

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

**Seventy-Seventh Session
February 8, 2013**

The Committee on Government Affairs was called to order by Chairwoman Teresa Benitez-Thompson at 8:02 a.m. on Friday, February 8, 2013, 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 nelis.leg.state.nv.us/77th2013. 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 Teresa Benitez-Thompson, Chairwoman
Assemblywoman Dina Neal, Vice Chairwoman
Assemblyman Elliot T. Anderson
Assemblywoman Irene Bustamante Adams
Assemblyman Skip Daly
Assemblyman John Ellison
Assemblyman James W. Healey
Assemblyman Pete Livermore
Assemblyman Harvey J. Munford
Assemblyman James Oscarson
Assemblywoman Peggy Pierce
Assemblyman Lynn D. Stewart
Assemblywoman Heidi Swank
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Jennifer Ruedy, Committee Policy Analyst
Jim Penrose, Committee Counsel
Bonnie Borda Hoffecker, Committee Manager
Maysha Watson, Committee Secretary
Lori McCleary, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Ted J. Olivas, representing City of Las Vegas
Elizabeth N. Fretwell, City Manager, City of Las Vegas
Michael Bouse, Code Enforcement Manager, Department of Building and Safety, City of Las Vegas
Michael Cathcart, representing City of Henderson
Cadence Matijevich, representing City of Reno
Wes Henderson, representing Nevada League of Cities and Municipalities
P. Michael Murphy, representing Clark County
John J. Slaughter, representing Washoe County
Cheryl Blomstrom, representing Nevada Bankers Association and Citibank
John Sande IV, representing Nevada Bankers Association

Chairwoman Benitez-Thompson:

[Meeting called to order. Roll was taken and protocol explained.]

We will go ahead and begin with our presentation by the City of Las Vegas.

Ted J. Olivas, representing City of Las Vegas:

We wanted to thank you for giving us the opportunity to give you a short presentation on what we do and why we do it. I will turn it over to Ms. Fretwell.

Elizabeth N. Fretwell, City Manager, City of Las Vegas:

I bring you greetings from our mayor and city council. Our mayor was, unfortunately, unable to be here today. She is dealing with a personal matter and is out of town. I appreciate the opportunity to go over some of the things that the City does, and as always, if there is anything that I say that prompts a question, I am happy to try to respond to that. If I do not have an answer, I will get it to you as quickly as I can.

What we have in our first slide [([Exhibit C](#)) slide 2] is just a depiction of the geography of the city of Las Vegas. It shows our wards and the representation in those wards. We do have a six-member council and a mayor elected at large. You can see the areas that they represent in our city, and we work very hard to make sure we take care of every part of our city.

You can see some quick facts and figures here about our city [([Exhibit C](#)) slide 3]. I am not going to read those to you. We are the 31st largest city in the country, down from the 24th largest city in the country, primarily because we have been pretty flat in our population growth while everybody else was growing. I think that is important to recognize.

I do have a few good-news items. Our unemployment rate has dropped about four percentage points, from 14 to 10 percent. We have seen an increase in our median income in our town from \$47,000 to \$54,000. Our poverty rate has dropped about 4 percent, from 19 to 15 percent. We are no longer number one in the foreclosure listing in the country. Unfortunately for Broward County, they are, but I am glad to be out of that running, to be honest. Maybe a little more on the bright side of things, we were recently named by *Forbes* magazine as a tech hotspot in the U.S. and number six for tech growth. CNNMoney still continues to rank us highly as a good place to retire. In fact, we were ranked first for that this year.

There are some good things that are happening in the city of Las Vegas despite some of the tough things we have been weathering for the last four years, which I will spend a little bit of time on. Things feel a little better. Maybe because it is not dropping so rapidly, but there are some good things that are happening on the diversification front, the economic development front, and some of the things we have done to stabilize our services. I plan on covering much of that this morning in my presentation.

Just by way of overview, I wanted to put in perspective how large our government is. I know you are going to have a whole series of presentations from around the state about your local governments. This shows you our general fund size [([Exhibit C](#)) slide 4]. This is down from a peak of around \$530 million just four short years ago, but you can see that our expenses for general fund services run around \$470 million. We still have less revenues, and I will spend some time talking about that in a few moments. Our revenues lag behind what we are spending. We are at about a \$460-million revenue picture. That gives us about an \$11-million deficit in the current fiscal year. We have had four straight years of expenses exceeding revenues. I know the State has weathered similar shortfalls, so this is not news to you. What we have been able to do through prudent fiscal management is contain costs throughout the

budget year but also use our reserves in a parsed out way to make them last longer, hoping our revenues will soon recover, and we continue to curtail expenses where we can without compromising service.

When you look at this expense model, you can see that the lion's share of the funding that we invest in our community services and to public safety and criminal justice represents about 70 percent of our budget. The rest of it goes for things like general government, recreational services, economic development, public works, and those types of things. Thirty percent contributes to public safety, but not necessarily to people who hold gavels or wear badges.

Chairwoman Benitez-Thompson:

I think we have a question from Assemblywoman Bustamante Adams.

Assemblywoman Bustamante Adams:

On public safety, what is the percentage of the law enforcement versus the other portion of it?

Elizabeth Fretwell:

We contribute between \$120 million and \$130 million to the Las Vegas Metropolitan Police Department (Metro). Twenty-five percent of our total expenses go to Metro, about 20 to 22 percent go to our fire department.

I mentioned a few moments ago that we are organized by ward, and our elected officials are elected by ward, with the exception of the mayor, who is elected at large. They serve four-year terms, and they can serve three terms, or twelve years. We have regular meetings every two weeks, and we stick to that schedule pretty tightly. The powers of the city council are fairly broad. We have a special act charter that dictates what we can and cannot do. Listed in the bullet points are many of the things that we address as a city [([Exhibit C](#)) slide 5].

This slide shows you the balance of those things that we do [([Exhibit C](#)) slide 6]. It includes having a professional manager, which is dictated in our charter and in statute. It defines how we create departments and divisions, how we manage the funding that we are entrusted with, how we borrow money, our efforts to revitalize our city and promote economic development, criminal justice and the roles associated with that, as well as our employment law or civil service powers. It also allows us to enter into joint agreements. I may highlight some of those later on in the presentation.

I know this is kind of a complicated chart [([Exhibit C](#)) slide 7]. This shows you how we are organized in the City. There are three people that report directly to the mayor and council: the city manager, the city attorney, and the city auditor. Each of us is accountable, separately, to the mayor and council for our specific activities. In my role, I am responsible for the balance of the organization. We have a dotted line to the municipal court because of separations of power, but we have a pretty large organization, as you can tell. We have approximately over 3,000 full-time equivalent employees. I would like to explain that this is a reorganized, different approach to delivering services in the city, and that is in large part what we had to endure over the last four years to cut our costs. As you all know, we do not really have revenue control to any great degree. Most of it is defined by a formula or a statute or a regulation that is not within our control. When we were trying to determine how to address the impacts of the recession, we pretty much had to go to the expense side of the ledger and make adjustments there. This is how we are organized now, where we are basically split into four key functions. We have a development services function, a public safety function, an internal services function, and a community services and economic developments function.

Through those efforts, we were able to handle, I think in a fairly efficient way, the loss of 18 percent of our employees. We are down over 500 positions from 2008. Just to put that in perspective, our staffing levels are back to 2001 staffing levels. They are not back to 2008 levels; they are really far back. I just found out the other day that that is how low we have gone in our staffing levels. We have had to be smart about it. We have invested significantly in technology to try and offset some of those impacts, but we have had some significant programmatic impacts. We have worked with nonprofit agencies to run some of our community centers and take them over for different purposes. We have had to close our pools on Sundays and limit exposure to our community centers by adjusting our hours and closing down on Sundays so they are no longer open seven days a week. We have taken programs and spun them off into nonprofits so that we no longer are responsible for them, but we know that they are vital community services. A good example of that is our Senior Law Project, which we have had for 30 years. It is no longer a City program. It is on its own, and they are trying to be a nonprofit. We continue to look for ways to be smart about what we do, but it would be a mistake to give you any impression that we are out of the woods. We are just not. We still have a significant deficit of 2 to 3 percent every year, depending on what happens with the Metro budget this year. That will grow dramatically if we do not have an infusion of funds from Metro. We simply cannot sustain that with our fund balances.

If you look at the next page [[Exhibit C](#) slide 8], it shows some of the things that make Las Vegas unique. We are older than almost everybody else. We are a 100-year-old city. We are landlocked; we have nowhere to expand. We are bound by jurisdictional boundaries with the county or North Las Vegas or a public lands boundary in the northwest. The only way we can grow is if the federal government lets us. That makes us have to really focus in on growing up, not out. For the last 20-plus years, we have been doing suburban development. Now we are doing urban development. That creates a lot of unique challenges, but it is also exciting to see a different landscape emerging in the downtown core of our city.

I wanted to put in perspective a few other things. We, fortunately, have a redevelopment district. It has created some mechanisms for us to be able to address what really has been a struggling core of our city, and we are starting to really see things turn around downtown. I will share a couple of examples in a few moments about some of the successes of our redevelopment and economic development efforts.

We still have fiscal issues that we are wrestling with, and you can see these numbers at the bottom of this page. Just to put those in perspective, that 48 percent drop in assessed value means \$12.2 billion dollars. With our property tax drop, that is \$28.6 million we no longer have, and it is getting worse. We have almost a 12 percent drop in consolidated tax. That is an improvement over the last time I testified in front of you. That is nearly a \$30-million drop in revenues that the city once received. As I mentioned, our staffing levels are really low. We are down 18 percent in filled positions—these are not vacant positions—from 2008.

Now, the highlight is that this could have been a much worse slide. The things I have been talking to you about could have been much worse had we not acted quickly. Over the last four years, we have made dramatic changes. At one point, we were projecting a \$400-million, five-year structural deficit with a \$66-million, singular-year deficit for fiscal year 2011. We are not in that boat. You heard me say we are at an \$11-million deficit now. We have reduced that \$400-million deficit by 84 percent through our actions. We are not out of the woods, but we are vastly improved over where we were and certainly where we could have been.

