MINUTES OF THE MEETING OF THE ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS

Seventy-Fourth Session February 9, 2007

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:00 a.m., on Friday, February 9, 2007, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn Kirkpatrick, Chair Assemblyman Kelvin Atkinson Assemblyman Bob Beers Assemblyman David Bobzien Assemblyman Chad Christensen Assemblyman Jerry D. Claborn Assemblyman Pete Goicoechea Assemblyman Ruben Kihuen Assemblyman Harvey J. Munford Assemblywoman Bonnie Parnell Assemblyman James Settelmeyer Assemblyman Lynn D. Stewart Assemblywoman RoseMary Womack

COMMITTEE MEMBERS ABSENT:

Assemblywoman Peggy Pierce, Vice Chair, Excused

STAFF MEMBERS PRESENT:

Amber Joiner, Committee Policy Analyst Scott McKenna, Committee Counsel Rachelle Myrick, Committee Secretary



OTHERS PRESENT:

Marv Teixeira, Mayor, Carson City Consolidated City-County Government

Linda Ritter, City Manager, Carson City Consolidated City-County Government

Robin Williamson, Supervisor-Ward 1, Carson City Consolidated City-County Government

Daniel Holler, County Manager, Douglas County

Doug Johnson, Chairman, Douglas County Board of County Commissioners

Laurie Carson, County Commissioner, White Pine County

Karen Rajala, Coordinator, White Pine County Economic Diversification Council

Julie Wilcox, Director of Public Services, Southern Nevada Water Authority

C. Joseph Guild, III, Attorney at Law

John Ellison, Commissioner, Elko County

Cash Minor, Assistant County Manager/Chief Financial Officer, Elko County

Linda Bingaman, Mayor, City of Carlin

Mary Walker, President, Walker & Associates, representing Incline Village General Improvement District

Gene Brockman, Vice Chairman, Board of Trustees, Incline Village General Improvement District

Bea Epstein, Chair, Incline Village General Improvement District

Allen Wagner, Chair, Gardnerville Ranchos General Improvement District

Bob Spellberg, District Manager, Gardnerville Ranchos General Improvement District

Chair Kirkpatrick:

Good morning. I would like to call the Committee on Government Affairs to order please. Secretary, can you take the roll please?

[Meeting called to order and roll called at 8:00 a.m.]

Chair Kirkpatrick:

We have six presentations today. Our first presentation is going to start with Carson City.

Mary Teixeira, Mayor, Carson City Consolidated City-County Government:

To my left is Supervisor Robin Williamson who is also Head of the Redevelopment Authority. To my right is our City Manager, Linda Ritter. I am going to turn it over to Ms. Ritter.

Linda Ritter, City Manager, Carson City Consolidated City-County Government:

We gave you an envelope (<u>Exhibit C</u>) that has a map of Carson City, our Kit Carson trail tour of historical Carson City, our annual report, and even a route map for our transit system, should you ever need that.

Going to the presentation (<u>Exhibit D</u>), let me give you some information about Carson City. Our population today is approximately 55,000. There is a graph in your packet with information from 1995 to 2005. Over the last couple of years, our average growth has been about 1.5 percent. Although we are not growing fast, if you look at the impact on case load and those types of things, it far exceeds what our population growth has been. That is because we are in the middle of a region that is growing, so we are impacted by those things.

Next, just to show you where people work, what sectors they are employed in, here you see a pie chart. You can see it is pretty evenly distributed. We are very fortunate to have a balanced economy from the employment standpoint. Of course, with Carson City being the state capital, government employment is a large portion of that. We also enjoy a strong manufacturing sector.

Now I am going to cover a few things about our finances. In our general fund you can see that we are very heavily weighted in sales tax. We are an importer county, not a guarantee county, so we live and die by that sales tax number. On the next pie chart, you can see that most of our funds have to go to mandated services such as judicial, public safety, and general government. Our culture and recreation is a mere 12 percent of our total. It gets a little bit tricky to make sales tax reductions because we are so heavily weighted in those services. The next slide shows what has happened over the first several months of this fiscal year. You can see that our sales tax has been down every month. That has brought about a need to reduce our budget by \$3 million in ongoing operations. I can tell you that we have made it about halfway there. We have reduced staff by 13 percent; we have another \$1.6 million or so to go. Costs such as public defender services are going way up. Approximately \$2 million is what we are going to have to come up with between now and when we file our final budget. We do have some financial challenges ahead of us.

With that, I will turn it over to our Mayor.

Marv Teixeira:

We are dependent on sales tax: 43 percent over general fund budget, and 40 percent of that revenue stream is tied to automotive. The result is that when

car sales go down, they catch a cold and I get pneumonia. That is only half the picture, and I would be remiss if I did not bring up the point.

We are very conservative when we project. I can attribute at least half of our shortfall to the last session of the Legislature. Not to this Committee, per se, but to the last session of the Legislature when you capped the ad valorem at 3 percent. That hit us very hard. I have been doing this for a lot of years, and we have ground rules. When we budget, we go with historical data, et cetera. When you change the rules in the middle of the game we do not have anywhere to go.

Ms. Ritter has done very nicely with 13 staff positions. Now comes the hard part. We are going to have to lay off for the first time ever. That is not popular because it affects people's lives. We send out a survey every spring. We sent out 800 surveys and got back 450 on the last one. It is not scientific, but it is a pretty good barometer. We asked the question, "What is the number one problem facing our community?" Then we give them a laundry list—crime, traffic, taxes, transportation, homelessness. It is a laundry list, pick two. Guess where taxes hit? Taxes were number three position. What is in the first position? It is illegal drug use. That is your community talking back to you.

I bring this up because I would hope that in the future, if you are going to cap, you would say, here is the deal, we are capping you, and the only way you can raise the cap is to have the unanimous support of the ruling board. We were at the lowest tax rate, one of the lowest in the state, and yet we got the cap. It just hurts. It is going to hurt me to have Ms. Ritter do the job. I will move on.

Carson City has identified methamphetamine as the number one issue facing our community. The cost is huge. We did not just talk the talk, we walked the walk. We have spent close to \$300,000 in our campaign, with no paid staff. We have used a coalition of the whole community. We have done it with the Chamber of Commerce, with the school district, with gaming, banking, and so forth. We formed a coalition with the Community Council on Youth. Have we been successful? Yes, but we have been a victim of our success in that we have done a great job on awareness and education, and now people are trying to get their kids in for evaluations. There is now a two-week waiting period for treatment. I just bring that up for you. I know you will not be handling that.

The other issue that I have been very involved in has been the reconstruction of the V & T (Virginia & Truckee) Railroad. Carson City has already committed in excess of \$21 million to this project. Senator Reid has come through with another \$10 million and we will probably be back before you. We will be bidding the second phase out in about three months. The completion of the Carson City Freeway, before I left office in 1996, got started. So here it is 11 years later, and we did get to Highway 50. We in Carson City, through the appropriation of our gas tax, have given \$50 million to the State of Nevada and NDOT

(Nevada Department of Transportation). On an interstate! Now you read in this morning's paper that there may be some new taxes for transportation projects in the state of Nevada.

That \$50 million is \$1,000 for every man, woman, and child in Carson City. If you put \$1,000 for every man, woman, and child in the State of Nevada, you have just about enough money to fix everything you have to fix. Is this an unbalanced playing field? I think so.

I will turn it over to our Supervisor, Robin Williamson.

Robin Williamson, Supervisor Ward-1, Carson City Consolidated City-County Government:

I am on the Carson City Board of Supervisors and Chairman of the Redevelopment Authority. We are anticipating completion of the Carson City Freeway and the downtown people said, "What happens when the freeway is completed and the cars and trucks go out of the downtown area?" We had a couple of days of public seminars. Some of these photos are depictions of what our residents indicated they want downtown Carson City to look like—wider sidewalks, narrow the roadway to one lane in each direction to allow landscaping on the sidewalk, take out the medians, more outside dining, better signage. One of our challenges is to get signage. We want parking back on the streets to give a more old-fashioned, pedestrian-friendly, welcoming feeling to the downtown area. It is an opportunity to take something that might be considered a negative, in terms of taking the traffic off, and turning it into a positive.

Carson City has had a lot of success with partnering with other agencies because we are in the center of a largely growing region. One of our goals in the coming year is partnering with the Western Nevada Community College to create a recreation center. Hopefully, we will have the assistance of the Legislature.

In 1996, Carson City voted to increase their sales tax to fund open spaces and Parks and Recreation projects. One of the commitments we made to our residents is that we would have another recreation center, because our indoor facilities are taxed to the maximum.

With monies generated through that sales tax, we hope to partner with the Community College to build a brand new, state-of-the-art facility that would allow them to offer recreation, health education, and fitness courses at the college, and give the residents of Carson City an opportunity to use that. It also gets people from Carson City onto the campus, and hopefully, they can learn all of the different advantages there are at the Community College.

I am involved in economic development and redevelopment, and an ongoing challenge for us is several big box stores that are empty. We sold K-Mart, but we have not gotten it filled yet.

We have challenges, but we are trying to work with our neighbors to see if there is an opportunity to work together and share some of the revenues from the sales tax. Rather than throwing taxpayer dollars at getting our developers and investors to come in, perhaps there is a way we can work together, determine what our shopping needs are for the region, and share the revenues from those.

Chair Kirkpatrick:

Are there any questions?

