE  
MEETING OF THE SENATE COMMITTEE  
ON GOVERNMENT AFFAIRS

SIXTY-FIRST SESSION  
NEVADA STATE LEGISLATURE  
April 1, 1981

The Senate Committee on Government Affairs was called to order by Chairman James I. Gibson, at 2:00 p.m., Wednesday, April 1, 1981, in Room 243 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator James I. Gibson, Chairman  
Senator Jean Ford, Vice Chairman  
Senator Keith Ashworth  
Senator Gene Echols  
Senator Virgil Getto  
Senator James Kosinski  
Senator Sue Wagner

GUEST LEGISLATORS:

Senator Lawrence Jacobsen  
Assemblywoman Peggy Westall

STAFF MEMBER PRESENT:

Anne Lage, Committee Secretary

SENATE BILL NO. 422

Makes civil defense and disaster agency a division of department of military.

Adjutant General William Engel, Nevada National Guard, testified this legislation would provide better support for the state's Civil Defense program by making available to it personnel and equipment that currently was the responsibility of the military department. There would not be any additional expense involved as the Civil Defense was already housed in the same building as the military department.

Senator Keith Ashworth questioned the reasons why the rules and regulations that were adopted were subject to the approval of the Governor as this was not the customary procedure.

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Adjutant General Engel was not sure but he thought it might be because the Governor was Commander-In-Chief of the state militia.

Mr. Frank Daykin, Legislative Counsel, explained that the rules and regulations would have to be approved by the Governor before they could be adopted, but they would still be examined by the bill drafters when proposed and approved by the Legislative Commission.

Senator Getto moved "Do Pass" on Senate Bill No. 422.

Senator Keith Ashworth seconded the motion.

The motion carried unanimously.

ASSEMBLY BILL NO. 2

Increases number of trustees of Airport Authority of Washoe County.

Assemblywoman Peggy Westall testified that this bill would add one seat to the Airport Authority of Washoe County for Sparks. That would bring the representation up to eight; four for Reno, two for Sparks and two for Washoe County. There was no opposition to this bill as amended in the Assembly.

Debi Langston, City of Reno, testified that the City of Reno was in support of this bill as amended.

Mr. Robert Mandeville, Executive Director of the Airport Authority of Washoe County, testified in support of Assembly Bill No. 2.

Senator Kosinski inquired if the Authority had ever discussed the provision in section 6 dealing with the prohibition of elected office holders serving on the board.

Mr. Mandeville responded by saying that the board felt that the elected official approach would not be a step in a positive direction for the community needs in operating the airport. Mr. Mandeville did not believe an elected official would have the time to take on another position. He indicated the main drawback was time availability.

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Senator Kosinski moved "Do Pass" on Assembly Bill No. 2.

Senator Keith Ashworth seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 390

Provides for painting and display of portrait of governor during his term.

Ms. Turkey Stremmel, Restorer Stremmel Galleries, testified that she had the privilege of restoring all of the Governors' portraits for the state of Nevada. Ms. Stremmel proposed having the Governor's portrait painted while he was in office as he would be more accessible. She also stated that visitors would probably enjoy seeing a portrait of the current Governor.

Senator Ford observed that the language on lines 3 through 5 was not clear as to meaning. It could be interpreted that the Governor's portrait was only to be displayed during his term. Senator Ford suggested an amendment which would change the language to read, "The legislative commission may, upon the election of each (or new) governor, enter into a contract with an artist for the purpose of procuring a portrait of that Governor for display in the capital."

Senator Keith Ashworth moved "Amend and Do Pass" on Senate Bill No. 390.

Senator Wagner seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 421

Allows investment of surplus in certain offenders' funds.

Mr. Perry Comeaux, Assistant Director for the Department of Prisons, testified that the purpose of this bill was to allow the Director of the Department of Prisons, to deposit, with the state Treasurer, for investment, those inmate funds under his control. The interest from these funds would then be used for purchase of recreational equipment, library books and other items for the benefit of the offenders.

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Chairman Gibson inquired as to the amount of money involved. Mr. Comeaux replied that in the personal property fund there was probably around \$70,000 to \$80,000. In the prisoners' store fund there was around \$60,000.

Senator Wagner asked for an explanation of what "and other items for the benefit of the offenders" consisted of. Mr. Comeaux indicated that the prison system was also concerned about the chapter of the statutes which covered this. They felt it was too generally worded and they were presently drafting internal procedures that would more narrowly define "other items".