Assemblywoman Neal:

Can you give us a chart later that shows the 25.1 percent drop in property tax over the four years so we can get an idea of how far it dropped in 2009 and 2010?

Elizabeth Fretwell:

Absolutely. I have a chart in the email from last night that we will forward to the Committee when we are done here.

As I mentioned, some of this stuff has been improving. The sales tax has started to creep back up, which has been helpful, but our revenues over the last couple of years have only grown 1 percent. Even though consolidated tax has been performing a little bit better, it has barely offset the drop in the property tax revenue. I think that is what makes people feel a little bit better. We are not on that rapid decline like we were in 2008, 2009, and 2010. We have been able to stabilize things and keep our costs closer in line with what our revenues actually are today.

You cannot do this kind of effort without having very clear, measurable goals set out by your policy board. Our council takes a retreat every two years, and we focus in on what we need to be doing. They give us instructions about what they want as our strategic priorities. There are six strategic priorities that we work on [([Exhibit C](#)) slide 9]. Our mayor and council have worked very hard to sustain and maintain our public safety. You can tell from some of the things that I have already told you that we spend a tremendous amount of time on fiscal stewardship, making sure that we are managing within the means that we are afforded, that the taxpayers entrust us with, and do it well. My goal and the council's goal are to get back to a place where we have 2 to 5 percent revenues over expenses. That means we have got 6 or 7 percent swing to straighten the ship out again, and we are continuing to work on that. We are also struggling with employees who have had to give a lot up over the last four years. You have to take all that stuff into perspective because there are a lot of private sector companies that do not exist anymore, people who have taken tremendous pay cuts in the private sector. We acknowledge that. A lot of times that happens as a result of not having the same kind of work demand. That does not happen in public service, in the government sector. Usually the demand goes up when the economy is struggling. Despite that fact, we still need bodies on the ground, boots on the ground, so to speak, to be able to get the work done. Our employees have really stepped up to help us manage through this recession. We were able to save well over \$20 million through concession bargaining, which is never easy. We reorganized and were able to save quite a bit, but we are still striving to get to the 2 to 5 percent goal so that we can start to grow back in a smart way based on need in the community.

I wanted to hit on some of the things that we have been focusing in on. We recognized early that we could not just cut our way out of this and needed to have a balance. We needed to get greater diversity and to have a stronger business community, and we needed to get on the stick to make sure that it

was happening. We have been playing a significant role in helping reorganize the Nevada Development Authority into what is now the Las Vegas Regional Economic Development Council based on your action in Assembly Bill No. 449 of the 76th Session. I think you will be very pleased with those results [([Exhibit C](#)) slide 10]. We are in the final stages of completing our comprehensive economic development strategy, and this is a little bit unique. Usually, these are done city by city. This is being done by the region, and we are all sitting around a table together with business interests, educational interests, governmental interests, and nonprofit interests working together. We are building our own economic development strategy for the city of Las Vegas under that umbrella. We are minimizing competition, staying focused on the ways that we can contribute to a strong regional economy, and working together with the other local governments to make that happen. I feel like we are really making significant progress in that, and I think when you hear those presentations later in the session, you will be very proud of our progress. At least, I hope so.

I would like to spend a couple of minutes talking about redevelopment. I know that this Committee may be hearing a bill later in the session regarding redevelopment and its successes and its future, and I thought you might want to see a little bit of some of the things that we have been able to accomplish despite some of the difficult things. Ted Olivas handed out a map ([Exhibit D](#)). It shows you that the redevelopment area in the city of Las Vegas is relatively small, and it is fairly compact right in the center of our city. It is that little blue dot right in the middle where Interstate 15 and Interstate 95 run into each other at the Spaghetti Bowl, for those of you who have been to Las Vegas. That is the redevelopment area. It is not the whole city. It is basically what has been our deteriorated, interior city business core. In that area, we have shown some pretty good successes [([Exhibit C](#)) slide 11]. We have got the Zappos headquarters. We were able to keep them in southern Nevada, get them to come downtown, make a major investment. They will have nearly 2,000 employees walking around the heart of downtown by October. They have already moved several hundred employees to the 302 East Carson building. We can already feel the effect. We are having to invest in pedestrian improvements for pedestrian safety, bike safety, sidewalk enhancements and all this to handle this new infusion of businesses and individuals who seek to live and work in our urban core, which I think is incredible. We also were able to attract Take-Two Interactive Software Inc., which was one of the first catalyst fund projects in the state and the first one in southern Nevada. We are really excited about that. They are bringing their quality assurance operation to us, and they will employ 150 people downtown. Another key thing is that Switch Communications is upgrading the backbone downtown. That is going to open so many doors for that tech buzz that we have going on in downtown

Las Vegas. We will have the infrastructure to really support it, to keep it going and to keep it alive. We are thrilled about that.

Redevelopment is not just about a business here or there. It is about creating an environment where businesses can thrive and where citizens can live and want to live and thrive and be safe. One of the things that the City also invested in significantly is our cultural offerings. I know all of you have probably seen The Smith Center for the Performing Arts. You all enabled a lot of the funding for that several years ago. We greatly appreciate it. But for that, we would not have been able to complete this major project. It is truly a landmark and an incredible facility. If you have not seen it, we would love to have you down. We also have several facilities that are opening. The Mob Museum opened downtown. Their performance is really improving. Adjacent to them is the Downtown Grand Hotel and Casino. They will be reopening toward the end of this year, as well. That is great because those two towers that were the Lady Luck Hotel and Casino have been dark for four years, and that is a long time to have two big towers downtown not open and operating. We also have the Las Vegas Shakespeare Company, who have taken over the Reed Whipple Cultural Center. I mentioned that we had to close some of our community centers, and one of them was Reed Whipple. Fortunately, we were able to work out a partnership with the Shakespeare Company, and they are going to take it over. They are going to have a restaurant there. It is going to be great. Also, the Neon Museum opened late last year. A lot of things are happening on the cultural front.

We are also being recognized as a center for national excellence. The Lou Ruvo Center for Brain Health is one of those areas. That is a Frank Gehry-designed building right next to The Smith Center for the Performing Arts. They are doing very well.

We are expanding our medical district near the University Medical Center, the School of Medicine, Valley Hospital, and where the old health district site was and the University of Nevada, Las Vegas medical complex where they have nursing and dental and all of those other offerings. We are working to help develop a framework there that will create synergy, sort of like having a homeowners' association in the area where we can invest in parking and signage and marketing and branding to lift all those boats. We recognize that the medical industry is an area of great potential growth for our economic development strategies. We feel like we could be a central hub in that success in southern Nevada. We are putting together plans to expand that. I would be remiss if I did not mention that we have got the world-renowned Cleveland Clinic right in the heart of downtown that is a big part of that puzzle. We are excited about it. We recently received a grant called the Strong Cities,

Strong Communities Grant from the federal government, which is \$1 million. That is going to go into bolstering up our health care training in efforts to get more employees trained in health care offerings in southern Nevada to help support that whole medical growth industry.

We have been focusing in on a lot of educational issues, and I know that there are other committees that some of you sit on that address that, but we feel the city has a role to play in education [(Exhibit C) slide 12]. We have always been in before- and after-school programs and out-of-school time programming, and we have been building a very strong partnership with the Clark County School District. We have put together a couple of things that I think you will be very proud of. We have been working with Three Square food bank to expand food provision for kids who do not have food and making sure that they are taking home backpacks so that they can have something to eat. We have been working with Literacy Liftoff, which is our goal of attaining third-grade literacy. That has tremendous links to crime rates later in life and productivity as young adults and adults in general. We are spending quite a bit of time on trying to help preschoolers and first- through third-graders through our after-school programming to be able to read by third grade, which is also a school district goal. We are working very hard on that. The other goal that the council has set for us is to try and get more kids graduating, not just receiving a certificate of participation and a walk across the stage, but actually getting their diploma from high school. We are working on that with the school district, as well.

We have a major sustainability initiative [(Exhibit C) slide 13]. We have been able to save nearly 30 percent on energy by converting to renewables since 2008. We are using 200 million fewer gallons of water, and we are recycling at a pretty substantial rate, saving us about 40 percent. We are really working on this. We have made major investments in solar energy and a variety of other things, and we will continue to do that to try to stabilize our government.

Madam Chairwoman, I hope I hit on the things that you wanted to hear about from the city of Las Vegas. I am happy to answer any questions that you might have. I will wrap up by saying that we are here for you. We do our level best to provide the best services we can for the city residents and the visitors and the businesses there. We have been streamlining our operations to make it easier to do business. We will continue to do that. We are trying to be progressive and responsive and live within our means, and I do not know that you can really ask too much more of us than that. I would be happy to answer any questions that you have, and thank you for the opportunity to share our story today.

Assemblyman Stewart:

First question: on Zappos, is this influencing the development further east on Fremont Street? Have we had plans there? Secondly, is the high-rise situation improving? Are people buying or renting the condos in the high-rises? What are the plans on future expansion of Symphony Park? Is there anything being done to bring back the Nevada Cancer Institute? Finally, I noticed on the map that we have islands of nonincorporation. Are there any plans to make them part of the city of Las Vegas?

