

CHAPTER.....

AN ACT relating to the Marlette Lake Water System; authorizing the issuance of revenue or general obligation bonds to finance the capital costs of improving and modernizing the Marlette Lake Water System; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law creates the Marlette Lake Water System, which serves customers in Carson City, Washoe County and Storey County. Under existing law, the Department of Administration is required to supervise and administer the functions of the System. The Director of the Department must establish equitable rates to be charged for water service from the System. The rates must provide for the recovery of the major capital costs of improving and modernizing the System. (NRS 331.160) Money from the sale of water by the System is deposited in the Marlette Lake Water System Fund. (NRS 331.180)

This bill authorizes the Director of the Department to request the issuance of general obligations bonds of the State or revenue bonds to finance the capital costs of improving and modernizing the Marlette Lake Water System. The aggregate principal amount of the bonds must not exceed \$25 million. This bill requires the State Board of Finance to determine that sufficient revenue will be available in the Marlette Lake Water System Fund to pay the interest and installment payments as they become due before any revenue bonds are issued. This bill authorizes money in the Fund to be used to repay the bonds for which money in the Fund has been pledged.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 331.160 is hereby amended to read as follows:

331.160 1. The Marlette Lake Water System, composed of the water rights, easements, pipelines, flumes and other fixtures and appurtenances used in connection with the collection, transmission and storage of water in Carson City and Washoe and Storey Counties, Nevada, acquired by the State of Nevada pursuant to law, is hereby created.

2. The purposes of the Marlette Lake Water System are:

(a) To provide adequate supplies of water to the areas served.

(b) To maintain distribution lines, flumes, dams, culverts, bridges and all other appurtenances of the system in a condition calculated to assure dependable supplies of water.

(c) To sell water under equitable and fiscally sound contractual arrangements. Any such contractual arrangements must not include the value of the land comprising the watershed as an element in determining the cost of water sold.

3. The Department of Administration is designated as the state agency to supervise and administer the functions of the Marlette Lake Water System.

4. The Director of the Department of Administration may assign the supervision and administration of the functions of the Marlette Lake Water System to one of the divisions of the Department or may establish a separate division to carry out the purposes of NRS 331.160 to 331.180, inclusive. *Subject to the limit of money provided by legislative appropriation or revenues whose expenditure is authorized by law, the chief of that division shall employ necessary staff to carry out the provisions of NRS 331.160 to 331.180, inclusive.*

5. The Director of the Department of Administration shall:

(a) Establish the value of water to be distributed from the *Marlette Lake Water* System.

(b) Include in the water rate structure provisions for recovery, over a reasonable period, of the major capital costs of improving and modernizing the System.

(c) Assure that the rate structure is equitable for all present and potential customers.

6. ~~{Subject to the limit of money provided by legislative appropriation or revenues whose expenditure is authorized by law, the Chief of the Division shall employ necessary staff to carry out the provisions of NRS 331.160 to 331.180, inclusive.}~~ *The Director of the Department of Administration may request the State Board of Finance to issue general obligation bonds of the State or revenue bonds in an aggregate principal amount not to exceed \$25,000,000 to finance the capital costs of improving and modernizing the Marlette Lake Water System. Before any revenue bonds are issued pursuant to this subsection, the State Board of Finance must determine that sufficient revenue will be available in the Marlette Lake Water System Fund to pay the interest and installments of principal as they become due. The provisions of NRS 349.150 to 349.364, inclusive, apply to the issuance of state securities pursuant to this subsection.*

7. *The Legislature finds and declares that the issuance of state securities and the incurrence of indebtedness pursuant to subsection 6 is necessary for the protection and preservation of the natural resources of this State and for the purpose of obtaining the benefits thereof, and constitutes an exercise of the authority conferred by the second paragraph of Section 3 of Article 9 of the Constitution of the State of Nevada.*

Sec. 2. NRS 331.180 is hereby amended to read as follows:

331.180 1. The Marlette Lake Water System Fund is hereby created as an enterprise fund. Money in the Fund may not revert to the State General Fund or be transferred to any other fund.

2. The Marlette Lake Water System Fund must be used for the:
 - (a) Deposit of revenue resulting from the sale of water and any other receipts.
 - (b) Payment of costs of operation in accordance with the provisions of chapter 353 of NRS.
 - (c) Repayment of bonds issued pursuant to NRS 331.160 for which money in the Fund has been pledged.*