Senator Ford moved "Do Pass" on Senate Bill No. 421.

Senator Wagner seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 426

Directs restoration of appropriated water to Round Hill General Improvement District.

Senator Jacobsen, Prime Sponsor, testified that this bill dealt with a matter which needed immediate attention.

Mr. Steve McMorris, Douglas County Attorney representing the Round Hill General Improvement District, testified that this bill was a follow-up to Assembly Bill No. 503, the Tahoe Regional Planning Association compact. He stated that in 1979, the subdivision moratorium in the compact, for all intensive purposes, would bankrupt the Round Hill General Improvement District. The district has held 116 acres of land since 1974 which it had been trying to sell to satisfy a large bond of indebtedness. To avoid this a sentence was incorporated into that bill which allowed Round Hill to sell and subdivide this land. See Exhibit C.

Mr. McMorris explained that the Round Hill General Improvement District was insolvent at this time. However, they have an agreement pending with an investment group, Chapman General Hospital, for \$3.5 million dollars to establish a planned unit development. The county has approved the development,

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and it has been submitted to the T.R.P.A. for approval. The primary issue holding up approval is that they do not have adequate water. Mr. Frank Daykin, Legislative Counsel, was contacted and they decided that special legislation could be drafted which would correct this situation.

Ms. Carol D. Mast, consultant to the Round Hill General Improvement District, read an affidavit which presented the background of this issue. See Exhibit D.

In response to Senator Kosinski's question, Mrs. Mast stated that the 116 acres were received in settlement of a foreclosure action for special assessments that had not been paid.

Mr. Cliff Young, ex-Senator from Nevada, testified that the property had been owned by the Bourne family in the early sixties. He was their representative at that time. Originally there were about 600 to 800 acres. They developed a plan for building homes and commercial properties. One of the first developments was the Round Hill Shopping Center. During Governor Sawyer's term, the Bournes were informed that they could not use a septic system, but would have to use a sewer system. This was the reason for the creation of the Round Hill General Improvement District.

Bonds were sold totaling \$5 or \$6 million. The area was developed with roads, a sewer system and a water system. The plans for the development of the 2,500 homes were stopped by a series of moratoriums. One was by the state of Nevada which precluded the sale of the land. The interest on the bonds continued to increase and since the Bournes were not able to sell the lots, a default was declared and a lawsuit was filed against the Bournes. They countered with their own lawsuit against the district trying to obtain a reapportionment of certain special assessments. There was a settlement in 1974. The settlement included this 116 acres, plus certain other lands and also cash.

The bondholders filed suits with the district and federal courts. In the last session of the legislature, with proposals made to amend the compact, Mr. Young spoke in favor of an exception for the Round Hill General Improvement District. That exclusion was included in the language of the amendment to the bi-state compact in recognition of the inability to develop the land and sell it once a commitment had been made with the district.

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Mr. Young asked the committee to give this bill special consideration due to all the reasons he had mentioned.

Senator Kosinski asked Mr. Young if he had any knowledge of the water problem during the 1979 legislative session. Mr. Young stated that he did not.

Mr. Ken Kjer, Chairman Douglas County Board of Commissioners, testified that he felt Round Hill had special circumstances requiring special legislation. He stated that Douglas County was very concerned about the pending bankruptcy of the Round Hill General Improvement District. He indicated that he had talked with Congressman Santini to try to work out a way under the Santini-Burton legislation to sell this property, but discovered that it was not considered as "sensitive lands in the Tahoe Basin" and as such would not even qualify if there was funding available under the Santini-Burton legislation.

Recognizing the problems with the initial authorization for 1440 residential units, the development has now been reduced to 309 units. It was felt that this was the minimum amount a developer could build and still show a profit.

Mr. Kjer thought it better to first deal with the problem of the water which was currently authorized. He was concerned that they were only authorized to use 47 million gallons when in actuality they were using 65 million gallons.

Senator Gibson questioned Mr. Kjer as to the outstanding debt of the district. Mr. Kjer said it totaled around \$3.5 million dollars with interest. If they could sell to the Chapman Investment Group, it would become an operating district and would be able to pay its obligations.

Mr. Ron Alling, Attorney for the Chapman General Hospital, testified that the outstanding debt of the Round Hill General Improvement District was approximately \$3.2 million with accruing interest in excess of \$500 per day. He stated that when the initial agreement was reached between the Round Hill General Improvement District and his clients in 1979, at that time there was no knowledge of any water problems. When they did discover that they did not have the 76 gallons, and instead only 46 gallons, they began negotiations with an adjacent improvement district. Those negotiations failed to materialize.