Elizabeth Fretwell:

I will start with Fremont East. The short answer is yes. Zappos.com is an affiliate, a subsidiary of Amazon.com, and they are moving their corporate headquarters into our old city hall building. They are paying us for that over the next 15 years. They are also expanding adjacent to the old city hall along Mesquite Avenue all the way down to Seventh or Eighth Street. They are expanding east to continue to build out their corporate headquarters. The Zappos company is there and creating a presence and expanding. Tony Hsieh (CEO of Zappos) and his group, the Downtown Project, are investing \$350 million in different additional projects downtown. About \$50 million of that is going into things like venture capital. The Downtown Project is buying up land. If you have not been to Fremont East lately, when we started that effort about four or five years ago, we basically had one bar. It was on Las Vegas Boulevard, and it was called the Downtown Cocktail Room. It took a long time. We relaxed some of our standards. We created a commercial V.I.P. program and reduced some of our licensing fees to incentivize development. There is not an open building on the block from Las Vegas Boulevard to Sixth Street right now. You cannot get a spot there. There is development that is now emerging down the next block, and we are anticipating that the Fremont East Entertainment District will probably expand all the way down to Tenth Street. It is a significant change, and quite frankly, it is pretty fun. There are lines out the doors of these places at ten o'clock or eleven o'clock at night. This is really kind of a local attraction. Tourists do come because they know that it is a local place, but is really hopping down there. That is working, and part of that is because of the investment of the Downtown Project, but there are other individual investors that are taking investments on there, as well.

High-rise occupancy is almost 100 percent now. Jewel Manor Estate just went on the market for rent, and that is filling up very quickly. There is a lot of pent-up demand for housing in the downtown area. We also have one of the lowest vacancy rates for offices. We are at 11 percent. It is the lowest in the valley. There is pent-up demand for office space: class A, class B, and other. We are very anxious to continue to see how the private markets move to address that need.

As far as the expansion of Symphony Park goes, we do have a master plan for that entire 61 acres. We have a development agreement with the Cleveland Clinic for them to develop three additional blocks adjacent to and surrounding The Smith Center for the Performing Arts. They have the lots that run along the Bonneville Transit Center all the way to the east and south, and then we have a frontage parcel for them along Grand Central Parkway right in front of the World Market Center. Those are set aside for Cleveland Clinic, and they are very excited about their development plans for the build-out of the rest of their campus there, which is why we feel this medical district expansion is pretty critical. Below that, we have land set aside for high density residential. We have a partnership with Newland Communities. They are entitled to two of those parcels for residential development. We also have a development agreement with Charlie Palmer, who is planning on building a boutique hotel right in the heart of downtown that will support the World Market Center as well as expand our downtown hotel offerings into Symphony Park. Finally, we have an agreement with Forest City. They have rights to a hotel casino site, and they have about three or four more years to perform on that site. The final piece of the puzzle there is the site that we have set aside for the live district and an arena development. We are still under contract with the Cordish Company to try and make those plans become a reality. Because of the developmental difficulties in getting commercial lending we are giving these projects more time to perform. A lot of the projects that I just outlined have performance guidelines that go into the 2016 or 2017 arena, particularly for the larger projects. We have a plan in place. We do expect expansion, and we are really excited about that.

You mentioned the Nevada Cancer Institute (NVCi). Their location is actually right outside of the city of Las Vegas, although we do have a partnership with NVCi Foundation for a parcel at Alta and Hualapai Way. Right now we do not have any plans under way with them beyond an agreement to have a development there. I think they are probably trying to figure out what they can do with that land at this point. I think the NVCi thing is a loss for our community. We are hopeful that all those highly-qualified individuals are finding jobs with other health care providers. I am not sure what will happen with that building going forward.

Assemblyman Healey:

I just want to put on the record congratulations to you and your entire team. For those of us who have lived in Las Vegas a long time, downtown was somewhere you avoided at all costs; but over the last year and a half, as you mention, particularly Fremont East, the energy is unbelievable down there. There are lines, and you cannot even get into Le Thai for dinner. It is exciting when you actually go downtown and get turned away because you do not have

time to wait. I invite everybody, particularly on the Committee, if you have not had a chance, to go downtown and stand in the middle of Fremont Street and just take in what is going on down there. It is a whole new world. It is very exciting to see the tourism industry blending with our locals and really bringing that community. Being from the tourism industry, that is a huge component. Las Vegas has an amazing array of amenities and attractions, but people like to come to a city to experience the local part of the city as well. We really have lacked that because Las Vegas has been the Strip and what we have done in the casinos, but now you blend with the local.

Congratulations on the tremendous work that you, your team, the mayor, and the former mayor have put in. I cannot wait to continue to work with you to develop Las Vegas because it is good for every person in the state of Nevada when we bring more people to work here, to live here, more industries to be here. That is what we need to be doing. Thank you for all your hard work.

Assemblyman Daly:

I just wanted to touch on one area that the others have not. You were talking about economic development, and you were talking about your team and how you are working more regionally. I am assuming that you are also working with the other governments, but I did not hear that. You were working with businesses and the school district and various things, but are you working with North Las Vegas, Boulder, Henderson, or Clark County, taking more of a holistic approach? I know the Northern Nevada Development Authority got the four counties finally working together. That is also the structure that has come down with the legislation we passed last session: not to fight between jurisdictions but to look at it and see where things go best. You guys are doing that, I am assuming. If you are, you should take credit for it. If you are not...

Elizabeth Fretwell:

Get on it! This is a great point of clarification. Yes, absolutely. All of the local governments are participating, including Boulder City, Mesquite in Clark County, and even, on occasion, Nye County. We are not just about our county boundaries. We are involved in Pahrump and Nye County, as well, where that seems to work. Yes, all the local governments are participating.

Assemblyman Munford:

You mentioned that you have a literacy program. Who are going to be the recipients of the literacy program? Who is going to benefit from it? Are you identifying schools, areas, sections, or what? Who is on the list?

Elizabeth Fretwell:

Right now we have identified two pilot program schools. I think they are Rex Bell Elementary School and Matt Kelly Elementary School. Those two schools were investing a lot of effort in working out this partnership, and we are already starting to see progress in reading attainment levels of the kids who have been participating. We were not expecting to see much in the way of results for three years, but after one year we saw results. I think it looks to be working. It is kind of exciting.

Assemblyman Munford:

What is the status of F Street? Where are we with that?

Elizabeth Fretwell:

The status of F Street is that it is funded. We have an interlocal agreement with the State to complete the project. Right now, it is basically in the Nevada Department of Transportation's (NDOT) hands. We have an interlocal agreement, and all the design work is done. It is just a matter of getting a contractor on board and getting started. I can get you the date of estimated completion, but it is underway and all the mechanics of making the project happen are complete between the State and the City. That project should be underway shortly.

Assemblyman Munford:

Is there a chance of it not getting funded at the state level? Have you heard any discussion in that area?

Elizabeth Fretwell:

I am unaware of that. We have an agreement with the State for the funding and administration and implementation of that project. I suppose something could derail if the construction cost came in way above what we funded it at. That could create an issue. I hope that is not the case. As far as I know, we have done everything we need to do. We have done our side of the deal, and now NDOT is just going to have to deliver the project. That is where we are.

Assemblywoman Neal:

I have two questions. I know you took over some of the North Las Vegas jail services. I know it is for a long period of time, and I know they worked out an agreement where you were going to get paid a certain amount of money out of their budget, and then move forward. What is the fiscal impact?

My second question is related to Metro. They built their building, and you were saying that they have a deficit going forward, but what I never really understood was why that building was going to be built. We were already in

the recession, so help me understand why we went ahead and built it. They do not have any money left in their budget to then move forward.

Elizabeth Fretwell:

At the end of the last fiscal year, North Las Vegas was obviously struggling financially and approached us about a partnership to help provide jail services. We willingly went into that with them to try and find a solution that would work for both agencies. We had a unit that we could make available for their use to be able to house their prisoners, and we have done that. It is a five-year agreement. It does have the ability to be extended. North Las Vegas laid off over 80 corrections officers. Those that are remaining—I think there are around 40—now report to our jail. They manage their own block of jail population, and we provide all of the ancillary services for them—things like medical intake and all of the support that is necessary for that. We are estimating that will benefit the city of about \$5 million a year. Based on the last numbers that Mr. Hacker (City Manager, North Las Vegas) shared with me, they are anticipating this year it would save North Las Vegas \$11 million and \$15 million next fiscal year. It actually works to the benefit of both organizations. I will tell you that was not an easy transition, but we have worked out a lot of the weird things that happen when you do these kinds of service-sharing agreements. Things seem to be working much better now that things are fully integrated. I think a lot of times people think that local governments are always at each other's throats. We do not have to be, and I think that and our local agreement show how we can work together to have a win-win situation and not have North Las Vegas not have a place to put people who violate their laws. I think those things can work. I wish that we were doing more of that and a little less fighting, personally.

The second question you asked was about Metro's building, and I have to admit I am not an expert on Metro's building. What I do know is that they entered into a lease-purchase agreement. They collapsed a lot of their leases from other locations to collocate everybody under one roof. That kind of meted out the cost of that building over time. We can work with the sheriff to try and get you more of the actual detailed numbers associated with that lease-purchase agreement. Just for the Committee's consideration, a big part of the problem at Metro is the decline of property tax. They have several overrides. They have funding that has been set aside specifically for them. That property tax is underperforming to the tune of \$60 million. There are things that they are having to do to continue to provide service, but the bottom line is that we were not the only ones that felt the revenue drops, which I talked to you about earlier in my presentation. Metro had a significant drop in their property tax, and that has been a big concern.

Assemblyman Oscarson:

First off, I would like to echo the comments of Assemblyman Healey about the amazing things that are happening in downtown Las Vegas. I live in rural Nevada, and we get into Las Vegas quite frequently and enjoy the landscape and the changes that have happened there. I think it is particularly of note that you have decreased 500 positions since 2008 and that you have reduced your \$400 million budget deficit by 84 percent. I think those are amazing numbers and things to look at.

I would like a little more information on your last slide on sustainability and energy [([Exhibit C](#)) slide 13]. Do you have a dollar amount of money that you have saved from energy, water, and waste to your budget? I am very interested in that.

Elizabeth Fretwell:

I do not have the specific numbers for all three of the categories, but I can tell you in energy alone over the last two years we have decreased our costs 11 to 12 percent. That would be somewhere around \$3 million to \$4 million in that category. We are using those savings to pay off bonds that we use to upgrade all of our streetlights to different light-emitting diode (LED) technologies and others that save us a tremendous amount of money. We are not yet seeing the benefit to the bottom line of the general fund, but we will over time once we pay those bonds off. Quite frankly, I did not want to wait to start reaping those savings, so we made a decision to use a debt mechanism to be able to make that improvement right away instead of paying as we went. We can get those numbers for you.