Assemblyman Goicoechea:

Linda, Marv, Robin, I think most of us in the Legislature received a letter from a private fitness company here in Carson City. I want to address that. You know the issues that were raised by that private sector were somewhat concerning to most of us.

Linda Ritter:

We have actually talked with that owner and are working with him to look at what we can do to benefit one another. What we see is that recreation centers are very often the gateway into private fitness facilities. Private fitness facilities will offer a higher-end experience than what a recreation facility will normally offer. Recreation facilities are really centered around families, whereas the private fitness facilities normally are looking for those folks who may not want to have activities with children.

We met with all of the private fitness club owners just last week to talk about what we can do together, and I would encourage you to talk to this gentleman again because I think that he has turned his view a bit as far as what we are doing.

Assemblyman Goicoechea:

Thank you, Linda. I will see if I can contact him.

Chair Kirkpatrick:

Mr. Beers and then Ms. Parnell.

Assemblyman Beers:

My question regards your heavily-weighted budget toward sales tax, and if any one of you have the answer to the question, please feel free. We had a talk from a city to the south of you, and one of the ways that they got away from this problem is leasing land rather than selling it to developers. Have you considered that, or is that at all a consideration?

Mary Teixeira:

We do not have any land to lease or sell. We are dirt poor over in Carson City. In all sincerity, Assemblyman Beers, what we are trying to do is infield projects—in other words, the K-Mart store that finally sold. Verizon really cared about us, so they finally sold it to somebody who will get a business going. Then we have Max Baer, Jr., down to the south of us, who wants to get something going in there. After that, we do not have much ground. We are only a facilitator. It is in working with developers, through redevelopment and being able to give a tax increment to get the incentives, that we can finish up our retail projects. Does that answer your question, sir?

Assemblyman Beers:

Yes, it does. I appreciate it.

Chair Kirkpatrick:

Ms. Parnell and then Mr. Settelmeyer.

Assemblywoman Parnell:

Robin, the other cities that have presented this week have often talked about the mixed use of their downtown and residential areas. I know you have some ideas about that, and I just wanted the Committee to know we are looking at that as well.

Robin Williamson:

Thank you very much for asking, Bonnie. Yes, that is one of our ideas.

Our opportunities downtown are basically on State or private lands that are currently parking lots, and one of the concepts is to do mixed-use projects where we would provide structured parking for either the State or in a partnership with mainly private/public monies, do the structured parking, then do the businesses and the retails, and then introduce residential in the upper floors.

Most downtowns throughout the country are trying to establish a 24-hour presence downtown, offering a variety of housing options, because housing prices in Nevada have gone considerably higher than what an average public employee or a new family starting out can afford. Hopefully, this will meet our housing needs, offer new energy and synergy downtown, and capitalize on a resource we have, the wide-open parking lots.

Assemblyman Settelmeyer:

With Carson City having such a high reliance on the sales tax, especially from car sales, the Legislature should make sure we do not make too many changes to those taxes because it will seriously affect certain communities.

Chair Kirkpatrick:

Anyone else have any questions? [There were none.]

I have a few questions. The hub of any city is the downtown area, and what you have there reminds me of Laguna Beach, where you can shop and work and have all the arts. Has this been presented already, or do you have a plan? For North Las Vegas, this is a great idea to take back home and learn from. I walk in Carson City, and it is a very friendly atmosphere, and we do appreciate your hosting all of the Legislators for the 120 days. Do you have any maps of where you are in your progress, or is this just a prototype?

Robin Williamson:

We have a video. We have maps. We hired a consulting firm, and this was developed as part of a master plan revision that was just completed this last year. This was a special planning area downtown. This is the most measured area of Carson City, and we have to-scale maps.

In a two-day forum, we asked more than 1,000 people what they like and do not like. Then we came back and made this presentation, and we have taken it throughout the community.

One of the keys is getting Carson Street back under the control of Carson City. Currently, it is under the control of NDOT. That will happen when the freeway is completed.

We have some assurances from the previous Governor that there will be monies given for Carson Street to be brought up to scale, so there will not be maintenance. We would like to take that money, rip out the medians, and use that with our redevelopment monies to make this a reality.

We have a couple of pilot projects planned in the next couple of years to experiment with different paving and different sidewalks.

We would certainly be willing to give you the video, give you everything because we all learn by working together.

Chair Kirkpatrick:

Our next presentation will be from Douglas County.

Doug Johnson, Chairman, Douglas County Board of County Commissioners:

We have given you a handout of Douglas County ($\underline{\text{Exhibit E}}$). You can just flip through those as I am talking briefly about some of the things I wanted to highlight ($\underline{\text{Exhibit F}}$). We have two large maps, and you can come down and look at them.

Douglas County, in my mind is the most beautiful county in the state of Nevada. We have Lake Tahoe, we have Topaz Lake, we have the Carson Valley, the Carson River, and the Walker River. We have a lot of amenities there.

When you experience Douglas County, you will know why we consider it a great place, with great people.

Our vision statement is: Douglas County offers unsurpassed opportunities for living, working, and recreating in a variety of beautiful landscapes. Our mission statement is: Working together, Douglas County provides efficient and effective government services to provide safe, healthy, scenic, and vibrant communities in which people prosper and enjoy an exceptional standard of living.

I am going to read you a quality of life statement: The level of enjoyment, sense of well being, and fulfillment derived by a resident from the life they live within their local economic, cultural, social, and environmental conditions.

Some of our strategic direction and goals from the Board and for Douglas County are that we need to manage growth and change in a way that is consistent with the County's plan. We need to enhance our financial stability. We need to promote economic vitality. We need to invest in county infrastructure. We need to improve public health and safety. We would like to be the employer of choice for people. Also, we would like to preserve the county's natural environmental resources and rural setting.

Mr. Settelmeyer would be a good person to talk to if you ever need to know anything about Douglas County.

Douglas County is one of the original nine counties in the Nevada Territory. It is the third-smallest county with only 751 square miles. We are trying to work on tourism. We are trying a lot of other things to get people to come and experience Douglas County. It is the fifth most populated county. We are approaching 52,000 residents right now and that is why we are having an issue with growth and growth management. It is the third-highest assessed value county and probably, not by my choice, the most governed county with 38 individual government agencies. Thirty-one of those actually levy property taxes.

We want to maintain our financial stability, and our revenues are dominated by property tax and sales tax. We are not quite as strong as Carson City on the sales tax aspect.

The most important issue right now is that we are in a quagmire of divisiveness. We had a meeting with 450 to 500 people last Thursday night, and there was not one person on middle ground. It made it quite interesting. There were picketers outside, and I felt like I was crossing a union line just to get to my chair. We have

to come up with some kind of a solution for that, because the longer we wait, the more volatile and poisonous it gets. I do not want to see more voter initiatives coming through. We are trying to come up with a solution for our growth management problem because we have been growing, depending on who you talk to, anywhere from 3.5 to 4.8 percent a year.

I wanted to touch on that property tax cap, also. Just to let you know, I did not necessarily disagree with that cap, but that does put us in a horrible situation. We are a county that has strived to maintain a low tax rate, and it just feels like we have been punished because of that. I do not disagree with the fact that you had to come up with a solution, and it was not a bad solution, considering some of the options that I saw. It does make it hard for us to run our businesses and keep the county stable. I wish the citizens could understand that a little bit more.

Speaking of the citizens, our demographics are changing in Douglas County. Senior services are going to be an issue in the future, such as long-term health care, transportation, and public safety. We are turning into more of a retirement community with the high price of housing. I think our median home price ended up close to \$380,000. It is getting very difficult to afford to live there. With that, I will send it over to Mr. Holler.

Dan Holler, County Manager, Douglas County:

I will touch on a couple of things critical for Douglas County as we look to the future.

One challenge is the county's size. It is a smaller county, 750 square miles. A lot of that, 70 percent or so, is managed by federal agencies. The U.S. Forest Service and the BLM (Bureau of Land Management) are the two largest. Then we have the Bureau of Indian Affairs and the Washoe Tribe and then the other state, county, and local governments. Only about 30 percent of our county is actually developable or usable from an economic standpoint, with a large portion of that actually being in active agriculture.

We have a very dynamic community. How do we preserve agriculture and maintain our working landscapes but still make it economically viable for ranching? You have the growth pressures. All of a sudden, it is much more economically advantageous to grow homes than it is to grow cows. That becomes a real pressure point for us. Most of those who ranch also preserve our flood plain. They preserve our groundwater recharge. They preserve the natural open spaces.

In the next couple of weeks, if you are down there, there is a great chance you will see a bald eagle. Eagle viewing is a great attribute and part of a growing tourism element. As you are aware, we have Lake Tahoe. The outdoor recreational opportunities it provides are just outstanding. If you get a free day, go skiing. We appreciate that.

As I mentioned earlier, the growing reliance on sales tax is a real issue. We have done a lot of work to enhance our sales tax base through some redevelopment efforts and efforts to bring in some of that retail. We also need the economic wealth that supports retail.

We have also had to focus on our manufacturing. As you may know, we have the Starbuck's Roasting Plant in Douglas County. We have a new plant coming in that distributes water valves and fire hydrants. There are about 200 employees. We also have a number of smaller manufacturing plants coming in. It is kind of fun to tour some of those. You can see the uniqueness of things that are built here. Bentley Nevada, LLC, which is owned by General Electric, has about 70 to 75 percent of the world market on the production of rotating machinery—anything that spins, from the power generators on a dam to small home generators. They can tell you when spinning is off-kilter to prevent blowing up things like dams.

