

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Third Session
March 15, 2005**

The Committee on Government Affairs was called to order at 8:12 a.m., on Tuesday, March 15, 2005. Chairman David Parks presided in Room 3143 of the Legislative Building, Carson City, Nevada, and, via simultaneous videoconference, in Room 4412 of the Grant Sawyer State Office Building, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Mr. David Parks, Chairman
Ms. Peggy Pierce, Vice Chairwoman
Mr. Kelvin Atkinson
Mr. Chad Christensen
Mr. Jerry D. Claborn
Mr. Pete Goicoechea
Mr. Tom Grady
Mr. Joe Hardy
Mrs. Marilyn Kirkpatrick
Mr. Bob McCleary
Mr. Harvey J. Munford
Ms. Bonnie Parnell
Mr. Scott Sibley

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblywoman Debbie Smith, Assembly District No. 30, Washoe County

STAFF MEMBERS PRESENT:

Susan Scholley, Committee Policy Analyst

Eileen O'Grady, Committee Counsel
Michael Shafer, Committee Attaché

OTHERS PRESENT:

Thomas Lean, Chairman, City of Sparks Charter Committee
Richard Daly, Member, City of Sparks Charter Committee
Douglas Karafa, Program Administrator, Clean Water Coalition,
Henderson, Nevada
Jennifer Stern, Bond Counsel, Clean Water Coalition, Henderson, Nevada
Dan Stewart, Member, Citizens' Advisory Committee, Clean Water
Coalition, Henderson, Nevada
Carole Vilardo, President, Nevada Taxpayers Association, Carson City,
Nevada
Kathy Ong, Partner, Hobbs, Ong, and Associates, Las Vegas, Nevada
Guy Hobbs, Managing Partner, Hobbs, Ong, and Associates, Las Vegas,
Nevada
Kurt Segler, Utility Services Director, City of Henderson, Nevada
Julie Chadburn, Compliance and Regulatory Affairs Administrator, Clark
County Water Reclamation District, Las Vegas, Nevada

Chairman Parks:

[Meeting called to order. Roll called.] Today, we have two bills in front of us. The first bill is Assembly Bill 164.

Assembly Bill 164: Amends Charter of City of Sparks to increase term of office of Municipal Judges. (BDR S-963)

Assemblywoman Debbie Smith, Assembly District No. 30, Washoe County:

This morning, I'm bringing you Assembly Bill 164, which is at the request of the Sparks Charter Committee. This bill will amend the charter of the City of Sparks to increase the terms of municipal judges. I have with me this morning two members of the charter committee. On my left is Mr. Tom Lean, who is the Chairman of the Charter Committee. Mr. Lean will present the bill to you and be available to answer any questions. On my right is Mr. Richard Daly, a Charter Committee member, who will also make remarks.

Tom Lean, Chairman, Sparks Charter Committee:

The Sparks Charter Committee meets prior to the legislative session each biennium, and after review of the charter-related issues, the Committee

proposed changes to the City's charter. The Committee then brings those items forward to the Legislature for their consideration. The Sparks Charter Committee is proposing a charter change lengthening the elected term of the Sparks Municipal Court judges. The City of Sparks is the last municipality in the state whose judges do not serve a six-year term. The Charter Committee is asking this Committee to change the City of Sparks Charter by establishing six-year elected terms for the judges, making the Sparks municipal judges' terms of office consistent with the other courts of the state. The bill language being presented today allows a new term to be in place for Department 2, beginning with the November 2006 cycle, and for Department 1, beginning with the November 2008 election cycle.

Richard Daly, Member, City of Sparks Charter Committee:

I'm just here to lend support to the bill. After deliberation to the Committee, we came up with this. We want to get on parity with the other judges in the state, and we think at least on some level, it will be a cost savings to the City of Sparks to not have the elections as often while we're getting in parity with the rest of the judges. That's my comments, so please support this bill and get it passed out.

Chairman Parks:

Municipal judges for all the other charter cities are on a six-year cycle?

Richard Daly:

Yes, Chairman.

Chairman Parks:

I look at the list of cosponsors, and my curiosity runs to the fact that I do not see all the other Assembly members, but I do see the Senators who also have a portion of Sparks. Is there a reason that Assemblyman Anderson is absent from the sponsorship?