Chairwoman Benitez-Thompson:

I had a couple of questions for you. When you talk about the different types of districts—the medical district, the live district, and all of those—how many actual districts do you have? I am assuming they are nested within your redevelopment area.

Elizabeth Fretwell:

We actually have a series of districts that are outlined in the Las Vegas Downtown Centennial Plan, and I can get you a snapshot of that later. We have things like the civic district, which is where City Hall is located now. We have an office district. We have a casino entertainment district. We have the entertainment district on East Fremont. We have an arts district. We have a medical district. I do not know that I will be able to rattle off all of them, but those are the significant, key areas in the downtown core, if you will, where we have been making major investments in infrastructure and business development activities.

Chairwoman Benitez-Thompson:

When we talk about districts, is that definition purely zoning, or does that come with different types of assessment levels?

Elizabeth Fretwell:

There is no taxation difference among those districts. We do not have the latitude to do that. We do provide incentives for things that the city requires. For instance—and these are all land use oriented kinds of things—we have relaxed some entitlement requirements, or fees, in some of these districts to try to get them going. As I mentioned, we did that in the Fremont East district, and that worked incredibly. We have also relaxed some standards in the arts district.

The one thing that we really have not compromised on at all are life safety standards, but retrofitting some of these buildings is really tough. I had a brief meeting with Jenna Morton (co-owner of the Morton Group) the other day because the Mortons are investing in a new downtown facility called La Comida. They are going to have their new restaurant down there. She was saying that you just do not know what you are getting when you go into these old buildings. They had a fire riser, but instead of it being in a sleeve, it was sunk in concrete. She said it took her two extra days and a jackhammer to get that thing out.

What we have done is we have relaxed some of our fees. Instead of paying \$50,000 for a liquor origination fee, you are paying \$20,000. We know that people are going to have to jackhammer our fire risers. It is our way to not give up on the life safety components of our buildings and bringing those buildings up to the new codes but making it easier for them to open their business and making it more affordable.

Chairwoman Benitez-Thompson:

You talked about the fact that you folks have revenue growth at 1 percent. Could you tell me where that revenue growth is coming from? It is probably not coming from property taxes. Is it basically different types of fees and permits?

Elizabeth Fretwell:

The sales tax has improved its performance. It just has not recovered. It actually did improve its performance about 6 percent last year. The problem is that the property tax has continued to drop. It can only rise as fast as the caps allow. Even if you had a market resurgence where the values of the properties were going up at a faster rate than the 3 and 8 percent property tax caps, you are not going to see the benefit of that. We will start to see abatements. The abatement part of the property tax will start to grow again over time as property

values appreciate. Personally, I think that is a big problem because the demand is still there. It is probably going to take us well over a decade for our property tax revenues to get back to 2006 or 2007 levels, but the demand for services is not going to take ten years to get there. It is a dilemma.

Chairwoman Benitez-Thompson:

That 1 percent revenue growth is coming from different areas, then? Where is it coming from?

Elizabeth Fretwell:

Right. We have been able to have a little bit stronger performance in licensing for some of the business growth that has been happening, but we have also had less in utility franchise revenues. We blend them all together. I know you all get a copy on a regular basis of the sales tax performance by category. What I could do is provide you with the breakdown of the revenue sources so you can see the trends for the last three or four year. Would that be helpful?

Chairwoman Benitez-Thompson:

Yes, that would be great.

Assemblyman Ellison:

I cannot believe what you have done in two years. From the last session to where we are now, you have really taken the probusiness look at the problems down there. I can see this by your chart.

I do have a couple of questions. Looking at your debt service, you are showing \$1.1 million. That is pretty low, really. Is that correct? I am looking at slide 8 ([Exhibit C](#)) and your expenditures.

Elizabeth Fretwell:

It is actually \$7.1 million in that chart.

Assemblyman Ellison:

That is actually pretty low for the size of expenditures you have.

Elizabeth Fretwell:

The percentage of our total budget that we pay in debt is about 2 to 3 percent. We have been very cautious about bonding. What this does not include are things like debt for the sewer plant expansion and our collector system, which we are updating right now. Things that are not in the general fund do not show here. We actually have a little higher debt service payment that goes out than that \$7.1 million, but it is through the other funds that we have at the City.

Assemblyman Ellison:

I see that your chart shows a pretty large public safety debt. Have you been able to work with Metro to keep the costs down? It looks like there have not been a lot of layoffs in that area. Is that correct?

Elizabeth Fretwell:

No, there have not been many layoffs. Our fire department, for instance, is down about 2 percent in employment, but that is not in suppression personnel. Most of that has been in administrative cuts. Instead of laying people off, Metro has not been hiring. They have been not running academies. Someone asked the sheriff the other day when the last academy was, and he could not even remember. He said he would have to go back and look. They have been managing using vacancy savings to a great degree. Their budget is down around 10 percent from where it probably would be. That has been helpful to the City because we pay a significant portion of their budget out of our budget. We have been working together. The sheriff, the county manager, and I meet regularly. We talk through their budget, through their dilemmas, and try to make sure that he is getting the right resources. We will continue to do that.

Assemblyman Ellison:

You have done a great job in the last couple of years from what we have seen at the last session. I think you have come a long way, and it looks like you are doing a lot more. Good luck.

Assemblywoman Bustamante Adams:

Going back to property tax, has the City done anything to be more proactive on different revenue streams that could be more sustainable over the long term? Have you thought about how you could restructure that portion of it?

Elizabeth Fretwell:

I usually get myself in trouble about right now. I am going to try and dial it back a notch. Local governments in our state do not control our revenues. You do. Ninety percent of our revenues are outlined in some statute or regulation that is dictated at the state level, not the local level. To answer your question: yes, we have looked at rate structures and fees because that is really the only thing we can influence. We have adjusted those. In the Building and Safety Enterprise Fund, we did a rate study work with the home building industry. We have adjusted those rates up to be cost recovery because they are an enterprise fund. They are supposed to function like a business, but they are not cost recovering 100 percent. They need to be. That is a vital public safety service for our community.

Where we can, we do. It is no different than some of the things that come before you and your committees. It is very difficult to have conversations about raising business license rates, for instance. If we were to do that and did not do it in a judicious manner, that would work to derail our diversification efforts. What we have been trying to do is create a much more business-friendly environment and hope that the volume makes up for the loss in the fees. We have eliminated over 30 percent of our business licensing categories, which means 30 percent fewer license types that people would pay for, covered them under other categories, and prayed that more businesses would want to relocate to the City of Las Vegas. So far, so good. We are not making much more money than we had been. We just did not lose what we were scared we would lose. We are becoming more dependent upon that part of the pie—those other categories outside of property and consolidated tax, which is probably not that great. Even that piece of the pie, much of that is regulated right here. Our franchise fees are capped. If we did decide that we needed to change a fee, and that exceeded consumer price index (CPI) or 6 percent—I have forgotten what the threshold is—we would have to go ask the tax commission for approval to do it. The short story is that we do not have control over our revenues. I know that is a very sensitive topic here, but the bottom line is, having lived through this recession, we had virtually no choice but to cut because there was really no way to enhance the revenues the way we needed to in order to continue to deliver the level of service that we were providing prior to the recession.

Chairwoman Benitez-Thompson:

I know you are walking a tightrope there. I appreciate your sensitivity to it.

Assemblyman Munford:

What do you plan on doing to address the homeless problem? I drive by them every day. They are down the street from me, and I see them all the time. What are your projects to renovate and improve the old Westside School? They are all over the place there. Are you working in conjunction with any of the nonprofit groups or the benevolent groups? Can the State help you in any way? That is something that has to be addressed. It is really a sad situation.

Elizabeth Fretwell:

It is a difficult situation. We have a couple of things that I will highlight. We have a regional committee on homelessness that addresses these issues. We work with the County on that to a great degree. Part of the problem with homelessness is mental illness, and one of the other things that we continually fund is WestCare services to help deal with people who should not be in a hospital emergency room and should not be in our jails but should be in a

treatment center. We fund a significant portion of that. We spend in the millions on homeless services as a city. We have continued to do that.

A couple of things have happened in the last year or so. A lot of the federal money for homeless services that was part of the American Recovery and Reinvestment Act of 2009 plan is gone. This year we had to eliminate a homeless program that was federally funded because we did not have the general fund money to be able to replace that funding source. We have worked with nonprofits like Housing, Emergency Services, Life Skills and Prevention (HELP), who have come in to take advantage of a building the City owns to try and help us continue those services. Simultaneously, we have reprogrammed some of our redevelopment funds, which go for affordable housing. We have been funneling some of our tenant-based rental assistance to help prevent homelessness. We find that if you can prevent it, then you are less likely to be dealing with homelessness that reoccurs. Once you are homeless, it is really hard to get out of that cycle. There is not enough money going into preventing homelessness. If the State is interested in helping us, I would be happy to work with the Southern Nevada Regional Planning Coalition (SNRPC), the Committee on Homelessness, and Tyrone Thompson (Regional Initiatives Coordinator with SNRPC) at the County to help facilitate that conversation. There are just not that many services, and it is primarily because of funding.

You mentioned the Westside School. We are working on it. We just approved the design contract at the last meeting. One of the things that helps diminish the tents and the homeless camps that pop up is activity. Hopefully, we will be able to continue to revitalize that area by the Westside School and maybe mitigate some of those impacts through activity.

Assemblyman Munford:

Mr. Olivas did talk to me about the Westside project. I do not know what your target date is, but when do you plan on actually starting to revitalize that project?

Elizabeth Fretwell:

We probably will get a better estimate of time once we get the design consultant. They usually put together a schedule. Maybe once we get that from this new level of effort that is about to get under way, we could come visit you and give you that date of when we think things are going to happen. We are also seeking some federal funding for that, too. That may impact the timing of the project.

Assemblyman Munford:

How much money are you talking about for that entire project?