The other thing, as we deal with growth and some of our challenges, is maintaining our communities. You go into Douglas County, and when you first come out of Carson City, you get into a heavy shopping area, Indian Hills. Then you are out in a wide-open area with ranches. Then you get into Minden and Gardnerville, two great little downtown communities with the same concept as Carson City, looking at some infill projects. When you leave Minden and Gardnerville, you get back to the "wow" factor with the Pine Nut Mountains and the open space. Then you hit Topaz Lake, which is smaller than Lake Tahoe, but a fun place to water ski or fish. There is a lot of activity in the Topaz Lake area. Lake Tahoe is just a beautiful area. I probably do not have to highlight the benefits that Tahoe brings to our area from a recreational tourism standpoint.

Assemblywoman Parnell:

One of the concerns that I have, though, is the ballot question you had about senior services. How are we going to solve this problem? As you said, you have a growing senior population and the services just do not seem to be there. Is the county going to be proactive in doing something that the President has obviously decided was not valuable enough?

Dan Holler:

Yes, we are looking at some alternatives. We have a dilapidated senior center. It was built primarily by volunteers and with some grant money. The funding for our senior center has been primarily coming out of room tax, historically, which is relatively flat. If you look at some of the charts in the handout, it peaked back in 2000 – 2001. It is slowly coming back and leveling off again.

We did a sales tax initiative a few years ago, shifting more room tax and promotion to help support that. With sales tax flat the last couple of years—this year we are down about 9.6 percent for the first five months—it has not really been part of the

county general fund for a number of years. One of our challenges is to shift some of our other resources to that.

We have been working with a couple of different property owners for land for a new senior center. We have looked at how to finance the capital side and other financing mechanisms.

There are a couple of things the county can look at if we are going to levy additional taxes; and those are things that we have authority over, such as the utility operator fee or a business license tax. Those have been talked about. When you bring them out publicly, then they get talked down very quickly.

We actually have some senior services at Tahoe, Topaz, and in the core of the Carson Valley. It is an area we are looking at. Do we have an answer for it, or a silver bullet for it? The answer is no; but it is a growing demand. You will probably hear it from every county in the State. Long-term care is going to be a critical funding issue and needs to be looked at. It is a growing problem and one you do not have a lot of control over. So I do not have a solid answer other than we have the same concern.

Assemblyman Settelmeyer:

Douglas County has a unique situation. We have a declining population of children. The number of students in our school systems is going down and our senior population is going up dramatically. We look at the question Ms. Parnell asked about the senior centers, and it comes to having satellites. With our community being so spread out, is it really a wise idea to encourage people to drive long distances, especially if they might have difficulty driving?

Another question I had for Mr. Holler, what effect do you think the new Indian gaming in California coming online will have to our gaming revenue for Lake Tahoe?

Dan Holler:

We have been working with the Stateline casinos on that issue, as Indian gaming starts to grow in California, and it has frankly already had an impact in Tahoe. The walk-up, or untracked, play that goes into the casino core is down substantially. We see that in room tax revenue and we see it in the sales tax revenue. The casinos up in that area and the operators are really looking at how they differentiate themselves as a world-class destination resort. A lot of casinos are marketing outside of their region.

How do they shift away from that drive-up market from the Sacramento area and the Bay area? Those are still key areas for them. Our gaining revenues have been flat, or declining, for probably the past ten years. Then the last couple of years we have really seen the hit from the folks just not making the repeat visits. That is where you see the room tax and sales tax dropping. So we have been working

with the city of South Lake Tahoe, with the redevelopment project there, to bring a new vitalization to the South Shore area.

We actually consider that one economic region, even though we are two different counties, a city, and two states, so it gets a little creative in how we work to enhance our economic element there. If some of the Indian gaming planned projects come on, we will have a very substantial impact—not just on Tahoe, but on Washoe County and Carson City, as well.

Chair Kirkpatrick:

Attainable, affordable housing is very important and, quite frankly, affects a lot of our seniors. One of the things I discovered in the interim was that the (Bureau of Land Management) BLM allows for local government to set aside land for just that use.

Dan Holler:

We have looked at a portion of some property that may be disposed of by the BLM. They are doing an update of the Pine Nut Mountain plans, which, if you look at this map, is primarily all of the brown area to the east side of Douglas County. Out of that several thousand acres, they are looking at maybe four or five thousand acres that could be disposed of. Some of that would be for county facilities or other uses. We are looking at it for flooding or drainage and some of those types of issues. There are a couple of areas we started to look at to potentially utilize for affordable housing. We have asked how to create a mix so you can have a market rate house next to an affordable house, next to a market rate duplex, next to an affordable duplex.

How do you take 50 acres and use 25 for affordable housing and 25 for market rate housing, intermixed? We have initiated those discussions, but are not quite sure how to handle that yet. We do not believe we should just go in and make a pocket of all affordable housing, 100 percent, standing on its own. I do not think that is the healthiest thing to do for the community. But how do we integrate that? We are also looking at a couple of other programs within the county that would initiate an incentive for mixing attainable housing with a traditional development.

Chair Kirkpatrick:

I absolutely agree with you because grandma and grandpa should be able to live in the same neighborhood as their grandkids, as well as their son and daughter.

Are you saying that there are not any contiguous pieces with private land that would abut the BLM? That is something they are doing in other states. These are the 50 acres of private land, and these are the 200 acres of BLM land, and you can get this for free, then you can get this between the two. You could have a mixed use development. Is that something that you are interested in?

Dan Holler:

The concept works well. Most of the BLM land is adjacent to large lot, high-end development already, so it is really difficult to come in and say, take your two acre, five acre, ten acre lots and downsize them. We have that conflict at times, depending on where the BLM land is, because it butts up against that larger development side.

We did sell BLM land in North Douglas County back in 2000, I believe that was the first sale, with the idea of utilizing a lot of those revenues for conservation easements protecting ranching. They really have not pulled the trigger on that, so we are very frustrated in that area. We do have a trust factor in how we work with the federal agencies on that.

The one area that we have looked at would end up being a mixed-use development that would allow larger lot, smaller lot, single family, and multi-family housing. The idea would be to integrate it.

A lot of the BLM land does not butt up against current, more dense, developments, so your infrastructure is your biggest challenge there—water, sewer, roads and those types of things. So that is a challenge just because of the layout of where the properties are.

Chair Kirkpatrick:

A lot of manufacturing is starting to come to Nevada because we are business friendly, contrary to what some say. One of the challenges for them is being able to house their workers. If your growth was capped, how would you balance bringing in different types of people for employment and maintaining housing for those employees?

Doug Johnson:

I want to briefly touch on the last question. Our trust with the BLM is very low and it would be very difficult for us to do any kind of land deals with the BLM right now, given what has happened to us in the very recent past.

As far as capping on any type of growth, we are in the same situation. I will compare it to the three percent cap and the eight percent cap that you put on property taxes. We are in a situation now where we have to come up with something, and it is not going to be perfect. We are looking at a lot of mixed-use housing. We have changed some of our zoning so we can have commercial on the bottom floor and then some residential, or some apartments, on the top.

It is a big issue and I cannot give you a golden answer on how we are going to solve it, but I am doing everything I can on this issue of growth, because we have to come up with something soon. There will probably be more of these things

coming down the line, and they are going to get worse and worse if we do not show that we can be accountable to the people.

I can defer that to Mr. Holler, again, to touch on the issue of affordable or attainable homes, or the mixed-use housing.

Dan Holler:

When you look at the growth element issues, we are trying to create incentives for affordable housing. How do you create incentives for that? We actually have a couple of different groups that are very good working with the home funds, the CDBG (Community Development Block Grant) funds, some of the federal tax credits, and have an interest in the area. We have a 28 unit project coming in. Twenty-seven of the units will be affordable and one will be market rate. That is actually for the manager of the place. It is really going to be a niche market for us. How do we tackle those particular areas? We look at ourselves as part of a larger region, as does Carson City, Lyon County, Douglas County, and Storey County. How do we blend through that whole region a mix of housing, shopping, and manufacturing? We invited the coffee plant to Douglas County, and some of the high-end aircraft parts manufacturing is over in Carson City, so we kind of mixed that up. We look regionally about how we bring that in, and that applies to our housing, as well. We need to do things internally within Douglas County, but also recognize that we are part of a broader region, as well.

Assemblyman Goicoechea:

I am going to ask a quick question of Dan or Doug, because I think the Chair has a misconception of public lands in Nevada, and how easy they are to attain. It is easier to get lands out of SNPLMA (Southern Nevada Public Land Management Act) down south than it is here in the north. What does that property appraise at with no infrastructure in place? We are probably talking, what, \$5000 an acre?

Dan Holler:

For the BLM land?

Assemblyman Goicoechea:

Yes.

Dan Holler:

If you do not have any zoning on it, \$5,000 or \$10,000 an acre. When we had the North County Land Sale, we had 360 acres, which we zoned. The total bids on the 360 ended up at \$40 million with zoning on it. If you were out in the Pine Nut Mountains and that area, yes, \$5,000 an acre; and \$10,000 would be a very good land sale.