Assemblywoman Smith:

I did make an effort to obtain the sponsorship of all of those representatives from that area, and Mr. Anderson, while he said he wouldn't speak against the bill, declined to be a sponsor.

Chairman Parks:

Very good. It appears to me that it is a straightforward bill. You have just two municipal court judges at this time?

Tom Lean:

Yes, Mr. Chairman.

Chairman Parks:

Is there anyone else who would like to speak on A.B. 164. Is there anybody who would like to speak in opposition to A.B. 164? Not seeing anyone, we'll go ahead and close the hearing on A.B. 164. We could probably take it up in our next work session.

We'll go ahead and open the hearing on A.B. 167.

Assembly Bill 167: Authorizes acquisition of municipal securities issued by certain wastewater authorities. (BDR 20-799)

Assemblyman Joe Hardy, Assembly District No. 30, Clark County:

This bill is an outgrowth of the growth that happens to Clark County, in that the bigger you are, the more downflow you have in wastewater that has to be processed in such a way that it gets cleanly into Lake Mead and, even more importantly, comes out of Lake Mead even clearer. So, the concept of the bill is to have an adequate, clean water supply, as well as the opportunity to save money for the taxpayers. In summary, the bill allows an opportunity for state/county bond opportunities that will save the taxpayers money while providing for a clean water source. I have experts in the field, and the program administrator for the Clean Water Coalition, Doug Karafa, will be providing testimony as well as Jennifer Stern. You will have received a testimony in writing from Jeff van Ee ([Exhibit B](#)), who was unable to attend.

There will be an amendment put forward. Because of the definition of a wastewater authority as was amended in the bill, we felt it prudent to make sure the wastewater authority had an "or" instead of an "and." So, the amendment addresses that particular component, and it is a friendly amendment and will make it a better bill. If there are questions or me, I'd be happy to address them. Otherwise, I will turn it over to the people who know what they're doing.

Douglas Karafa, Program Administrator, Clean Water Coalition, Henderson, Nevada:

I'd just like to talk a little bit about what the Clean Water Coalition is and what our project is. Jennifer Stern will walk through the actual language of the bill. Dan Stewart is here; Kurt Segler is here. I think there are three or four people down in Las Vegas representing our member agencies, and also Kathy Ong and Guy Hobbs, if there are any financial questions.

The Clean Water Coalition is a joint powers authority which was created under NRS [*Nevada Revised Statutes*] 277 in November of 2002. Its member agencies are the three wastewater agencies right now in southern Nevada: City of

Las Vegas, City of Henderson, and the Clark County Reclamation District. The reason we were formed as a joint power authority is that we've been looking for a number of years, as Dr. Hardy mentioned, about the increasing wastewater flows. Back in 1995, we began studies to say, "What are we going to do for the next 50 years in Las Vegas with the increase in wastewater flows?" Over the years that's developed, and it's gotten to the point where we realized we needed to do a regional level project, an advanced system, that takes from all three sewage treatment plants to a new location in Lake Mead. When we realized that we had a regional solution, we felt it best to form a regional joint powers authority so that there will be regional governance over that solution.

[Douglas Karafa, continued.] In one of the handouts that I've given you, there's a picture on the back that just shows what the project is ([Exhibit C](#), [Exhibit D](#), and [Exhibit E](#)). In very simple terms, it's a great big pipeline and tunnel that collects water from the three agencies. Most of the flow goes around the Las Vegas Wash, until some is left in the wash for environmental purposes. It transports our very high level wastewater out to a new location near Boulder Island. The project in today's dollars is something over \$600,000,000, and Hobbs, Ong [and Associates] will give some of the financials. If you take that money and spread it over the construction period, with inflation and so on, it's over \$750,000,000. So, it's a very expensive project.

The Clean Water Coalition, as a brand new agency, has essentially no credit rating and not very many places we can borrow money from. So, we thought very prudently that we should have access to State and county bond banks as our member agencies do and other authorities have also gained access in the past. I should mention also that we've worked, almost since the inception of the Clean Water Coalition, with the citizens' advisory committee's 28 members, of which Dan Stewart and Carole Vilardo are both involved, as well as a number of other folks throughout the community, to help arrive at this solution. Most recently, as sort of a subset of that, we formed a financial task force—a group of people to look specifically at how are we going to fund this—and one of the first things that group came up with and recommended is that we should come up here to the Legislature and propose changes so that we could have access to State and county bond banks. With that alternative, I'll turn it over to Jennifer.