Elizabeth Fretwell:

I will need to get you that because, for some reason, I have \$4 million in my head, but I know that is not enough. I think that may have been what we set aside for the centennial committee.

Assemblyman Munford:

I thought it was just under \$1 million?

Elizabeth Fretwell:

No, it is more than \$1 million. It is \$4 million plus, maybe \$6 million. I am not sure. I do not want anybody to get the wrong idea. I would rather get you the accurate number, if that is all right with you.

Assemblyman Munford:

Yes. I can share that with my constituents. They talk about that all the time.

Elizabeth Fretwell:

Absolutely. Ted says he will follow up with you on that.

Assemblywoman Neal:

I am piggybacking off of the remarks of Assemblywoman Bustamante Adams and then Chairwoman Benitez-Thompson. I am really hoping that, as we go through this process of revenue and understanding revenue, that you come to the table on the tax side. When we deal with government affairs and when you come to us and give us that intricate detail on how your enterprise district works and whether or not it is recovering at 100 percent, our minds immediately click to consolidated tax, and we wonder how that is functioning. It is very helpful for us to know the good, the bad, and the ugly because then we can put forth policy that makes sense for you. I am hoping that you are going to come to the table and help us in our discussion because when we think about property tax and how it is the stabilizer in a lot of our funds, it is the thing that cuts across almost all of our revenue shortages. We need to be able to come up with a way to really examine how we are going to flesh that structure out because our assessment value is not going to rebound, and we may be faced with this 20 years down the road. We do not want to put that in another legislator's hands because they may not have the same institutional knowledge that we are getting the benefit of now. Are you going to come back to the table on the other side on our tax committee? That is the question.

Elizabeth Fretwell:

We are always willing to work with you on any of those matters. It kind of depends on where you all want to go with those. They are not easy issues. I will just give you an example. Over the last 18 months, our chief financial officer, Mark Vincent, the chief financial officer of the City of Henderson, Richard Derrick, and Jeremy Aguero (principal analyst with Applied Analysis in Las Vegas) worked hand in hand with your Legislative Counsel Bureau for that interim committee work on the consolidated tax. We wanted to make sure that it was analytically sound and thoroughly vetted, so that when there was a package that got here for you that the Speaker led, it would be ready and right for your consideration. We would have explored every single option we needed to and have as many answers as possible because the impact of that is so significant to every local government. We would do the same thing for you if you really wanted to take on a discussion about fiscal home rule for local governments or if you wanted to have a conversation about tax policy and the impact of the long-term recovery of property tax revenues for your local governments, which includes the school district. It is circuitous, but they are very dependent on property tax. If a property tax does not perform there for them, your general fund plugs the hole. There are a lot of pieces of the puzzle that probably warrant some additional conversation, and I know they will not be easy. A ten-year recovery on property tax? I still have those roads to maintain. I still have community centers to run. I still have parks to mow. I still have fire trucks to keep on roads. I still have police department vehicles that need to be out there responding to critical emergencies. Ten years is a long time to have a cap at 3 percent growth. I hope our economy recovers way faster than at 3 percent. We need to figure out a way to let your local governments at the rate that the economy is recovering. That is my personal opinion.

Assemblyman Healey:

You talked a lot about developing a business environment where businesses can thrive, and there has been a lot of talk between you, Commissioner Chris Giunchigliani, and others about making the licensing process an easier, one-stop shop. People who maybe were keeping a handyman in Henderson and being up in North Las Vegas or Las Vegas or everywhere around the valley are able to do that in a much easier way. Can you explain where we are in that progress?

Elizabeth Fretwell:

We completed the effort of integrating the technology. We have a multijurisdictional license for contractors now, and we are actively working on expanding that to other mobile-type business where work is completed in a variety of locations. Now that we have got the infrastructure in place, that conversation is a lot easier. The planning directors are working on the separate

categories. We have got to get the entitlements right so they line up, and if we issue a business license in the city of Las Vegas, it will work in Henderson. We are still working through some of those issues. We have the mechanics in place, and that makes it a lot easier now. We are really counting on the Nevada Business Portal, too, to help us with that through the Office of the Secretary of State.

Chairwoman Benitez-Thompson:

Now we will go ahead, and I will open the hearing on Assembly Bill 25.

Assembly Bill 25: Revises provisions governing special assessments for the abatement of certain conditions and nuisances. (BDR 21-252)

Ted J. Olivas, representing City of Las Vegas:

I am joined today by Mike Bouse, who is our code enforcement manager with our Department of Building and Safety. I want to thank you for the opportunity to present this bill this morning.

This bill seeks to modify *Nevada Revised Statutes* Chapter 268 and provisions for nuisance abatement ([Exhibit E](#)). This section of the law just relates to cities and towns. Before I begin I should probably mention that I received a friendly amendment ([Exhibit F](#)) from Michael Murphy from Clark County. I believe that you all have a copy of that. They are seeking the same changes proposed in this bill for *Nevada Revised Statutes* Chapter 244, which relates to counties. Cities in this area are governed by NRS Chapter 268. For counties it is NRS Chapter 244. This amendment will allow the opportunity for consistency in this nuisance abatement process for both cities and counties. I would have hoped that perhaps we could have had one bill that included all of that, but prior to this session, I was unable to contact Mr. Murphy because of his television show and the duties thereof.

There are three types of nuisance conditions, and therefore, three sections in this bill. I just want to make sure that you get a sense of what we are talking about here. The three types are: general nuisances, chronic nuisances, and abandoned nuisances. The difference between these three is, essentially, the last two require a court action. Each of these sections very clearly define why we are involved in this process and why the Legislature established these three sections, which is to protect the public health, safety, and welfare of the residents of the cities and counties. I want to be very clear. We do not necessarily want to be in the property maintenance or management business, and we do not patrol the streets looking for these types of violations. A huge majority of the requests that we receive to get involved in this process come from our constituents, our neighbors, either calling and saying there is a problem

with a house in their community or calling one of our city council members, the county, or our Department of Building and Safety. These are actions that come from our constituents, from our community.

What is a nuisance? The Legislature has clearly defined this in those sections of the statute, and I wanted to quickly go through those. In section 1 of A.B. 25, we call it general nuisances. General nuisances is not defined. We just use that as a term for this discussion, but those are dangerous structures or conditions, such as debris, rubbish, junk vehicles, appliances, weeds, or noxious plant growth. In section 2, you will find a definition for chronic nuisances. That is where there are three or more nuisances in a 30-day period. The property has been subject to a search warrant based on continuous or repeated violations. Drug houses and those kinds of things are what we call chronic nuisances. In addition, that section of the law also defines a nuisance activity, which is criminal activity, the presence of debris, abandoned vehicles, junk, appliances, things like that. Finally, in the third section of this bill, we talk about abandoned nuisances. That is clearly defined in this bill, as well, and has been defined by the Legislature. Abandoned nuisances are properties that have been vacant or substantially vacant for 12 months or more, and there have been two or more abandoned nuisance activities during the 12-month period or a person associated with the property has been engaged in two or more abandoned nuisance activities. Abandoned nuisance activities are things like unlawful breaking and entering, graffiti, debris, litter, garbage, abandoned materials, unsanitary conditions, environmental hazards, city code violations, et cetera. We have three different definitions for three different opportunities for nuisances that you have defined for the cities and counties.

Each of the three sections also define how we have to structure an ordinance. Each of those sections that I just mentioned says that, if you want to do this, you have to create an ordinance. You have to define the notice requirements that are in the statute, the timeline for the nuisance abatement, and how we are going to recover the cost of abating the condition if the owner fails to do so after all of those notices. There are two costs associated with this. The first is the actual cost of getting that property back up to code and eliminating those nuisance and code violations. We actually go through a notice process. When we do not hear back from the property owner, we then solicit bids from local contractors, award a bid, and inform the property owner. We send another notice that says that if they do not fix the issues that have been identified on their property within ten days, there will be a contractor on their front lawn cleaning it up.

Now, we have to be very careful because we are not talking about disliking the color of the house or the chips on the side of the house or the messed up

molding. We are talking about those things that the Legislature has defined as a nuisance, depending on the category. We actually have a contractor that shows up. They perform that work, and we, the City of Las Vegas or Clark County, pay that money on behalf of that property owner because we have an obligation to that community and those neighbors that are by that blighted property. The Legislature also allows us to collect civil penalties for that. Those are two costs that are incurred through this process. The requirements in statute also defined the opportunity for a hearing. If we assess a civil penalty, the property owners can come in to us and say that they know we assessed their property, that they just bought it and are trying to clean it and fix it up. In most cases, we will waive many of those fees. Mr. Bouse will go through the statistics and the actual numbers over the last six years for this process.

Cost recovery for the actual work performed, is not for any of our time. There is no notice and no inspectors. That is not anything that we do to try to mitigate this problem. That is actually the check that we cut to that local contractor. That is the actual cost that we paid the contractor. In those cases, we can lien the property immediately. For those civil penalties that you allow us to assess, as well, we have to wait 12 months to lien the property.

That gives you an overview of what the law says so that you have a sense of where we are going. Now I will turn it over to Mr. Bouse, who is actually responsible for carrying out these provisions on behalf of the City of Las Vegas.

**Michael Bouse, Code Enforcement Manager, Department of Building and Safety,
City of Las Vegas:**

Assembly Bill 25 is intended to address two issues. The first issue is the timely recording of the civil penalties lien, and I will go into that in a little bit more detail. The other issue we would like to address is the more timely hearing of appeals of people who are affected by our actions. Our goal in that amendment is to streamline the process.

In slide 7 ([Exhibit E](#)), what we are showing you is a summary of the current statutory requirements and what our proposed changes are. We would like to reduce that 12-month waiting period to file the civil penalties to 30 days, and then we are asking for enabling legislation for our city council to appoint a designee to hear these code enforcement matters. What I would like to do is just start and give you a broad overview of the whole code enforcement process in terms of what we do and how the regulatory framework that Mr. Olivas spoke about is applied.