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Mr. Roland Westergard, Director of the Department of Conservation and Natural Resources, testified that he was the state Engineer during the time when the water problems became apparent to the Round Hill General Improvement District.

Mr. Westergard explained that there was a very comprehensive procedure for the establishment of water rights in the state of Nevada. He indicated that Round Hill had followed those procedures. However, he wanted the committee to be aware that there were other improvement districts within the Tahoe Basin who were in need of water to meet future building plans. He specifically mentioned Incline Village General Improvement District and the Crystal Bay Development Company.

Mr. Westergard explained that this bill used the word "restore" on line 23 of page 1. This was to be distinguished between the language used in a February, 1980 action filed with the Supreme Court, whereby the Round Hill General Improvement District sought a mandamus to require the state Engineer to issue new permits to appropriate water in the Tahoe Basin. Although Mr. Westergard admitted that action did not relate to this bill, he felt it was important to consider if all possible remedies had been completely exhausted. Also, he stated that the Incline Village General Improvement District had filed to intervene in that action and their petition had been granted. Sierra Pacific Power Company and the Truckee Carson Irrigation District as downstream water users have decided to join the state's position in that action.

Another factor was the water compact which allocated the waters of Lake Tahoe and the stream systems between Nevada and California. Nevada received an allocation of 11,000 acre feet. Although that was not a large amount of water, Mr. Westergard indicated it should be adequate to serve the needs of the future. But, he stated that there were other permittees that had not yet had their water rights determined, and by virtue of maintaining their water rights in good standing were entitled to their portion of that allocation. He was concerned that if a precedent was established with this bill it might be used to reinstate or restore other water rights within the basin rather than waiting to see what allocations were provided in the interstate compact which is before Congress.

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Another matter was the Truckee River litigation. One of the reasons that the state Engineer had not acted on additional requests for appropriations in the Tahoe Basin was because of the possible impact on the state's position in this litigation.

Responding to questions by Senator Kosinski relating to whether a notice had been given stating that no extensions would be granted, Mr. Westergard replied that in 1972 that notice was given. He stated that in 1971 a notice was sent extending the time period to 1972 and that notice also included the provision that no further extension would be granted. Then in 1972, representatives of that district did file a request for extension and it was granted.

Senator Kosinski asked how much water was 212 million gallons in acre feet. Mr. Westergard replied that it would be about 630 acre feet.

Senator Wagner inquired what would happen to the water situation if this bill became a law. Mr. Westergard stated that presently 7000 acre feet was being used of the 11,000 acre feet which had been allocated. This allocation was dependent on the compact being ratified by Congress. Once the compact was ratified, then other districts' requests would have to be considered ahead of the Round Hill request. This bill would put Round Hill ahead of the others.

Senator Getto questioned what impact the appeal in the 9th Judicial Court would have if it was turned over, reopening the suit again on the Truckee River litigation. Mr. Westergard was concerned if this happened, because it would give the Pyramid Lake Indian Tribe first demand on the stream system. If this happened all appropriations which were granted last would be cut off first. He stated that the state did not want to be a party to giving anyone false assurances that by virtue of holding a water permit their future would be secure. If that case was lost, people would have to be cut back.

Mr. Les Berkson, General Counsel for the Incline Village General Improvement District, testified that they were sympathetic to this bill and would like to see Round Hill get some relief. He stated that they were in a similar situation, with the exception that they were not insolvent. He stated that they had 1300 parcels of land which could not be developed because of their shortfall of water. They need approximately



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500 acre feet more than their existing allocation.

Mr. Berkson stated that discussions with Mr. Frank Daykin, Legislative Counsel, indicated that the bill could be amended to include Incline Village General Improvement District. Mr. Berkson stated that he felt Incline Village had certain priorities by virtue of having made their requests for more water in 1969. He felt that recognition should be given to their district in the future.

Mr. Steve McMorris testified that the Round Hill General Improvement District did not want Incline Village General Improvement District to attach themselves to this bill as it was felt this would weaken the bill.

Chairman Gibson requested Mr. Frank Daykin to give his views on the possibility of including Incline Village in this bill. Mr. Daykin stated that to do this would weaken the case for the special act, both in terms of the Nevada Constitution and in terms of the compact.