Jennifer Stern, Bond Counsel, Clean Water Coalition, Henderson, Nevada:

As Mr. Karafa indicated, what this bill does is provide a low finance mechanism for Clean Water Coalition so they wouldn't have to charge higher rates and charges than they otherwise would. All of the amendments are for amendments to the county bond bank law and the State bond bank law. It just provides the ability for the Clean Water Coalition to sell its bonds, either to the State bond bank or the county bond bank, thereby getting their credit rating—the county

bond bank AA credit rating or the State's AA credit rating. I can lead you through the particular sections of the bill very briefly.

[Ms. Stern read from [Exhibit G.](#)]

Sections 1 and 2 amend the county bond bank law to add the definition of "wastewater authority." Currently, the law only allows water authorities to go through the State or the county bond bank. Those would be Southern Nevada Water Authority or Truckee Meadows Water Authority. So, this would allow waste water authorities to access that. Section 3 amends the county bond bank law to add the definition of "infrastructure project" by including a capital improvement for water reclamation system, because the county bond bank finances infrastructure projects.

Section 4 amends the county bond bank law to add the definition of "municipal securities" by including revenue obligations of the wastewater authority payable from the revenues of the water reclamation system. In other words, it would allow the county bond bank to purchase the obligation of the wastewater authority. Section 5 amends the county bond bank law to add the definition of "municipality" by including a wastewater authority. Sections 6 and 7 amend the State bond bank law to add the definition of "wastewater authority."

Section 8 amends the State bond bank law to add the definition of "municipal securities" by including bond issues by the wastewater authority. Section 9 amends the State loan bank law to add the definition of "municipality" by including a "wastewater authority."

You can see that 1 through 5 amend county bond bank law, and sections 6 through 9 amend the State bond bank law. Then, 10 provides for the act to become effective July 1, 2005.

Dan Stewart, Clean Water Coalition Citizens' Advisory Committee and Financial Task Force:

I've lived in southern Nevada since 1953. Over the last 10 or 12 years, I've had the opportunity and pleasure of serving on a number of advisory committees dealing with wastewater and water resource issues. IRPAC [Integrated Resource Planning Advisory Committee] started about 10 years ago, and that was, dealing through Southern Nevada Water Authority—how do we get more water into the valley? At that time, the committee was made aware that if we brought more water in, more water would be needed to discharge. Apparently, the only

way of doing that is down the Las Vegas Wash. Over time, that wash has become eroded. Environmental concerns have arisen.

[Dan Stewart, continued.] In December of 2002, I was appointed to the Citizens' Advisory Committee by the Clear Water Coalition (CWC) governing board. We undertook taking a look at this and what we could do to mitigate these problems. We spent a year working with the CWC staff to become more educated on the wastewater flows, water resources in particular, environmental conditions, which brought us to the Clean Water Coalition board a year ago. That recommendation was noted to build a pipeline around the Vegas Wash and around Las Vegas Bay and dump the water out into the middle of the Boulder Basin. This, of course, would help mitigate the environmental concerns on the wash and the bay. Also, the existing drinking water intakes would be downstream from there, which has been a concern over the last several years. As has been noted, this is a very significant project, very expensive.

I am here to support the revision to the bill, Assembly Bill 167. I was also appointed to the task force, the financial task force—I guess you could say a subcommittee of the Citizen's Advisory Committee—to look at these things, and also brought in experts in bonding, such as Jennifer. I'm here to simply put in my request that this Committee supports Assembly Bill 167 not only today, but throughout the legislative process. Any questions? I'd be happy to answer.

Chairman Parks:

I do have one general question, and I don't know whether to address it to you or Mr. Karafa. In the handout of the materials that we have, we see Clark County mentioned, Henderson mentioned, Las Vegas, but not North Las Vegas. Since we have at least four members of the Committee who are from North Las Vegas or serve major portions of North Las Vegas, perhaps you could explain why North Las Vegas is not a member to this group.