First of all, the triggering of our activity and involvement commences with a citizen complaint. One of your constituents contacts us, and there are a number of ways that they can do that. We have a 24-hour hotline. They could file a complaint online. They can call our office during office hours. Often our people see our officer vehicles in the streets and neighborhoods and stop them and report a violation.

Once we receive a violation, we send an officer out to conduct an investigation. If the officer documents that there is a violation, the first step in the notification process is that we get what we call a ten-day correction notice. This is not the same notice that Mr. Olivas talked about that is required in statute. This is something that we do before we get to that step. We give a ten-day correction notice. We post it on the property. If there is someone on the property who knows the owner or is the owner, we leave them with a copy. If there is nobody on the property, we send that correction notice through certified mail to the property owner, return receipt requested. We give them ten days to correct the condition. We tell them we are going to come back on day 11 to check it, and if the condition is not abated and corrected, there are going to be subject to some failed inspection charges.

If we go back out on day 11 and the property is still not in compliance, we issue what we call a notice and order. This is the notice and order that is required by statute and has specific requirements in terms of what is contained in that notice and order. We give that notice and order. We mail it certified mail to the property owner. We also record it against the property at the Clark County Recorder's Office. In a few minutes I will talk a little bit about vacant and abandoned properties. If anybody has an interest in that property, is doing due diligence and looking at the county records, they will see that there is a notice and order from the City on the property and that they have some nuisance conditions, which they are required to correct. That notice and order expires on day 11, and at that point in time, we assess a failed inspections civil penalty. In addition, that starts the abatement process that Mr. Olivas was talking about. We give them 20 days.

If the property still is not in compliance after 20 days, we are going to have to initiate action on our own to hire the contractor to bring the property under compliance. We have 12 contractors that are already prequalified to do this kind of work. We submit bids to those contractors and requests for proposals to abate the conditions. They respond, and we enter into a dialogue with the lowest responsive bidder in terms of how soon they can start, how long they think it is going to take, and what their cost will be.

Once we have that information, then we issue a third notice. This notice, again, is not required by statute because it is something that we do. This is what Mr. Olivas referred to as our ten-day pre-abatement notice. That is the final notice. We are telling the property owner that we have bids, and it is going to cost this amount of money for our contractor to go and abate the condition. If they comply within the ten-day period, we are good to go. If they do not, then the City's contractor is going to enter the property and abate that condition. A contractor goes onto the site and does the work, and then we go back out, inspect, and confirm that the work was done properly and all the conditions were corrected. At that point in time, the statute then requires that we take an expense report to the mayor and city council and ask them to review and approve that expense report. At the same time that we do that, we ask the council to authorize us to file two liens against the property. The first lien is what we call our out-of-pocket expense lien, which Mr. Olivas explained is what we pay the contractor to do the work. The second lien is for the daily civil penalties that have accrued during this process. The first lien we can file right away. We typically file that within two weeks of council action. The statutes say, on that second lien, we cannot file that lien for 12 months after the expiration of the ten-day voluntary compliance period that was specified in that second notice than those in order. We end up in a situation where we have one lien that can be filed right away and another lien we have to wait ten months to file. I am going to talk in a few minutes about some of the problems that delay is causing us.

I would like to show you just a couple of examples of how this process works in some properties where we did some abatement. We have very dramatic examples I could have brought, but they are uncommon. These are more typically what we see in terms of these types of abatements. These are a couple of recent cases where we did the abatement and action was taken by the city council. [Witness described the pre- and post-abatement photographs of foreclosed properties in slides 9-16 of ([Exhibit E](#)).]

When we think about these types of abatements, we automatically lapse into the thinking that this is all about foreclosures, and a lion's share of these types of problem properties are properties that are in foreclosure. However, I have had two or three recent cases where the property was owned free and clear, the property owner is deceased, the heirs to the property live out of state and they want to walk away from it, and they have walked away from the property. They are not paying the property taxes and are not going to maintain their property. We use this same process even for properties that are not in foreclosure.

The purpose of the code enforcement liens is that they provide a useful tool for us in terms of recovering our costs. The assessment of civil penalties provides us with an opportunity to recover some of our internal administrative processing costs as well as out-of-pocket expenses. However, I have to tell you that we are not about fees and fines and penalties. That is not what my mayor and city council want to see. They want to see these properties rehabilitated and reoccupied so that we can stabilize the neighborhood. Unfortunately, sometimes you have to have a hammer to get people's attention. We have to have a way of recovering the out-of-pocket expenses that we paid. There are daily civil penalties, and those are capped statutorily. For residential properties with four or fewer units, including apartments and townhomes, those are capped at \$500 a day. For properties with five or more residential units and commercial properties, the daily civil penalties are capped at \$750 a day.

I want to give you an example of how having the ability to impose those daily civil penalties is assisting us. We had an open, vacant property—what is called real estate owned—and the lender owned the property. It was an out-of-state lender. We sent the lender a notice in a letter and told them their property was in violation and they needed to maintain it. The lender asked what would happen if they did not. We told them that the City would be required to hire a contractor to go out and abate the property, clean it up, and board it. The lender asked how much that would cost. We told them that it averages about \$2,500, and the lender asked what happened next. We told them that then we put a lien on the property to recover those costs, and the lender said to go ahead. We asked what they meant. They said that they had a servicing company in Phoenix that services their properties there and a servicing company in California that services their properties there, but they did not have anybody in Nevada. We told them that there was the other matter of daily civil penalties. They asked how much those were, and we told them \$500 a day. They asked what the total amount of daily civil penalties would be for their property. In Las Vegas, we have administratively capped those daily civil penalties at \$19,500, and that is what I told them. They would be responsible for \$19,500 of daily civil penalties. They said they would call their servicing company in Phoenix and see how soon they could get there. Again, it is having that tool that we can use to encourage people to step up to the plate and comply voluntarily.

The City first began collecting daily civil penalties in January of 2007, and this chart [([Exhibit E](#)) slide 18] shows you a summary of the activity in terms of those penalties collected over a six-year period. During that six-year period, we have imposed \$7.7 million in daily civil penalties. Again, it is not about the penalties. My city council is about getting the properties rehabilitated and reoccupied. The city council has waived almost \$3 million of those civil

penalties. If someone has purchased the property or wants to purchase property that has been abandoned, and they are doing their due diligence and see that there are two liens against the properties—one for a couple thousand dollars for some cleanup, and then \$19,500 in daily civil penalties—they can get the civil penalties reduced by going before the mayor and city council and filing a waiver request. We agendize these before the mayor and city council. The property owner, purchaser, or lender shows up, and the mayor and city council are most interested in what the plans are for the property. Do they have a buyer? Is it in escrow? They ask me if the property has been maintained since we did our cleanup. If they have a sense that there is a responsible party who has either purchased this property or is about to purchase this property and reoccupy it and help stabilize this neighborhood, then they will typically grant a reduction of waivers. They typically grant waivers in the amount of 90 percent. Instead of a \$19,500 lien, they reduce that down to \$1,950. That, again, helps offset some of our costs.

I want to make sure that money is coming in. My city manager is always asking for revenues and cost cutting. I always suggest and request the city council impose a condition that the reduced amount be paid within a specified period of time or the lien amount reverts back to the full amount. The mayor and council will ask if the property owner can pay the reduced amount in 30 days. Typically, the answer is yes. They impose that condition. We modify the lien that is on file at the county, and that is how that process works.

The \$3 million in waivers were granted by the council, and then there is \$767,000 in civil penalties that have actually been paid. That is, the value of the property was such they could pay the civil penalties. It made economic sense, and people went ahead and paid them. It sounds like a lot of money, but it is over a six-year period. You should know that my annual cost in dealing with these types of problems is \$750,000. Over a six-year period, I have only recovered the amount of money I spent per year in dealing with these types of properties. These cases are about 1 percent of the activity that we do, but they account for 34 percent of our costs.

Back to this 12-month waiting period, here is what happens. Somebody is looking at buying the property. They hear that there is a code enforcement lien on the property, but they do not know or have not heard about this pending civil penalty lien. They go ahead and buy the property, and after they have acquired the property, they are told that there is a \$19,500 civil penalty lien that has been filed against their property and was approved by the city council ten months ago. The liens go with the property and not with the property ownership. I tried to fix that problem administratively. People are calling us asking what is going on. They would have properties in escrow with a buyer

standing by, and then they would find out that there is a \$19,500 lien. They are caught off guard by it.

I have added language to the out-of-pocket expense lien, and I have given you an example of the actual lien that has been filed on the property where we are doing our best to alert people that the second lien has been approved by the mayor and city council and is coming. I have highlighted the language so you can see it [([Exhibit E](#)) slide 20]. It is not highlighted in the actual recorded document. In this case, the daily civil penalties are \$23,500 because this case predates the policy cap that we put in place. Again, people do not seem to be doing due diligence, or perhaps they are naïve purchasers and are not aware of these liens. How our amendment reducing this 12-month waiting period to 30 days will help us is to allow us to record one lien document. We have got the out-of-pocket expenses, the accrued daily civil penalties, and the total amount in one document. All anybody has to do is go to the recorder's office and do some research, and they can see the total amount of the lien. That is what we are hoping to do with that.

The other thing that we would like to do is streamline the process. Currently, the statutes provide, in certain sections, that the governing body or its designee may do certain acts that are required by the statutes, order abatements, hear appeals, or direct abatements, but when it gets down to the final step of the process and approving the expense report and posting these liens, there is no statutory language that allows the city council to have a designee hear those matters. Here is what happens: someone buys a piece of property that is in escrow, escrow is closing in a week, and they have just found out about these code enforcement liens. They have to get these daily civil penalties reduced, or they are going to lose the deal. They call us up, tell us the problem, and ask who they need to talk to in order to get these daily civil penalties reduced. We tell them they can call the mayor and city council. They ask when they can talk to them, and we tell them we have an open meeting law. There is notification. We have the city council that meets every two weeks on Wednesdays. The earliest we can get the property owners in front of the mayor and city council is three weeks. They tell us that the escrow is scheduled to close in a week, and if they cannot get the issue resolved by then, they are going to lose that deal and lose that buyer. We have to tell them that we are sorry and we understand, but statutorily our hands are tied. With a hearing officer, I can do those hearings a lot quicker and a lot cheaper. The public hearings that we have with the mayor and city council, all the staff, the city attorney, with all notification and everything are very expensive. With a hearing officer, I can do it a lot cheaper, and I can do it a lot quicker.