Senators Getto, Echols, Kosinski and Wagner voiced concern over this bill. It was decided to give Senate Bill No. 426 further consideration.

SENATE BILL NO. 457

Requires legislative counsel to prepare memorandum concerning constitutionality of certain bills and joint resolutions.

Mr. Frank Daykin, Legislative Counsel, testified that currently, if a bill appears to be "fairly" unconstitutional, a letter was prepared and sent to the requestor of that bill. Under this bill a letter would be sent to each committee member.

Senator Kosinski questioned the language in Section 1, subsection 3. He felt that if an amendment was thought to be clearly unconstitutional, a memo to this effect should not only be attached to the amendment, but also sent to another person on the committee, perhaps the chairman of the committee.

Senator Ford moved "Amend and Do Pass" on Senate Bill No. 457.

Senator Wagner seconded the motion.

The motion failed to carry. (Senators Gibson, K. Ashworth, Kosinski and Echols voted "no".)

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ASSEMBLY BILL NO. 88

Provides for nomination of board members in improvement districts by primary elections.

Assemblyman David Nicholas, testified that the essence of this bill was to bring the laws that involve an election of improvement district trustees into line with the existent election laws in the state of Nevada.

The hearings on this bill originated in Incline Village. All those in attendance were in support of this bill. In the Assembly there was also a unanimous vote for this bill.

Senator Getto moved "Do Pass" on Assembly Bill No. 88.

Senator Keith Ashworth seconded the motion.

The motion carried unanimously.

BILL DRAFT REQUEST NO. 30.1119 (S.B. 489)

Provides for the use of certain surpluses to meet deficiencies in certain special assessments.

The committee agreed to submit this bill for committee introduction.

As there was no further business, the meeting was adjourned at 5:10 p.m.

Respectfully submitted by:

Anne L. Lage  
Anne L. Lage, Secretary

APPROVED BY:

James I. Gibson  
Senator James I. Gibson, Chairman

DATE: April 10, 1981

SENATE AGENDA

EXHIBIT A  
REVISED 3/27/81

COMMITTEE MEETINGS

Committee on Government Affairs , Room 243 .  
Day Wednesday , Date April 1 , Time 2:00 p.m. .

S. B. No. 422--Makes civil defense and disaster agency  
a division of department of military.

A. B. No. 2--Increases number of trustees of Airport  
Authority of Washoe County.

S. B. No. 390--Provides for painting and display of  
portrait of governor during his term.

S. B. No. 421--Allows investment of surplus in certain  
offenders' funds.

S. B. No. 426--Directs restoration of appropriated  
water to Round Hill General Improvement District.

Senator Jacobsen, Prime Sponsor

A. B. No. 88--Provides for nomination of board members  
in improvement districts by primary elections.

S. B. No. 457--Requires legislative counsel to prepare  
memorandum concerning constitutionality of certain bills  
and joint resolutions.

Frank Daykin, Legislative Counsel

ATTENDANCE ROSTER FORM

COMMITTEE MEETINGS

SENATE COMMITTEE ON GOVERNMENT AFFAIRS

DATE: April 1, 1981

EXHIBIT B

PLEASE PRINT NAME	PLEASE PRINT ORGANIZATION & ADDRESS	PLEASE PRINT TELEPHONE
DONALD DEHNE	STATE CIVIL DEFENSE COMPLEX	885-4240
Bill Engel	Military Dept	883-7111
Don Nicholas	Assemblyman (Testimony APR 88)	
Bruce Greenhalgh	Dept. of General Services	
Perry Snyder	City of Reno	
DEBI LADGOSTON	CITY OF RENO	785-2215
Roland Westergaard	DCNR	885-4360
Pete Worros		
Pat Schank	PCSD - LV	818-3811
BOB MANDEVILLE	AIRPORT AUTHORITY WASHOE Co.	785-2575
TURKEY STREMMEL	STREMMEL GALLERIES - RESTORER	786-0558
Kenneth McMillin	INCLINE VILLAGE GENERAL IMPROV. DIST.	832-1100
URMAN DANDALL	NEV. DIVISION OF WATER RESOURCES	895-4390
PERRY COMEAUX	DEPT. OF PRISONS - CARSON CITY	885-4466
Howl Bennett	Budget	
GP Etcheberry	New League of Cities	882-4221
LES BERKSON	INCLINE VILLAGE GEN IMP DIST	882-7618

plan is amended pursuant to subdivision (c) of Article V, or until May 1, 1983, whichever is earlier:

(1) Except as otherwise provided in this paragraph, no new subdivision, planned unit development, or condominium project may be approved unless a complete tentative map or plan has been approved before the effective date of the amendments to this compact by all agencies having jurisdiction. The subdivision of land owned by a general improvement district, which existed and owned the land before the effective date of the amendments to this compact, may be approved if subdivision of the land is necessary to avoid insolvency of the district.