Douglas Karafa:

When the Clean Water Coalition was formed, actually, an invitation was made to North Las Vegas at that time whether or not they wanted to join. They weren't interested, and quite simply, at this point in time, the agencies that are members of the Clean Water Coalition actually have wastewater treatment plants because they are the ones that need and have contained.

Now, there's been discussion recently about North Las Vegas building their own water treatment plant. When and if they show an interest, the cooperative agreement that forms the Clean Water Coalition has provisions in it to open it up and add additional members. So, when and if North Las Vegas has a treatment plant and would like to join in and participate, and the governments

help them to pay the bill, then that certainly can be done. At this juncture, when we're coming to this hearing, we haven't received information for or against whether or not they want to join. That's why we're presenting it to the current members.

Carole Vilardo, President, Nevada Taxpayers Association, Carson City, Nevada:

For the record, I was a member of the Financial Advisory Committee, but I'm speaking in support of the bill, representing Nevada Taxpayers Association. Just, basically, two comments. Number one, it is taxpayer friendly. Number two, it's nothing more than a tool to allow an additional financing option that otherwise would not be available. We urge your support on it.

Chairman Parks:

I'm very impressed with your brochure ([Exhibit D](#)). There's a lot of good information in that. Do we have persons in Las Vegas that you wanted to call on to testify, Mr. Karafa?

Douglas Karafa:

Yes. We have representatives from City of Henderson, City of Las Vegas, along with Clark County Reclamation District and Hobbs, Ong representatives.

Kathy Ong, Partner, Hobbs, Ong, and Associates, Las Vegas, Nevada:

I appreciate the opportunity to offer comments regarding Assembly Bill 167. My comments will summarize a legislative briefing document which has been provided to you. Basically, the CWC is seeking to expand the financing options it currently has available. Under current NRS [*Nevada Revised Statutes*], the CWC is only able to issue revenue bonds. You can see that on Table 2. The proposed changes will allow the CWC to utilize the financing options that would reduce the fiscal impact on the member agencies existing and future customers.

As you can see on Table 2, the CWC is currently only authorized to issue revenue bonds to finance its capital needs. The CWC would like to be able to utilize the financing options that currently are available to its member entities—that is, the option to issue bonds through the state and county bond banks. If you turn over the page, as you can see on Table 3, should the authority be granted access to the bond bank, the savings and interest costs could be as much as \$466 million over the 20-year horizon of the bonds, if the scope project is constructed as it's currently planned. Table 4 summarizes the differences in interest costs between the CWC's current revenue bond alternative compared to the bond bank option. Based on our estimates, there's about a 20 basis point spread.

[Kathy Ong, continued.] This method of financing would also provide benefits to the CWC in another way. Revenue bonds most often require a minimal level of coverage. Therefore, the CWC and other agencies, and ultimately the customers, would be required to generate sufficient revenue to meet the coverage requirements in addition to the actual coverage required for debt service, so there will be a savings in that coverage. Also, this does not affect the county cap with regard to bond issuance, as the bond bank has their own separate cap. The interest cost savings and the potential to remove any coverage requirements will result in substantial cost savings for southern Nevada residents.

Guy Hobbs, Managing Partner, Hobbs, Ong, and Associates, Las Vegas, Nevada:

I'll try not to be redundant about all of the points of this bill that had been very expertly covered this far. The Legislature in the past has seen fit to provide the most efficient and effective mechanisms to municipal entities to pursue bond financing. This bill would simply add a comparatively new addition, the Clean Water Coalition, to the provisions that have been made in the past for effective and efficient financing, all of which is noted by Ms. Vilardo and others. This will translate into savings for the municipalities and, more importantly, those who pay the rates. So, this is a bill that would put the Clean Water Coalition on parity with other municipal issuers, all intended to provide the most cost efficient form of financing to pursue these very important projects.