We are asking you to give us enabling legislation to add "or its designee" to NRS 268.4122(4). In order for us to do that, the city council has to adopt an ordinance, and in that ordinance, they have to say who the designee is and what the scope of authority is for that designee. This is not uncommon in other parts of the country. Other states, other jurisdictions, cities, and counties use designees. Sometimes they are referred to as hearing officers, but they have ordinances that name them designees, give the scope of their authority, and dictate how the hearings are to be conducted.

We do not want to leave our mayor and city council out of the process. We have added new language. I just refer to it as designee required reporting. This requires that the designee, someone on city staff, or someone that the city council has appointed from outside the organization has to file a quarterly report with the mayor and city council giving the address of the property that was involved, the name of the owner that was involved, the amount of daily civil penalties, the amount of the hard costs, and the action that was taken to address the issue or concern. There is some feedback to the mayor and council in terms of what the hearing officer is doing. With that report, if the mayor and council see something of concern, they can question staff, the hearing designee, or they could put it on agenda and have a full public discussion on it.

I apologize for the length of my presentation, but I want to make sure you had an understanding of the process that we use. With that, Mr. Olivas and I would be happy to answer any questions.

Assemblyman Elliot Anderson:

I am just looking at the current law and how the process works. Civil penalties appear like they are accruing during the 11-month period now before a civil penalty lien can be filed, and then it is filed with the whole 11-month accrual of the fees. Is that correct?

Michael Bouse:

No, sir. The statutes do not speak to when the civil penalty accrual ends. It speaks to when it begins.

Assemblyman Elliot Anderson:

That is what I mean. Does it start right away after the 30 days?

Michael Bouse:

I do the notice and order that is required by statute. There is a ten-day voluntary abatement period on day 11. That is when the civil penalties can begin to be totaled. If we are working at peak efficiency in Las Vegas, the totaling of those daily civil penalties on the day the contractor arrives to do the

abatement should never be more than 39 days. That is why we have capped daily civil penalties at 39 days by policy.

Assemblyman Elliot Anderson:

I just wanted to double check on that. I was a little confused. Secondly, I was wondering what the technical process would be. Would you wait to file the lien until it was done? Until you hit your cap, for example. Would you file a lien at, say, 20 days versus 39 days, or would you wait until you are done collecting the fees to file the lien? I would want to avoid a situation where you would have to re-record the lien and that sort of thing.

Michael Bouse:

In order for me to record the lien, the work has to be completed so I can calculate the number of days that the violation existed. Typically, it is 39 days, but for some reason, if we were able to get the work completed in 20 days, then we would only total the daily civil penalties for 20 days. In terms of my ability to actually physically file the lien, I cannot do that until it is approved by the mayor and city council.

Assemblyman Elliot Anderson:

Finally, we had noticed that A.B. 25 is changing something that was passed last session. Have you been able to talk to the sponsor of the bill last session?

Ted Olivas:

We have not talked to the sponsor of the bill, although based on discussions that I have had with a number of you, we were asked to do so. We will be following up with him.

Assemblyman Daly:

When you talked about expenses in the ordinance, because the law allows you to set an ordinance to carry this measure out, do you define the expenses in there? Do the expenses include some of your time and some of the notices and various things? Is it just the actual abatement of the nuisance?

Michael Bouse:

Our ordinance does define the expenses, and it includes not only the contractors' costs but also the late fee costs associated with not paying failed inspection penalties. There is a 15 percent internal administrative processing fee. Those expenses are defined in our ordinance.

Assemblyman Daly:

You talked about two lien dates. The way I am reading the bill is that, in order to lien the civil penalty, you have to wait until you put both the expenses and

the civil penalty into the lien. When you talked about two dates, it is not the way I read the bill. Are there two dates or just one? Do you have to wait 12 months for all of it once you combine them? I was unclear there.

Michael Bouse:

Our intent with the bill is that we do both liens at the same time. That is what we are trying to accomplish. Right now, the city council approves both liens at the same time, but the difference is in the filing of those liens, the recording of those liens against the property. The out-of-pocket expense lien I can do right away. I have to wait months and months to be able to do the civil penalty lien. The purpose of our amendment is to allow me to file one lien document at one time that has both liens combined together. Anybody who is interested in purchasing that property can see what the out-of-pocket expense lien is and what the daily civil penalty lien is.

Ted Olivas:

If you look in section 1, subsection 3 of this bill, it says that we can go ahead and abate the condition and recover the amount if we follow this process. If you look at the same section, subsections 4 and 5 talk about the civil penalty piece of it. That is where it says that you can assess civil penalties, but you have to wait at least 12 months after you have abated the condition to do so. That is where we have two separate processes. We are able to immediately lien the property under subsection 3. We have to wait 12 months for the civil penalties under subsection 5.

Assemblyman Stewart:

What if, between the time you initially get the complaint and start the process and the time you make the first lien, the property is sold? Is your communication effective enough that you can notify the new owner of the problem so that he will know? Do you see what I am saying? There is not a lien yet on the property, but it is in violation of the code. The property is sold to the new owner, but the new owner is not aware of the code violation and the processes going forward because there is no lien on the property.

Michael Bouse:

If we were aware of a situation where we had a current case that was open and were going through the process and the property changed hands, we would look at that. We would contact the new buyer and see if they were aware of it. We would hope they would be because that notice and order to the county recorder's office is still on the property, but if they were willing to work with us, we would be willing to suspend our enforcement action to allow the property owner the opportunity to bring the property into compliance. We look at those closely because we want to ensure that the property is not being sold to a

family member as a way of giving it additional time. We want to make sure it was a bona fide purchaser, and then, certainly, we would want to work with them to get voluntary compliance as opposed to mandatory abatement.

Assemblyman Stewart:

So you would check at the end of the warning period to ensure that the property had not been sold. Do you do that?

Michael Bouse:

Yes, sir. We would do that. When we send out that ten-day pre-abatement notice, we verify that we still are dealing with the same property owner.

Assemblyman Healey:

On page 6, line 5, it talks about the amount of the uncollected civil penalties as more than \$5,000. Is a lien not posted if it is under \$5,000?

Michael Bouse:

That is correct. We are not able to lien the property if the lien amount is under \$5,000 for the daily civil penalties.

Assemblyman Healey:

I would imagine you would still want to collect those penalties at \$4,000.

Michael Bouse:

We would still want to collect those, and it would be helpful if we were able to lien the property. Most of our lien amounts are well over \$5,000. If the city council grants a reduction that is below \$5,000, I ask the council to impose the 30 days to pay it or it goes back to the full amount. If the property owners do not pay the reduced amount 30 days later, I can then go ahead and proceed to file the lien.

Assemblyman Ellison:

I see nothing in here about a right to appeal.

Michael Bouse:

That is in the language that specifies what is required in the notice. That is one of the requirements of the legal notice that we are required to give.

Ted Olivas:

If you look at section 1, subsection 2 talks about what you must put in that ordinance, and subsection 2, paragraph (a), subparagraph (3) of that says that it has to include an opportunity for a hearing to appeal any decision. That is

where it is provided. That same provision is provided in sections 2 and 3, as well. We are talking about three consistent sections.

Assemblyman Ellison:

In the last two years, how many of these penalties have you had over \$5,000?

Michael Bouse:

I would say virtually all of them. We process an average of 48 of these cases per year.

Assemblyman Ellison:

And damn near every one of them has been over \$5,000?

Michael Bouse:

Every one of them has been over \$5,000 because the property owner has walked away from the property, and there is no responsible party. I have to initiate the process to abate it. If the property owner cleans up the property the day before my contractor is going to start work, there are no daily civil penalties. There are no penalties. The penalties kick in if we have to go onto the property and do the work. We are going to charge you for our costs, and we are going to charge you the penalty. That is why we give 30 days for people to voluntarily correct the condition, so that they do not have to incur those costs and penalties.

Assemblyman Oscarson:

I did have the opportunity to visit with you yesterday about A.B. 25, and I appreciate the information you gave me. We discussed an opportunity, much like your parking infraction group of folks, that somebody would be able to come to you rather than go to the mayor and city council and have some of those fines abated or appealed. Is that part of the process that you are still thinking about, Mr. Olivas?

In addition to that, pulling out of this what is important to me, these are health and safety issues. These are issues where there are kids playing in neighborhoods, using these abandoned homes and these places for whatever they are using them for. Sometimes folks who may be undesirable are inhabiting the neighborhood or staying in those things. Illegal activities are taking place on those properties that are in the kind of shape like the examples you showed on some of the slides. I know there are some that are much worse. I think that those are, for me, the key element in allowing you to do this.

Again, going back to the original presentation by your city manager, there are things that you have done to decrease your costs and those kind of things. These are additional incremental costs that you are incurring in the ability to file those liens in a more expedient manner. I think that is important.

Ted Olivas:

You are absolutely right. The way that this proposed amendment is written, there is one section of the law in each of those three sections, which says "governing body," and we added "or its designee." That designee could be a hearing officer or other such mechanism. The thought process is that we streamline this process. We have to do things better and faster, and if there is a way to make sure that any potential owner of that property knows about the liens that are assessed against that property, all the better. The quicker we can get that, the better. That is what we are trying to do with that. To answer your question: yes, that is our intent. That is why we added that language.

Chairwoman Benitez-Thompson:

With the amendment that has come in and with the statutes we are addressing, is this going to apply to all cities and all counties throughout the state?

Ted Olivas:

Yes. With the amendment from Mr. Murphy, it would create enabling legislation to allow for a consistent process. Now, every jurisdiction is different. Some people say that they do not want to have a designee. That is okay, but we think that there certainly should be the opportunity to have consistency in this process.