Assemblyman Goicoechea:

So the bottom line is, Dan, it is just a misconception that it is cheap. It is not in most cases. It is very unaffordable by the time you bring the infrastructure to it.

Chair Kirkpatrick:

We will make sure we have the BLM here when we talk about workforce housing. I do not have anymore questions.

Next, I would like to take the opportunity to hear from White Pine County. It is important for the Committee to know a little bit about our other counties.

Laurie Carson, County Commissioner, White Pine County:

In your packet (<u>Exhibit G</u>) you have a map, a demographic profile, and the economic and community development priorities. There is also a little CD entitled *A Great Place to Visit, Live and Do Business*.

White Pine County is growing and we are looking ahead to new economic activity. The county is located in East Central Nevada, with 8,900 square miles; it is approximately the size of the state of Massachusetts. Almost half of the county's population of 9,542 lives in our one incorporated city, which is Ely. Ruth is located seven miles west of Ely, and has a population of 400, and houses the Robinson Mine. McGill is located 12 miles north of Ely with a population of 1,100, and then we have Lund and Preston, which are located 35 miles south of Ely in an agricultural area. Baker is located on the Eastern border which is the gateway to the Great Basin National Park.

We have always depended on our natural resources for our economic prosperity. Historically, mining and ranching has been our economic mainstay. The county has two large, active mines. The Robinson Mine, near Ruth, produced 121 million pounds of copper and 70,000 ounces of gold last year. Bald Mountain Mine is in the northern portion of the county and was recently purchased by Barrick. It produced 70,000 ounces of gold in 2005. Our agriculture continues to support more than \$15 million in alfalfa and livestock sales each year.

Tourism has become a key element in our economy, including the Great Basin National Park, our historic railroad museum and train ride, and our hunting and fishing. Cummings Lake, which is 6 miles from Ely, supports 70,000 anglers per year, and according to the Nevada Department of Wildlife Records, 70 percent of that use comes from Clark County residents.

New residential development includes retirement and summer homes, primarily for Clark County residents, seeking outdoor recreation. White Pine County experienced a 3.4 percent growth rate in 2005, making it the fourth fastest-growing county in the state and the forty-sixth fastest-growing county in the nation. The State Demographer estimates 2.9 percent growth in 2006. We are experiencing

increases in housing units, total labor force, and taxable sales and assessed valuation.

The county has become involved with two energy development projects since 1978, and we are encouraged by the progress of both. We have two proposed coal-fired electrical power plants, as well as wind energy projects, that are in the exploratory phase.

The Nevada Division of Environmental Protection has announced its proposed action to issue the White Pine Energy Station an air quality permit and is currently receiving public comment. The draft of the Environmental Impact Study (EIS) will be released to the public this spring. The project will make a \$3 billion investment in White Pine County, generate more than 240 direct and indirect jobs during the operation phase, and more than double the county's tax revenues. The county has been a cooperating agency in the White Pine Energy Station Project through the EIS (Environmental Impact Study) process and is pleased that L. S. Power has already proven to be a good steward of the environment and a good corporate citizen. They modified their design to significantly reduce the water resources needed for the project, and they have provided leadership and assistance with the permitting and renovation of our Nevada Northern Track. They are working with community entities to identify potential mitigation strategies, especially for impacts during the construction phase.

The Ely Energy Station proposed by Sierra Pacific Power/Nevada Power is holding its scoping hearings for the Bureau of Land Management's EIS statement process this week. Our staff is already working with Sierra Pacific, and we are also looking forward to working with them as a cooperating agency on their EIS.

One of the most critical issues facing White Pine County during the past year has been the Southern Nevada Water Authority's Spring Valley Water applications. The county met several times with SNWA (Southern Nevada Water Authority) in early 2006 to try to reach an agreement that would protect White Pine County's environment and water resources for the future needs of our citizens and our future generations. When an agreement could not be reached, the Commission proceeded to protest at the water hearings.

The County is a cooperating agency on the Groundwater Development Project EIS for the pipeline. At this time, we are waiting for the State Engineer's decision on the Spring Valley applications.

Also at this time, we are exploring the impact of pumping and pipeline construction to determine the financial implications for the county.

We are deeply concerned about SNWA's purchase of several ranches in the Spring Valley and what that may mean to our tax revenues, as well as the loss of our historic ranches, and the potential change to our lifestyle.

Also, one of our most critical issues is to resolve the financial crisis that surfaced in 2005, as I am sure most of you are aware. At that time, the Commission asked for assistance from the State. Under the supervision of the Department of Taxation, we cut spending, we were issued an interest-free loan, and levied fees and tax increases; but we are now pleased and looking forward to a positive fund balance on June 30, which is a lot sooner than what was originally anticipated. The County Commission is dedicated to solving our financial problems and strengthening our administrative procedures and internal controls to be sure that this does not happen again.

I am one of three new commissioners elected in November, and we are doing our best to learn, to understand the issues, and to work with our communities, employees, and the State to meet the needs of our citizens.

I would be happy to answer any questions you have regarding White Pine County, our environment, and the issues that we are facing.

Assemblyman Bobzien:

It always means a lot to us when we actually have the elected officials come and make the presentation.

Commissioner Carson, I have a question regarding the water issue. It is my understanding that in the last Legislative Session, about \$1 million dollars was allocated to provide the county with assistance to look at the proposal and help deepen your understanding of the situation. Is that correct?

Karen Rajala, Coordinator, White Pine County Economic Diversification Council:

White Pine County was fortunate to receive one of the grants through <u>S.B. No. 62</u> of the 73rd Session funding. We have used that grant to work with an engineering firm to help develop a database for our water resources and also to look at our strategies for how to maintain an ongoing evaluation of our water resource needs, and our basic resources countywide.

Although the Spring Valley hearing certainly focused our attention on that particular area, what we have learned, especially through that process and through the efforts with the revision of our water resource plan, is that we really need to be looking at our natural resource base and how that affects our economy and our lifestyle in all of our basins. So we have been able to make very good use of the S.B. No.62 of the 73rd Session money that was approved last session.

Assemblyman Settelmeyer:

How much money has been spent so far dealing with the issues of water transfers? Have you used a fair amount of county funds for that purpose?

Karen Rajala:

When the applications were filed by the Las Vegas Valley Water District, the county's voters actually approved a tax override at that time to create a fund. That fund has been used over the past 17 years. So, some of the things that we did early on no longer apply because of the changes in scientific methods. So we have continued to use that fund.

We have a small balance left in that fund to address some of the critical issues related to monitoring our water resource issues, filing protests, and working with the State Engineer's Office.

We were fortunate with the hearings in that we were able to join forces with the Western Environmental Law Center that was presenting the case for some of the other protestors. We were able to participate in the hearings at a minimal cost, and we have not had to draw any funding, other than some staff time, to be able to participate in those water issues.

Assemblyman Goicoechea:

When you say there were several ranches purchased in Spring Valley, for the benefit of the Committee, about how many dollars are we talking about? I have heard some astronomical numbers.

Karen Rajala:

In terms of the purchase price, we have some representatives of Southern Nevada Water Authority here, and they may be able to give you a better estimate of the actual purchase price. We have talked with the Assessor and if all of those were to be taken off the tax rolls because SNWA is a municipal tax-exempt entity, it would be approximately \$30,000 out of our tax base.

Assemblyman Goicoechea:

Of course, those are all agriculturally exempt properties, so you have to understand they are tax deferred. It is up to the Chair whether she wants to hear from Southern Nevada Water Authority, but again, we are talking around \$100 million for the ranch properties that have been purchased. Whether it comes on at true market value or is ag [agriculture] deferred, that is a big difference. But it is an erosion of their tax base. I appreciate those comments.

Chair Kirkpatrick:

Julie, do you have any of those answers they are asking for?

Julie Wilcox, Director of Public Services, Southern Nevada Water Authority:

We have purchased several ranches in the area. We have, through our negotiations with White Pine County, let them know that we would be very willing to enter into an agreement with them that would cover the property tax issue. We have property in Lincoln County and also in Pioche. We have an office down on Main Street. We have done taxes in lieu of payment to them under the same type of scenario.

During our negotiations, we let the county know we intend to continue ranching, and we intend to make the properties better performing than they are currently. We are going to be investing significantly in the properties to increase the ranches' water conservation. We are also looking forward to that as well as using the properties for environmental resources.

We had some properties that are very close to some very sensitive environmental lands and that was one of the reasons we wanted to purchase the ranches, so that we could make sure to maintain those areas of interest.

Assemblyman Goicoechea:

Of course, there are a ton of coffee shop rumors, but it is my understanding there are only about 30 ranches left in Spring Valley that have not been negotiated for. Some of those 30 have fairly significant purchase prices, I believe the Robison was \$22 million. Could you give us some of those numbers?

C. Joseph Guild, III, Attorney at Law:

I am here with the Southern Nevada Water Authority and I am currently helping the Water Authority in evaluating and managing the ranches. A lot of the ranch properties have been negotiated on, but they have not been purchased yet. Specifically, the Robison property that Mr. Goicoechea just mentioned was purchased for \$22 million.

Another property, a comparatively small hay-producing property, was purchased from the Harbeck family—and please do not hold me to these exact numbers—for approximately \$5 million. Escrow has not closed on a couple of other properties. There is a public record of this, because the Southern Nevada Water Authority's Board of Directors has approved some of these purchases.