(2) Except as provided in paragraph (3), no apartment building may be erected unless the required permits for such building have been secured from all agencies having jurisdiction, prior to the effective date of the amendments to this compact.

(3) During each of the calendar years 1980, 1981 and 1982, no city or county may issue building permits which authorize the construction of a greater number of new residential units within the region than were authorized within the region by building permits issued by that city or county during the calendar year 1978. For the period of January through April, 1983, building permits authorizing the construction of no more than one-third of that number may be issued by each such city or county. For purposes of this paragraph a "residential unit" means either a single family residence or an individual residential unit within a larger building, such as an apartment building, a duplex or a condominium.

The legislatures find the respective numbers of residential units authorized within the region during the calendar year 1978 to be as follows:

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1. City of South Lake Tahoe and El Dorado County (combined).....	252
2. Placer County.....	278
3. Carson City.....	-0-
4. Douglas County.....	339
5. Washoe County.....	739

(4) During each of the calendar years 1980, 1981 and 1982, no city or county may issue building permits which authorize construction of a greater square footage of new commercial buildings within the region than were authorized within the region by building permits for commercial purposes issued by that city or county during the calendar year 1978. For the period of January through April, 1983, building permits authorizing the construction of no more than one-third the amount of that square footage may be issued by each such city or county.

The legislatures find the respective square footages of commercial

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

DIVISION OF WATER RESOURCES

201 South Fall Street, Carson City, Nevada 89701

Address All Communications to  
The State Engineer, Division  
of Water Resources

December 19, 1972

General Improvement Dist.  
Box 976  
Payson Cove, Nevada 89448

Gentlemen:

This is to inform you that your Application for  
Extension of Time

          

Has been granted to \_\_\_\_\_, 19\_\_  
for filing of the \_\_\_\_\_

Has been granted to December 13, 19 78  
with the provision that no further extensions will be  
granted for filing the Proof of Eligibility

XXXXX

Very truly yours  
Peter G. Horrocks  
Office Engineer

PGM:ga

21393

December 13, 1973

Round Hill General Improvement District  
P. O. Box 976  
Zephyr Cove, Nevada 89448

Gentlemen:

The provisions of your permit with the above serial number to appropriate public waters of the State of Nevada requires you to file Proof of Beneficial Use

on or before December 13, 1973

Our records show that you have not filed said Proof and therefore your permit is in poor standing and subject to cancellation.

Unless the legally required proof or affidavit requesting an extension of time in which to file said proof is received and filed with the State Engineer within thirty (30) days of the date of this final certified notice, your permit will be cancelled.

*not mailed  
PBH  
12-13-73  
cm*

Very truly yours,  
ROLAND D. WESTERGARD  
State Engineer

RDW:cm

~~XXXXXX~~ FINAL NOTICE

CERTIFIED MAIL NO. 872061

Enclosures: Proof of Beneficial Use, Application for Extension of Time and Instructions.

Fee for filing Proof of Commencement, Proof of Completion and Proof of Beneficial Use \$1 each.

Fee for filing Request for Extension of Time \$5.

Address all communications to the State Engineer, Division of Water Resources.

396

AFFIDAVIT OF CAROL D. MAST

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STATE OF NEVADA        )  
                          )ss.  
COUNTY OF DOUGLAS    )

EXHIBIT D

CAROL D. MAST, being first duly sworn, deposes and says:

1. I was employed by the Round Hill General Improvement District from January 2, 1972 to January 31, 1981, as secretary and bookkeeper for the District, and, eventually, as District Manager. I am now consultant to the District.

2. As secretary of the District, I was aware of all the business of the District, including the litigation involving the District and the subject of water for the District. In fact, I prepared the forms that were submitted to the State Engineer in 1973 and 1974 concerning water.

3. The Round Hill General Improvement District completed its water system in 1966, and since that time the District has maintained its water system.