Kurt Segler, Utility Services Director, City of Henderson, Nevada:

I'm here today as a member of the Clean Water Coalition and in support for the bill, thereby providing an additional financing opportunity for the project, thereby benefiting our rate payers in the city of Henderson

Chairman Parks:

I think you've done such good work at putting your materials together for this here, and I certainly commend you for that. The important line is featured in both documents: "Savings of as much as \$466 million could be realized." I think it's pretty much straightforward. I don't have any further questions for members of the Committee. Do any Committee members have any questions relative to that? Thank you in Las Vegas for your testimony. I have only one other question: we were presented with an amendment ([Exhibit F](#)). Mr. Karafa, did you want to comment on that? I believe there was previous comment on that, removing the word "and" and replacing the word "or" in several locations. Is this the amendment that you're requesting to be presented?

Douglas Karafa:

Yes, Mr. Chairman. On line 6 and again on line 21, it's in both cases a definition of "wastewater authority." It says that it's an entity that's created under NRS 277, the function of which includes sanitation of sewage, treatment of disposable wastewater, and the development of reclamation of water resources. That definition is a little bit inclusive. No water authority may do every single one of these things, but they'll do several of these things, so we felt it would be more appropriate right there. So, we request that we have that amendment in that bill.

Julie Chadburn, Compliance and Regulatory Affairs Administrator, Clark County Water Reclamation District, Las Vegas, Nevada:

[Read from [Exhibit H.](#)]

The Clark County Water Reclamation District is here in support of Assembly Bill 167. This legislation would give the Clean Water Coalition the authority to issue bonds to assist with important projects here in the Clark County Area. The Clean Water Coalition is an agency whose members are the wastewater dischargers of Clark County. The CWC was formed in November of 2002 to address issues relating to discharge of the valley's treated wastewater into Lake Mead.

Through their effort, the CWC has developed a plan for protecting water quality in Lake Mead and providing us member agencies with the ability to meet the capacity demands of increasing wastewater flows. This plan has been developed and refined by a broad group of community stakeholders, including various levels of government representatives from business, taxpayers, environmental, and regulatory organizations.

To carry out this plan, a funding mechanism will be required. Currently, the Clark County Water Reclamation District must issue bonds in its own name to support the CWC. Assembly Bill 167 will allow the CWC to issue bonds in its own name, giving more fiscal flexibility to the agency to complete the necessary projects, while not encumbering the funds of its neighboring member agencies.

The Clark County Water Reclamation District, as a member of the Clean Water Coalition, supports this legislation, and we ask your full consideration on this important matter.

Chairman Parks:

Is there anybody either in Las Vegas or here in Carson City who would like testify in favor of Assembly Bill 167? Anybody who would like to testify in opposition to Assembly Bill 167? Okay, I guess not. We'll go ahead and close the hearing on Assembly Bill 167, and we'll take it up, maybe in our next work session. It looks pretty cut and dry. We'll have a work session in a day or so.

Anything further? I don't have anything else on our agenda for today. So, with that, we are adjourned [at 8:44 a.m.].

RESPECTFULLY SUBMITTED:

Michael Shafer
Committee Attaché

APPROVED BY:

Assemblyman David Parks, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: March 15, 2005

Time of Meeting: 8:00 a.m.

| Bill | Exhibit | Witness / Agency | Description |
|---------------|----------------|--|--|
| N/A | A | Government Affairs Committee | Agenda |
| <u>AB 167</u> | B | Jeff van Ee, Clean Water Coalition Citizen's Advisory Committee | Written Testimony Provided to Assemblyman Hardy |
| <u>AB 167</u> | C | Douglas Karafa, Program Administrator, Clean Water Coalition | CD Containing Information in Support of <u>Assembly Bill 167</u> |
| <u>AB 167</u> | D | Douglas Karafa, Program Administrator, Clean Water Coalition | Overview of the Clean Water Coalition Brochure |
| <u>AB 167</u> | E | Douglas Karafa, Program Administrator, Clean Water Coalition | Major Points in Support of <u>Assembly Bill 167</u> |
| <u>AB 167</u> | F | Douglas Karafa, Program Administrator, Clean Water Coalition | Proposed Amendment to <u>Assembly Bill 167.</u> |
| <u>AB 167</u> | G | Jennifer Stern, Legislative Advocate, Bond Counsel for the Clean Water Coalition | Written Testimony |
| <u>AB 167</u> | H | Chuck Ethridge, Acting General Manager, Clark County Water Reclamation District | Written Testimony, Delivered to the Committee by Julie Chadburn |