We would be happy to provide those numbers to Mr. Goicoechea and other members of the Committee through the Chair, rather than give you the number off the top of my head. Those are the only two that I can accurately tell you the purchase price of, and like I said, the escrow has not closed on the other ranches.

It is true, there are negotiations on several other ranches in Spring Valley. There are properties, significant properties, which are not being negotiated on. There is a big ranch in Spring Valley owned by the Mormon Church, the Cleveland Ranch.

The Eldridge family owns a significant amount of property in Spring Valley. Then there are a couple of other ranches that may or may not be able to be purchased as time goes on.

Since I am kind of the point person on these ranches, I assure the Committee, Mr. Goicoechea, Ms. Carson, and Karen Rajala, publicly, we are going to continue to ranch and operate these properties in agricultural enterprises. The plans will unfold as time goes on, but I think that once the public sees what we are doing, they will realize we are going to continue to avoid the fear that Ms. Carson expressed about impacting the historic ranch culture in White Pine County. We are committed to continue that culture and continue to have cowboys, sheep herders, irrigators, and hay cutters in Spring Valley.

Chair Kirkpatrick:

Maybe we can talk after and have you do a regular presentation, because this Committee will hear some water issues.

Do we have any other questions for White Pine County? Mr. Goicoechea? This is Mr. Goicoechea's area; he has forgotten to say that.

Assemblyman Goicoechea:

Yes, I represent White Pine along with seven other counties.

It is my understanding that the Department of Taxation did in fact come to the Board of County Commissioners and was going to change your status, as far as being in severe economic hardship, and you would like to take some time and look at that. Could you explain that?

Laurie Carson:

In the Committee on Local Government Finance it was the first time that we had even heard that the Department of Taxation wanted to change our status. We have yet to really see what they are offering as an exit plan. We will just have to see how that progresses.

Assemblyman Goicoechea:

It is good news to hear that White Pine County is recovering. The real key to recovery in White Pine County will be those power plants, at least one of them. That will add \$600 to \$700 million to their tax base. When you are in a county that has approximately \$140 million for a tax base, it is tough, and a lot of that is agriculture.

Chair Kirkpatrick:

I personally wanted to make sure White Pine County came when I was on the Taxation Committee last session, and I saw a minus 22 percent I wondered how you have a minus. I wanted to make sure they had their day here, so that those of

us who live in southern Nevada, especially, could understand the differences and the diversity issues they have in the rural areas. It is important for the Committee to know a little bit about Elko County.

John Ellison, Commissioner, Elko County:

[Distributed presentation booklet (Exhibit H).]

Elko County was created on March 5, 1869, by an act of the Nevada Legislature. We are the fourth largest county in the continental United States, with a land mass of 17,182 square miles. The cities of Elko, Carlin, and Wells were created in 1868. The arrival of the Continental Pacific Railroad in West Wendover, located on the Utah border, followed in 1891. Elko County also includes six towns: Jackpot, located on the Idaho border, Montello, Mountain City, Midas, Jarbidge, and Tuscarora. Elko County has a current population estimated by the Nevada State Demographer to be 48,040. The City of Elko is the county seat and the largest city in Elko County, with a population of 17,825. Elko County is governed by a five-member commission with a county manager's form of government.

Cash Minor, Assistant County Manager/Chief Financial Officer, Elko County:

Elko County's economy is driven primarily by four industries: mining, gaming, ranching, and recreational activities. Mining, of course, is the largest economic driver in our community as far as job creation and wages. However, as you all know, it is cyclical in nature. Right now, with \$600-plus gold prices, everything is booming. Mining and mining-related activities probably account for 75 to 80 percent of our economic activity. Currently, based on state statistics, we have approximately 25,000 jobs in our county, with an unemployment rate of about 3.8 percent, which is now probably one of the lowest in the State.

It was recently announced in the Elko paper that a new gold deposit was found in the Pequop Mountain range, which may rival the Carlin Trend.

Also of interest, in the 2000 Census, the combination of Elko and Eureka Counties was defined as a micropolitan statistical area. Basically Elko is the central county, with a population base above 10,000, with the outlying county of Eureka. Because of the mining activity and the interaction of employment between the two counties crossing borders, we were able to obtain that designation.

John Ellison:

Our gaming industry is significant in Elko, Wendover, and the town of Jackpot. Additionally, gaming properties in the cities and towns contribute to our overall economy in Elko County.

Livestock production has been a long-term mainstay to Elko County's economy. The County contains an estimated beef cattle inventory of 152,000 head and a sheep and lamb inventory of 19,700 head. In the 2004 Technical Report, by the

University of Nevada, the estimated net farm income was approximately \$30 million. Elko County is 87 percent federally owned with the bulk of the acreage managed by the Bureau of Land Management and the Forest Service. If available animal units or (Animal Unit Month) AUMs were in production, it would provide an estimated 550 jobs in Elko County in the livestock industry. We are talking \$30 million dollars of which should go up quite significantly, is that correct?

Cash Minor:

It will increase to approximately \$132 million.

A long-term mainstay in the community in Elko County has been recreation. We have the beautiful Ruby Mountains, the Jarbidge Mountains, and the Jarbidge Wilderness area, as well as a lot of high plains. We are in the Great Basin area. You can experience backpacking, fishing, hiking, mountain biking, and rock climbing. If it is an outdoor activity you can probably find it in Elko County. For the people who are interested in hunting, we offer some excellent big game hunting. We have bighorn sheep, mountain goats, mule deer, antelope, and a multitude of upland game birds. We would certainly invite everybody to come to Elko County and explore our outdoors.

The University of Nevada, Reno, was established in Elko in 1874, and it was not moved to Reno until 1886. Fortunately, for Elko, the Great Basin College was implemented in 1967 and continues to thrive in our community. Great Basin College is now offering four-year programs.

Economic development activities in Elko County involve creating a rail trans-load facility with an attached rail-served industrial park. We purchased the land for that and we are in negotiations to sell some of that land. We are in the design phase to construct the trans-load facility. We are hoping to create 750 to 1,000 non-mining related jobs. If we can get this accomplished, I think it will be a benefit for our region.

Most of you are probably aware of the serious nature of the wildfire season last year. In Elko County alone, almost one million acres were burned—728,000 of that was public land and 220,000 was private property. The federal agencies, as well as State agencies and the county, are doing as much as possible in the way of emergency stabilization and rehabilitation. We are certainly lobbying Congress and working at the local levels to get assistance in this regard. Frankly, the budgets from all agencies are short, to the tune of about \$32 million.

You have heard quite a bit about water issues today. This is a critical issue for the County Commission, considering the elevation of Elko County and the multitude of water basins we have. We are concerned about emptying the upper basins into the lower basins when water is exported.

Road construction is certainly a statewide issue. We all have our road issues that tie into growth. I would prefer to leave that to the Blue Ribbon Task Force discussions on Transportation.

In the last several years, several rural counties have had the cricket and grasshopper invasions, or infestations. We continue to work with the Department of Agriculture, trying to keep those insects out of the populated areas. They tend to create a lot of public outcry.

One of the biggest issues that we always run into, and you ran into this from the Federal Government, is unfunded mandates. I would strongly encourage federal, state, and local governments to collaborate and find an equitable way to deal with these unfunded mandates.

With regard to growth, we continue to try to diversify our economy to find non-mining related activities to expand our diversity.

A serious item across the nation is meth [methamphetamine] use. We certainly would support education and treatment methodologies. The experts can tell us more, but something certainly needs to be addressed in that regard. It is just devastating to communities across the country.

Elko County's budget is approximately 60 to 62 percent dependent on sales tax. With the mining activity that is going on, that number will probably change. Likewise, when the price of gold goes down to \$200 an ounce, we certainly lose a lot of money in that regard. We are as dependent on sales tax as most other local governments.

I believe that is all we have at this time. If you have any questions, we would be happy to attempt to answer them.

Assemblyman Settelmeyer:

Could you discuss the bill draft request dealing with flights from an Elko airport directly to Reno?

Cash Minor:

The flight service out of Elko is run by an airline, SkyWest, which is a Delta connection that at one time flew from Salt Lake City to Reno through Elko. However, that route was not profitable. It was eventually dropped, approximately two to three years ago. Unfortunately, with our mining activity, most of the flights that the mines send out tend to go back through Salt Lake City because they are either flying east or overseas or going to corporate headquarters in the Denver area or into Canada.

A smaller airline was brought in. They lasted perhaps a year and a half to two years, then left. The City of Elko is really the one driving this. They are attempting to find a carrier that will handle that Reno route. Senator Rhoads has a bill to try to address that issue. How it is going to work out, I do not really know. It is inconvenient not having that flight service.

John Ellison:

Elko County is going to do whatever we can to help the City of Elko, because it has affected everything, the mining industry, the ranching, and recreation. The mining industry flies in a lot of people to and from Elko County. Now they cannot get from Elko to Reno. It has created a lot of economic problems for the City of Elko. We are doing whatever we can. Elko County is going to be with the City of Elko to do whatever we can to help support them.

There was another thing that was brought up about Indian gaming. I sit on the Blue Ribbon Task Force that studied the number of cars coming across on Interstate 80 and how that would impact the gaming in California. Right now it has done nothing, but as they start popping up more and more in the State of California and other states, they will have a major impact on the State of Nevada. I think they ought to look at this and take it very seriously.