4. The District is insolvent at this time because of its inability to pay certain bonds.

5. The Round Hill General Improvement District, in order to cure its insolvent condition and to avoid bankruptcy has been trying to sell 116 acres of property, which it has owned since December 20, 1974. The Board of Trustees of the District signed an agreement with Chapman General Hospital in November of 1980, for the sale of the 116 acres for \$3,500,000.00. The agreement between the District and Chapman Hospital contains a close of escrow date of July 31, 1981. If we are unable to complete the sale of the 116 acres to Chapman General Hospital, the District will continue to be insolvent and will face



1 bankruptcy.

2           6. The District's agreement with Chapman Hospital  
3 contains one critical condition, and that is that the District  
4 must be able to provide adequate water supply to the 116 acres of  
5 land for the proposed development. At this time, because  
6 of the very limited amount of water allocated to the District, we  
7 cannot satisfy the condition in the agreement. At present, we  
8 serve an amount of water allocated to us annually by the State  
9 Engineer. Since 1974, the following amounts of water have been  
10 used annually:

11	1974	- -	55,223,900
12	1975	- -	56,394,200
13	1976	- -	62,404,740
14	1977	- -	62,350,500
15	1978	- -	63,055,900
16	1979	- -	68,906,200
17	1980	- -	71,059,400

18 The Department of Water Resources has been advised by us of the  
19 above amounts each year.

20           7. In late 1973, I assisted the then District Manager,  
21 I. L. MILLER, in the preparation of the District's proof of  
22 beneficial use which the State had advised us in 1972, must be  
23 filed by December 13, 1973. The forms sent to the District stated  
24 that we could not acquire any further extension of time concern-  
25 ing proof of beneficial use. See Exhibit "A".

26           8. In November 1973, the District's Permit Number  
27 21393, which was approved by the State Engineer on May 13, 1966,  
28 set forth a water appropriation for the District of 2.0 cubic  
feet per second, limited to 466 million gallons annually. As of  
the end of November 1973, the District was serving water to its  
customers in the amount of 47.594 million gallons annually.

1           9. Based on the notice from the State Engineer that  
2 no extension of time concerning proof of beneficial use would be  
3 allowed, the District prepared its proof of beneficial use, which  
4 stated the total amount of water being used at 47.594 million  
5 gallons annually.

6           10. On April 14, 1974, as a result of the District's  
7 proof of beneficial use, the State Engineer, Mr. Roland  
8 Westergard, reduced the District's water appropriation approxi-  
9 mately 90 percent, to 47.594 million gallons annually. While we  
10 did not realize it at the time, the District was immediately in  
11 non-compliance with the 47.594 million-gallon annual limitation  
12 when the State Engineer reduced the District's allocation.

13           11. I typed the Board meeting minutes during 1973 and  
14 1974, and there is no question that the District would have re-  
15 quested an extension of time if we had known that we could request  
16 an extension of time concerning the proof of beneficial use.  
17 However, I know, for a fact, that we were never advised in  
18 December 1973, nor in early 1974, that we could ask for such an  
19 extension. The District was not aware of the fact that it could  
20 have requested another extension until the summer of 1979, when  
21 we discovered, in researching the State Engineer's file concern-  
22 ing Permit Number 21393, that the State Engineer's Office was  
23 about to send the District a notice on December 13, 1973, which  
24 notice stated that we could seek an extension of time. Unfortun-  
25 ately, that notice was never sent to the District because on  
26 December 13, 1973, Mr. Miller hand delivered the proof of  
27 beneficial use to the State Engineer's Office. See Exhibit "B".  
28 Exhibit "B" shows that the extension notice was not mailed to the

1 District but was retained in the State Engineer's file regarding  
2 Permit No. 21393.

3 12. As shown by the above figures concerning our  
4 District's water use, the Round Hill General Improvement District  
5 is in a situation where not only are we unable to satisfy the  
6 water condition in the Chapman agreement, but, technically, we are  
7 serving water in excess of that allocated to us by the State.

8 13. It is clear that the Round Hill General Improvement  
9 District will not be able to complete the sale of the 116 acres of  
10 land to Chapman General Hospital unless the State Engineer is  
11 required to reinstate the water allocation that we had under  
12 Permit No. 21393 up until April 14, 1974. We have tried to  
13 acquire water from other sources, but no other water is available.

14  
15 Carol D. Mast  
16 CAROL D. MAST

17 SUBSCRIBED AND SWORN to before me  
18 this 1st day of April, 1981.

19  
20 Steven D. McMorris  
21 NOTARY PERMIT