Assemblywoman Parnell:

I have a question about the fires you had that were so devastating. Where do you get your air suppression or fire suppression tankers from? Do they come out of Minden or Stead, or do they come from Utah?

Cash Minor:

We have a partnership with the Nevada Division of Forestry, and to the best of my knowledge, when those fires occur, we ask for the resources out of this region. Depending on the priority of the fire, on how it is ranked, they order those assets in from wherever, but they would probably be out of the Western Region. That is the best I can tell you. Some have come out of Boise, Idaho; some may have come out of Reno. I am not sure where they all come from. During this last fire season, we actually had firefighters from all over the United States, because they were bringing type-one and -two teams to control these fires. Primarily, I would say in the Western Region, but it is possible they could come from somewhere else also.

Assemblywoman Parnell:

You did not have any problem getting access? Everybody was pretty quickly on board, and you had that tanker service as necessary to do as much as they could, even though it was in such a tremendous area of your region.

Cash Minor:

At one time we had, I believe it was, 45 aircraft stationed in Elko to help fight fires.

Assemblywoman Womack:

I understand there is a great need for housing in the Elko area, and that there is a lot of growth in that area. How much of it is senior population, and how much of it are workers coming in for the mines, and how is that being addressed?

John Ellison:

Elko County is faced with large population growth due to the mining. There are also a lot of seniors from around the state moving to Elko now, and there is a housing project right now on 12th Street and up on lower Lamoille Road that is creating subsidized housing. It will address the seniors housing issue. I think what is going to happen is that when they start moving into these new units right there on 12th Street, it is going to leave a lot of rental units open for the mining employees. It is a housing boom right now. There are several hundred houses being built in Elko County as we speak. It is a positive thing. It is good that the city is dealing with the infrastructure problems and the counties are doing the same thing.

Assemblyman Claborn:

Can one of you tell me how much habitat, in miles or acres, we actually lost with the devastation of our fires?

John Ellison:

We lost one million acres up into North Elko County. The fires affected the deer population, the wild horses, and we had ten lights of these sage hen beds that were destroyed. The NDOW (Nevada Department of Wildlife) released 700 doe or deer tags to remove deer from this area or they were going to starve to death.

Assemblyman Claborn:

I am well aware of that. My question was about White Pine County, not Elko County.

John Ellison:

I thought you were talking about Elko County. I am sorry.

With the wildfires that were to the north of us, yes, we did have a hard time trying to get some fire teams in there, because there were so many fires in California at the time.

Some of the ranches that were hit were on public land, some on private land. Where the "fuel load" was high when the fire went across, everything was destroyed—the private acreage, the fences, the roads, everything.

Elko County is going to be faced with multi-millions of dollars worth of erosion damage to roads. We took this information back to Senators in Washington and the President's Chief of Staff, asking for federal assistance after the fire we had in

Elko County. It is working out pretty good. We are hoping we will get the funding to help the wildlife, the ranchers, and to rehabilitate the public lands.

Assemblyman Claborn:

Is it not true that Elko County consists of 13 million acres?

John Ellison:

Elko County is a very large county, with 11 million acres, but the area that was hit two years ago was all across the western part of Nevada. This time, it just happened to be in the northern part of Elko County. It was devastating.

Assemblyman Goicoechea:

I have couple of questions for John Ellison and maybe we can clarify some of this. I had a lot of phone calls when that deprivation hunt took place to thin out the deer population. A lot of people felt that it was not necessary. I want to get your ideas on that, and also, I think the point that Assemblyman Claborn is trying to make is that the deer herds in Nevada are probably at a historic low and only 10 percent of the habitat in Elko County was burned. So, was it truly necessary? I also had a lot of calls, especially in late August, commenting on the fact that maybe the suppression could have been at a higher level. Would you care to comment on that?

John Ellison:

Mr. Goicoechea is correct. Assemblyman John Carpenter and I got in a vehicle and drove north of Elko, trying to get firefighters out of the vehicles and onto the ground. There were several large pieces of firefighting equipment on trailers, and they did not have the right manpower or the bosses they needed to unload the equipment, so it sat on the trailers and the fire spread very rapidly.

Regarding the deer, there is a high-mountain, grassy area up to the north with a large deer population. The deer, as well as the wild horses, would definitely have starved to death if not taken out of there.

Chair Kirkpatrick:

I would like to know how you balance your government services and your employees, as your economy is very up and down. Do you hire people based on grants? You have a volunteer firefighter service. How exactly does that work?

Cash Minor:

When it comes to service delivery within the county, growth certainly results in more service demands, probably more than the tax revenue does. In most areas of service, we try to put new positions in areas of critical need to minimize our workforce as much as possible.

To jump to the fire question for a minute, we are in partnership with the Nevada Division of Forestry within the whole fire district, which is the county. There are, I

believe, 17 volunteer organizations. Again, Senator Rhoads has a bill to address additional volunteers from some of the outlying ranches that are quite a distance from those volunteer stations. We are a conservative county. We try to maintain the best service level possible with the fewest people possible. Does that answer your questions?

Chair Kirkpatrick:

It does, thank you. Does anyone else have any questions? [There were none.]

Next, I would like to welcome the City of Carlin.

Linda Bingaman, Mayor, City of Carlin:

On the front of your packet (<u>Exhibit I</u>) is a picture showing flags. The City of Carlin does a flag ceremony. Our local VFW (Veterans of Foreign Wars) has all of the flags from all of the veterans from the community who have passed away. They fly the flags in our park for Memorial Day. If anybody is ever in the area, it is a really beautiful sight to see the flags throughout the park.

Moving on, Carlin is a very small city. Our population is about 2,265. We are right at the gateway of the mining area. You drive through Carlin to get to both Newmont and Barrick and all of the big mines.

Carlin started out as a railroad community. It was the base for the Southern Pacific Railroad and was supported that way until the mining came in. Then Union Pacific took over, and all of the railroad facilities went to Elko.

That was a problem for Carlin, and so is the up and down population due to mining. We have gone up as far as 2,800 and down as low as 2,000 in population in the last few years.

When you talk about BLM (Bureau of Land Management) land, we have 400 acres that we have purchased north of Carlin that we are in the process of trying to develop. The process of purchasing that land took us between 13 and 14 years. It was horrendous. It was not an easy process at all. It was very time constraining for us.

We are very excited by the fact that we recently sold 278 acres of land north of this area. We have proposed a 250-unit housing project. We currently have a housing shortage in Carlin. You cannot find a rental, you cannot find a home, and you cannot find anything due to the influx of mining people trying to find places to live. There is just no place to live. We have the proposed 250-unit housing, and an 80-unit apartment group, and also a big commercial development, Carlin Travel Center, which will include a truck stop, a motel, two restaurants, and an R.V. (Recreational Vehicle) park all in one unit. It will be about a \$15 million project.

We are very excited about that. A relocation of one of our local businesses is going to go up in that area also.

The whole group is currently working collectively to put together a development plan to do a traffic study, a grading plan, and all of the necessary things to get it all off the ground this year.

Assembly Bill No. 312 of the 73rd Session legislation in the appraisal process made it very hard for us to sell this property. It took us months to get appraisers. That is something I hope you will look at because it made it very difficult for the rural areas to work within that process.

We also built an equestrian park in town that we are pretty excited about. The equestrian park was done with all private and donated equipment and time. It was city property, and we lent equipment to help them develop it, but it was all private funds that built this.

We are also looking at incorporating areas around us. We have several chemical plants outside the community, and the University of Nevada Fire Science Academy is also just right outside of our community. We are working on the process to incorporate all that into the city. We are currently providing services to them. We put a water line out to the Academy in a joint project between Carlin, Elko County, and the City of Elko.

When you are discussing the flight issues, the Fire Science Academy flies people in from all over the United States for classes there, and they have been greatly impacted by the lack of flight service. A lot of the refineries are in California so their employees have to fly into Salt Lake City and then come back. Flight service is important and it would be important for them to be able to have that to assist them.

As far as our budget is concerned, we always run on budget constraints. We never have enough money. We are basically dependent upon ad valorem taxes and the consolidated tax to make our base. We are constantly struggling to keep up with what we need because there is just not enough. That is one of the reasons we are so excited to have more housing and more development, to hopefully help us out of that situation. We have been at the tax cap for years, with nowhere to go except trying to add growth to help us out.

The community is served by a volunteer fire department and ambulance service. Like everywhere else, volunteers are harder and harder to get, and retain. I do not know if it is that younger people do not have the time, they do not have the energy, or they do not have the desire to be in the volunteer service. How do you capture that and how do you keep people?

The other thing that we are being constricted by is new demands. We run as an intermediate level service. State (Emergency Medical Services) EMS is putting more and more demands on volunteers as far as training (Emergency Medical Technician) EMTs. Now they are doing National Registry testing, which is an added expense. You also have to go to Las Vegas for two days for testing. We have the expense of the class, the added expense of paying for testing, plus travel, and having to spend a night. That hurts when you have small departments, small budgets, and rural areas all across the state. All of your rural areas are going to be hit by that. That is something you might want to look at.

Our area was also hit by the wildfires. They burned all around Carlin, all around the Fire Science Academy. Our department happened to work on almost all of the major fires that were out there, and we were affected by it. We have been impacted by lack of equipment, et cetera, from the State.

The only other thing I wanted to add was that we are looking for legislative support for our election process. We are trying to transfer our election process over from a city election to tie it in with the county elections. There will be something coming before the Legislature to modify our election process so that we will not have the expense as a city. We can run it as part of the county election, and we will not have to purchase new voting equipment and run the separate elections. With that, I would open it up for questions.

Chair Kirkpatrick:

I want to thank you for coming. The reason that you are here today is I had the privilege of working with the City of Carlin during the interim on that <u>A.B. No. 312 of the 73rd Session</u>. We have made great strides with it and things are moving forward to make some changes this Session.

One of the things I want to know from you personally is what your public process is. I mean process as when they come before you, as the Mayor, and your four City Council people. Do you put things on the consent agenda, and is it a regular agenda? Do you have public hearings? How does it work in Carlin?

Linda Bingaman:

We do put it on a regular agenda. We do not run consent agendas in Carlin. We run public hearings for anything that we need to. The land sale for the housing unit was actually done through the auction process, through a public meeting.

Chair Kirkpatrick:

Of course, last time you did them through the public auction process. If someone was to come to Carlin, Nevada, and wanted to sell and change, you have a zoning—I am not sure how it works.

Linda Bingaman:

We do have planning and zoning that we follow. Prior to this bill, we sat down and negotiated with people. There are entities that are up in our industrial park that we actually negotiated with because we do not have total infrastructure in there. We will sell you this piece of property if you put in water and sewer to this far. We will sell you this property in exchange for road development, et cetera. We were able to negotiate a lot of that type of issues to get development in and also to bring companies in, but it would allow us to do what we did not have the money to do up front. The bill took that away. We were not able to do that for this site.

Chair Kirkpatrick:

Before you leave today, I would really like to get with you. Does Carlin, Nevada, own a lot of property, or is there primarily private property?

Linda Bingaman:

We do not own much property at all, except for this one area that we purchased. Other than that we do not own much in town itself. We are pretty much landlocked, as well, totally surrounded by private property. We are surrounded on three sides with land owned by Newmont Gold Company.

Assemblyman Goicoechea:

I am just going to ask a question to try to clarify a little bit. I think the biggest problem we see with the bill that was passed last session is it imposes a real hardship on some of the rural areas being able to get appraisers. In a lot of these rural counties there are no appraisers, so they cost a lot of money.

Linda Bingaman:

That is correct. I believe we finally had to bring appraisers out of Reno and it was pretty costly.

Chair Kirkpatrick:

Does anyone else have any questions? I thank you very much for coming all the way down to Carson City, and we look forward to working with you in the future.

Linda Bingaman:

Thank you for the opportunity. I think it is wonderful that you are asking the local entities what they think.

Chair Kirkpatrick:

Today, we also have some presenters from General Improvement District (GID) and just so the people from the south understand, and the freshmen understand, why I specifically chose GIDs is because when I came from Las Vegas last time, I had no idea what a GID was. I thought that we could start out the Session, before the bill drafts come rolling in, by learning what a GID is, how it works differently within this part of the State, and the challenges that they have to go through as well.

I would like to welcome Ms. Walker and her group. I will just give you a little bit of a definition of what a GID is, so that you can have your questions ready.

Basically, GIDs are created by County Boards of Commissioners to fund the entire infrastructure and provide a specific service that the local government is unable to provide. Maybe it would be phone service for Mesquite. Maybe it would be some type of infrastructure for Lake Tahoe. Those are some examples. I am sure they can answer your questions much better, but I wanted to give you the opportunity to understand GIDs.

Mary Walker, President, Walker & Associates, representing Incline Village General Improvement District:

With me today is Mr. Gene Brockman, Trustee of the General Improvement District, and Bill Horn, General Manager of the General Improvement District. I would like to turn it over to them.

Gene Brockman, Vice Chairman, Board of Trustees, Incline Village General Improvement District:

I am going to tell you about something more than just a small GID for a single purpose. IVGID (Incline Village General Improvement District), as we call it, was created in 1961 by Washoe County, under the provisions of NRS 318, to provide some of the municipal services to Incline Village.

Our current population in Incline is about 10,000. Our current operating budget is \$31 million and capital spending adds another \$10 million to that. From a financial standpoint, we are very similar in size to the City of Elko.

More than 90 percent of our revenue comes from user fees. Less than 10 percent comes from ad valorem and seat tax sources.

We own and operate the water system serving Incline Village and Crystal Bay. We belong to the Tahoe Water Suppliers Association. We own and operate the sewer system and the waste water treatment plant. We export our wastewater effluent 32 miles over Spooner Summit and down into some wetland areas between Carson City and Minden. We belong to the Lake Tahoe Wastewater Infrastructure Partnership. Phase one of the new effluent export pipeline, to carry our treated wastewater out of the basin, was completed last summer, and phase two of that project, which will take it past Spooner Lake and Summit, will happen next summer. That is about a \$13 to \$14 million project done in cooperation with the Army Corps of Engineers. We partner with the state parks to handle the sewage from Sand Harbor. We are part of the Lake Tahoe Storm Water Consortium and are also in partnership with the Nevada Conservation District.

We provide the trash service and recycling operations through a private contractor.

We own and operate all recreation venues in the Village. Senior programs are done in partnership with Washoe County and the North Lake Tahoe Fire Protection District, as well as the Red Cross. We have a wide variety of recreational programs for youth and we provide the playing fields for Little League, Pop Warner Football, and American Youth Soccer Association (AYSO) Soccer. We operate an 11-court tennis complex. We have a very well-organized hiking program for seniors, two community centers, the Chateau and Aspen Grove, two 18-hole golf courses, the Championship Course and the Mountain Course. We also have a village green playing field and a major recreation center that has a pool and gym. We own and operate Diamond Peak Ski Resort. We have four lighted ball fields and a skateboard park.

To do all of this, we have a full-time, year-round staff of 110 people. We have an additional 450 seasonal workers to handle summer and winter recreational and utility operations.

We collaborate with Sierra Nevada College to provide scholarships for our local high school graduates and to provide continuing education for our employees and seniors.

We donated the land for the D. W. Reynolds building that is used as a community collaboration center, called the Parasol Foundation, for charitable organizations. We also donated the land for the Incline Middle School and the Chamber of Commerce and Visitors Bureau.

We have a joint-use agreement for field and facilities use with the Washoe County School District.

We are very active participants in the Tahoe Regional Planning Agency (TRPA) Pathways 2007 Forum and their place-based planning effort. Last summer, the Assistant Secretary of the Army, on behalf of the Army Corps of Engineers, presented Incline with their prestigious Exemplary Service Award for District Activities Related to the Environment.

In summary, we have told you what we do, but you may have noticed that there are several services notably absent. They include fire protection, which is done by the North Lake Tahoe Fire Protection District. It is considered one of the premier fire protection agencies in the West. Law enforcement, planning, roads, building, and safety are all provided by Washoe County.

We would be happy to answer any questions.

Assemblywoman Parnell:

You are with the Gardnerville Ranchos, correct?

Gene Brockman:

We are Incline Village GID.

Assemblyman Goicoechea:

The properties that you donated, how did you acquire those? You must have purchased them.

Gene Brockman:

There was a private developer who did the original layout and owned the property in Incline. In 1961, when the Improvement District was formed, there were properties deeded over to the Improvement District. So they acquired title to all of the properties that we have. The golf courses, the ski area, everything we have is now owned free and clear.

Assemblyman Goicoechea:

Thank you. That was very generous of someone.

Assemblyman Settelmeyer:

First I want to indicate to you that you have done a wonderful job up there. If the Chair would ever like to try to go on a tour up there, I am sure we could arrange that.

I would like you to talk a little bit about the growing needs and concerns that are being expressed to IVGID to expand the projects that they do.

Gene Brockman:

The Incline Village Improvement District is bounded on one side by Lake Tahoe and on three sides by mountains. We have a finite number of properties and we are about 95 percent filled out. Our village is not going to grow unless it grows upward and we have a TRPA limitation on building height. We think that our population is going to be just about where it is now.

We are adjusting our activities and our programs to comply with what our community wants. I do not know whether I am getting at what you are after.

Assemblyman Settelmeyer:

If I can redirect, what I wanted you to comment on is how so much of your community is asking you to broaden your scope, to increase the number of things that you do for that community.

Gene Brockman:

To many of our residents we are the Municipal Government. In fact, legally we are called the Quasi-Municipal Government. Our scope is very limited by NRS 318 to water, sewer, trash, and recreation. Our village residents consider us the Municipal Government and expect us to be involved in and responsible for all of the other

services that go on, while in fact they are supplied by either Washoe County or this other special district, the Fire District.

I do not mind telling you that there is a strong sentiment within our village, and has been for probably 15 years, that Incline should become a separate county. There is a strong desire for self-determination. While we maintain very cordial and strong relationships with Washoe County, and they have supported investigations into our becoming a separate county, financially it would be possible and very feasible. We would be a cash producing county. However, from a political reality, everything would have to take place here in this building to create a county. We would have to have an awful lot of support from you folks. Whether it will ever happen, I have no idea.

We are much more involved than any other GID in the scope of our activities. Most of the other GIDs, you will be finding out, are for a single purpose or are very limited in their scope of activities, maybe a water company, or water and sewer, or perhaps a television system, or something else. I mentioned that we are financially about the same size as the City of Elko.

Assemblyman Bobzien:

Regarding the proposal for creating a separate county, what sorts of studies or analyses have been done in terms of the overall service accumulation that you would have to do? The assumption of service is public safety, et cetera. Are those studies available; are those things that you can share with this Committee at a later date?

Gene Brockman:

We would be most happy to. There have been probably four or five serious attempts to create a separate county, in my experience, and I have been there about 20 years. On one occasion a private group funded an economic study, a financial feasibility study. Most recently, I think it was four years ago, Washoe County and IVGID cooperatively funded a very detailed cost-center-by-cost-center analysis. It was done by Meridian Associates, I believe. It is an accounting firm. They went into all tax sources and all revenue sources, all expenses. We designed a new county structure with people and services, et cetera. All of that is available, yes.

Assemblyman Bobzien:

If that could be provided to my office through the Chair, that would be great. I would appreciate that.

Gene Brockman:

We would be happy to arrange that.

Chair Kirkpatrick:

I have one question, but because we are slipping away from your counterpart's time, I want to be quick. Are you appointed or are you elected? How long is your term and what is your compensation?

Gene Brockman:

Our GID is managed by a five-person board. We are elected for a four-year term: three people one cycle, two people the next. We elect a Chair, a Vice Chair, a Secretary, and a Treasurer; and then we hire the General Manager who acts as our Village Executive Officer, which is Mr. Horn. We are paid according to statute, a maximum of \$9000 per year. That was just raised this past January 1.

Chair Kirkpatrick:

We gave you a raise last time, I remember.

Gene Brockman:

It went from \$6000 to \$9000.

Bea Epstein, Chair, Incline Village General Improvement District:

Thank you very much for having us today. There is not much that I can add to what Gene has already mentioned. We welcome the opportunity to invite you to come to Incline to visit with us, to meet our citizenry. I know that they would be honored to have you visit.

Chair Kirkpatrick:

Do we have any other questions?

Ms. Walker, just for certain clarification, we got a packet from Gardnerville. We got something from Gardnerville, but did not get anything from Incline. Will we be receiving something from Incline?

Mary Walker:

We can definitely get that for you.

Allen Wagner, Chair, Gardnerville Ranchos General Improvement District:

I am not sure you are familiar with the Gardnerville Ranchos, but our main objectives are roads, water, and sewer. We are now involved in parks, as well.

We have approximately six square miles of district and \$273 million in assessed valuation.

I did not really come prepared for this meeting, because I was just here as a backup for our Manager. He has all of the information that is needed and if you have any questions, I would hope you will ask him instead of me. Thank you.

Bob Spellberg, District Manager, Gardnerville Ranchos General Improvement District:

[Distributed informational folder (Exhibit J).]

The Gardnerville Ranchos was created in March of 1965 by the Douglas County Commission. The Swift family owned some land approximately four miles outside of the towns of Gardnerville and Minden. They went to the County Commission and asked if they could rezone property so that they could start development. They were required to go before the towns of Minden and Gardnerville to ask for

They were required to go before the towns of Minden and Gardnerville to ask for annexation. The two towns did not have enough facilities to serve the community, so the County Commission created a General Improvement District under Chapter 318 of the *Nevada Revised Statutes*.

In Chapter 318 of the *Nevada Revised Statutes* is a shopping list of items that GIDs can do. Some are single purpose as was mentioned previously, and some are all-purpose. Our District, as Chair Wagner mentioned, provides water, sewer, streets, storm drainage, street lights, parks, and recreation responsibilities that were given to us in 1967 by the Commission. We do not provide for trash and trash disposal. That is something we can do, but we do not, because it is done under franchise with Douglas County.

As Chair Wagner mentioned, we are approximately six square miles in size. We are nestled in between Highway 395 and Highway 88. If you were driving down either of those highways, you would never know we are there.

We have a population of approximately 11,750. That is what we show on our budget. We are a bedroom community. We empty out in the morning and we fill up in the afternoon. We have a very small commercial base. We run efficiently. We are very fiscally sound.

Our roads, our water system, and our sewer system are in excellent condition. We are now concentrating on the 70 or so acres of open space that we own, some of which will be used for recreation. We have one small pocket park. We have a couple of small areas of open space that we have turned from sagebrush into areas where you can sit and relax. We are just building our first set of tennis courts on a 20-acre parcel across from our office.

We have a staff of only eight people to serve 11,000 residents. We have five in maintenance, two in my office, plus myself. We have a five-member elected board, the same cycle as the County Commission. Their salaries, which were raised, are \$500 per month.

We have always been ahead of the curve. We have the best streets in the State. We have no potholes. About 60 percent of our general fund revenue is

consolidated tax, with the rest coming from ad valorem. We spend anywhere from \$700,000 to \$1 million per year on our roads.

We have a separate fund for our parks and recreation and proprietary funds for water and sewer. Our sewage is sent to the Minden-Gardnerville Sanitation District, another 318 district.

I applaud the Chair for letting us come here before things get going because at that particular time they tried to take our sales tax away from us. Through the efforts of many public hearings, they found out that GIDs do more than one thing. Sales tax money was frozen for single-purpose districts, and we were able to continue to grow.

At that particular time, the District did look into incorporation to become a city. We are a member of the League of Cities, just as Incline Village. When final legislation was passed and we realized that we did not need to think about incorporation, and our sales tax money would be saved, then we dropped the idea of being incorporated.

We work with the Douglas County Commission as far as zoning and master plan issues. We have no authority. All we can do is ask and hope that they cooperate, so we are limited for land use in our community.

We have been at odds the last couple of years on some lots. We would like to use money for capital improvements for our parks and recreation; and we have the money for the maintenance part of it. That has been quite a challenge over the last two years. We will be going back again this year for another round of master-plan amendments. We have already been told that out of 13 lots we would like to use for single-family housing, we will probably be lucky if we get three of them.

I wrote a white paper, probably five or six years ago, on something called Incorporated Town and a semblance of that was discussed a couple of legislative sessions ago and never went anywhere. What it would have done is give GIDs a chance to move up the ladder a little bit. All-purpose GIDs would have a little more authority in the area where they are located, possibly be able to charge some fees and work with the county in managing some social services within their boundaries. Unfortunately, the counties felt it was a threat to them, and it was soundly beaten to the ground and went away. With that, I will answer any questions.

Assemblyman Settelmeyer:

It is important to realize that GIDs are fairly large. You probably have a 12,000 population base right now out in the Gardnerville Ranchos. What does it look like the build-out is going to be? I know there is already a plan to build three or four thousand more homes out in that area, if I am correct.

Bob Spellberg:

Yes sir, you are. Right now we have about 200 home sites that are built. We have approximately 600 acres of vacant land around us that has been sold and is now in the planning process for building a planned community in that area. Depending on densities, that could ultimately double the size of the District. It seems that densities are getting higher and higher in Douglas County.

There is one key problem that we will run into, and that is water. Part of the District is on a bluff. There is not much water in some of the areas for new wells, so there will have to be some creative ways to bring water into the District, possibly from the town of Minden. I know the developers are talking with the town of Minden about building a pipeline, and that means we would buy water wholesale from them.

Assemblyman Christensen:

As we are talking about the General Improvement Districts, I live in a Special Improvement District and I do not know what the difference is. I pay a sum every six months; maybe you can help me understand this.

Bob Spellberg:

To be honest with you, Assemblyman, Special Districts are more single purpose type districts, like library districts, and water districts. It is still a GID if it is under chapter 318.

There are some special districts that are single purpose that are tied to a frozen sales tax rate. Someone who is a veteran on the Committee might be able to answer that better than I can.

Please take a look at 318 and see that there are many things that we can do. We have a paramedic district within our boundaries that operates as one of the four fire and paramedic districts. They include a 473 Fire District and also a 318 Paramedic District. You might see some legislation introduced later to try to combine them.

Chair Kirkpatrick:

Maybe Research could tell us the difference between a Special Improvement District and a General Improvement District.

How are your fees collected? Do the taxes go to the County within your GID and then get distributed back to you, or do they go directly to you?

Bob Spellberg:

Property taxes are collected by Douglas County and then distributed to the District, as a consolidated tax comes directly from the State and the second tier. I would like to brag a little bit about our tax rate staying the same for the last ten years.

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Chair Kirkpatrick

Do we have any more questions? [There were none.]

That brings us to the end of our agenda. Do we have any public comment? [None.] I do not have anyone signed in. Is there anyone on the Board who has anything to say? [None.] On Mondays we will be meeting at 9:00 a.m. Please be on time. We are adjourned.

[Meeting adjourned at 10:21 a.m.]

	RESPECTFULLY SUBMITTED:
	Rachelle Myrick Committee Secretary
APPROVED BY:	
Assemblywoman Marilyn K. Kirkpatrick, Chair	
DATE:	

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 9, 2007 Time of Meeting: 8:00 a.m.

Bill	Exhibit	Witness / Agency	Description
	Α		Agenda
	В		Sign In Sheet
	С	City of Carson City	Packet of brochures
	D	City of Carson City	Presentation
	E	Douglas County, Doug Johnson	Booklet, Annual Reports
	F	Douglas County, Doug Johnson	Presentation highlight
	G	White Pine County	Packet
	Н	Elko County, John Ellison	Booklet
		City of Carlin, Linda Bingaman	Booklet
	J	Gardnerville Ranchos General	Folder
		Improvement, Bob Spellberg	