Chairwoman Benitez-Thompson:

Within the city of Las Vegas' process, you have ordinances that build in different types of caps and set the amount. Could you tell me if all cities and counties have existing ordinances on these, especially the caps for the civil penalties?

Michael Bouse:

All cities and counties that have code enforcement functions have similar ordinances. There is no statutory cap on the daily civil penalties. We have imposed that by City policy. I am not aware of any caps that are in any of these other ordinances of other jurisdictions.

Chairwoman Benitez-Thompson:

I just want to make sure that we think through the policy and avoid any unintended consequences. I know no city or local government would ever take advantage of the fact that there is not a statutory cap and then allow for an

expedited lien process in the collection of fees, but I think for those cities and counties who are supporting this, I would like to know who has existing ordinances on the books, especially when it comes to how fees are capped or not.

Ted Olivas:

This would require an ordinance change for any city or county that does this. There is a public process that we would have to go through if we initiated this. This is not done behind closed doors in a vacuum. This is all done in an open meeting where we would identify these proposed changes and allow the community to have a say. These are all vetted by the public. The community has input into how a jurisdiction implements this process.

Chairwoman Benitez-Thompson:

If we streamline the process and we put the 30-day mark on both the civil penalties and the lien, does that mean that the civil penalties are capped at 30 days, as opposed to the 12-month time frame?

Michael Bouse:

They are unrelated. In our city, the civil penalties occur from the time that we issue the notice and order until the abatement work is done. I do not know how it is in other cities. The total of the daily civil penalties expires before we go to the mayor and city council. When we go to the mayor and city council, then we get the authorization to file the lien, but Las Vegas does not total the daily civil penalties during that 12-month waiting period. The property has already been cleaned up and abated. We cap our penalties prior to the city council authorizing us to file the lien.

Chairwoman Benitez-Thompson:

Right now, with the statutes written, do those civil penalties have the potential for that 30-day deadline? What is the amount of time that a person can be assessed the daily civil penalties?

Michael Bouse:

From the time you get the notice and order to when the abatement work is completed. This says you are required to do the abatement, and that happens before we go to the mayor and city council to request the filing of the lien. In our city, we give the notice and order. There is a ten-day voluntary compliance period. On day 11, we start the \$500-a-day civil penalty. If the property is still in violation the day before our contractor gets there to do the work, which is typically 39 days, we will assess the daily civil penalties for the 39 days. On the 40th day, the abatement work is started. We do not assess daily civil penalties during the abatement work or during that time period that the matter

is being heard before the mayor and city council, and we do not total them during the period of time that we are waiting to file the lien. They end when our contractor starts the abatement work or the property is brought into compliance.

Chairwoman Benitez-Thompson:

I know you folks talked about how you dig into the 30-day time frame that is outlined in NRS. You stage it into three different ten-day notices. That is the Las Vegas process, but for every other city, I imagine they would have their own process within that 30-day window.

Michael Bouse:

Yes.

Assemblyman Elliot Anderson:

I am looking at page 3, lines 16 through 28, which is subsection 4 of the first type of potential problem you may have as a condition you have to rectify. I know your procedure is different. You cap the fees at 39 days by policy. I am just curious about this because I want to clear up whether the statute says that or not. I thought I would ask our Legal Counsel to chime in about whether or not the civil penalties are for delinquency in taxes, fees to take care of the first lien that you do for labor and materials, or if it is delinquency in fixing the condition themselves. I wanted to ask Mr. Penrose to chime in, if he would not mind.

Jim Penrose, Legal Counsel:

The language of the statute provides for an assessment for both the expense of the abatement and for the civil penalties, and that assessment then is subject to the same process that is provided for in statute for collecting delinquent county taxes.

Assemblyman Elliot Anderson:

To be clear, the civil penalties can be assessed if the person is delinquent and paying the first fees for the labor and materials, and it is not for the time to fix the condition that they did not fix.

Jim Penrose:

As I read the statute, the assessment applies to either or both of those things. It could be the expense of the abatement, the penalties, or both of them.

Ted Olivas:

Please keep in mind that there is no incentive for us to place a \$100,000 lien against a \$75,000 property. We have to get someone in that house. We have

to get that property fixed up, and if the jurisdiction is not prudent enough to figure that out, you are going to hear about it. We are going to hear about it. It is not in our best interest to do that. I just want to make sure we were clear there.

Assemblyman Daly:

We keep talking about this lien and the process to get there. Let us just say we are done with that. We have done it. We keep talking about the poor next buyer that might be buying the property, and then he gets this last minute lien that he did not know about before he can complete his sale. Is there any effort or a way we can get to the actual owner, the lienholder, the deed holder, or the bank, who apparently does not feel any responsibility to the communities, from what I can see? Is there any way to notify them or to get them in the process? Because it really is going to revert back to them. It is their property, and they should have some buy-in to this. Is there a way to get them to get off the dime because they have a lien against them?

Michael Bouse:

Yes, sir. There is. We have yet another tool in our tool kit in Las Vegas called our Vacant Foreclosed Property Registration Ordinance. Let us assume that we go out, the property is vacant, and there is a lender involved. We do research to see if there has been a foreclosure proceeding initiated. If the lender has initiated a foreclosure proceeding and the property is vacant, we have an ordinance that requires that the property be registered with the City by the bank, that the lender inspect the property to determine if it is vacant, and that the lender has a servicing company that is a licensed property management entity in the state of Nevada under contract who will be inspecting that property every 30 days and making sure it is properly maintained until the property is no longer in foreclosure. For the property that is in foreclosure, we do have that process. If the property is not in foreclosure, it is the normal process. The banks get the same notice and orders that we give the property owner, and they get the same notice when we file the liens and all the actions that we take.

Assemblyman Daly:

But if they are not actually in foreclosure, they can just sit back and say it is not their problem. Is there a way to strengthen that or fix that? That is really the person who is going to ultimately be responsible instead of the next buyer because that is who they are shoving it onto. They are the ones that actually own it or sell it to the next buyer. It is not that previous owner.

Michael Bouse:

There is yet another tool in our toolbox, and that is that all these conditions are technically violations of our municipal code. They are misdemeanors. If we wanted to initiate the process to compel compliance, we could do that. We could take a look at the property and see if it meets the definition of a chronic nuisance or an abandoned nuisance in those other sections of the statutes that Mr. Olivas talked about. If they are, we could initiate judicial proceedings, and then it would be up to a court to determine the bank's responsibility.

Ted Olivas:

Mr. Bouse mentioned the notice process where we send letters. We do a title search, and if we know that there is a lending institution associated with that property, we not only send it to the property owner, we also send it to the lending institution. They are both notified in parallel. They are notified. We are doing the best that we can in that regard.

Chairwoman Benitez-Thompson:

We will go ahead and open up for testimony in support of A.B. 25. Just to clarify our new rules: support is in reference to the bill as drafted with amendments from the bill sponsor.

Michael Cathcart, representing City of Henderson:

We are in support of A.B. 25, although it is my understanding that we currently, at the City of Henderson, are not liening civil penalties. We only do liens on the costs of our abatements, but our staff believes that this could be an important tool to put in place in the future, if needed. It would be something that we would take before our city council. I would be happy to get any relevant pieces of our municipal code to the Committee through the Chairwoman, if requested. I know there was a question of how other cities' codes read in this area.

Assemblyman Healey:

Maybe the City of Las Vegas has brought a new revenue source for the City of Henderson. I say that jokingly, but not. I would think that the civil penalties are there to deter delinquent homeowners from letting the City pay for their property cleanup so they do not have to versus having fees assessed. If you are thinking of keeping that property, you certainly would not want those penalties to be piling up and then be responsible for those or put that against the property. Maybe it is something for Las Vegas and other cities to take a look at.

Mike Cathcart:

It is my understanding, talking to our code enforcement folks, that we are doing the liens for the cost of abatements throughout the city on a routine basis.

Their estimation is that we only had two instances in the last 12 months that would have risen to that level. If we would have had the civil penalties, we would have utilized this type of tool. It is a very minimal piece for the City of Henderson right now.

Cadence Matijevich, representing City of Reno:

The City of Las Vegas staff did an excellent job explaining the reasons why these important tools are needed for local governments. The City of Reno is here in support of this bill and would urge you to pass it. Madam Chairwoman, to your earlier questions, we do have very similar processes and policies to those described by the City of Las Vegas. I do not know if we have a cap. I attempted to contact our code enforcement manager and was not able to reach him. I will get back to you with that information.

Assemblyman Daly:

Do you have the ordinances in place to go after the lender or lien holder or other people the same as Las Vegas indicated they have the tools to do so? I believe they said by ordinance.

Cadence Matijevich:

We do not have the ordinances that they described for their foreclosure registry. We have been looking at that. I think that is an excellent tool that they have implemented, and we will likely be implementing that in the coming year. Currently, we do not have a foreclosure registry process similar to what they have. We do have the ordinances that were made available to us through the process from Assembly Bill No. 360 of the 76th Session. Those members of the Committee that were here last session may remember that Assemblyman Bobzien was generous to sponsor that bill on behalf of the City of Reno. We have those tools, but we do not have the others currently.

Wes Henderson, representing Nevada League of Cities and Municipalities:

I want to put the League of Cities and Municipalities on record in support of this measure.

Chairwoman Benitez-Thompson:

Is there any other testimony in support? Committee staff clarified for me, Mr. Murphy, that you could testify here because any amendments that are supported by the bill sponsor could be considered testimony in support. You can come forward and address your amendment.

P. Michael Murphy, representing Clark County:

In the interest of brevity: me too. We think that this is an excellent way to do business. We believe that the message that we have heard from legislators in

the past, and certainly from our own commission, is a continuity of government, open and inclusive. We believe that by attaching this amendment ([Exhibit F](#)) to our bill—and I want to thank Mr. Olivas for turning this water for us, so to speak—this allows everyone to have a more level playing field so that you know what is going on in the City of Las Vegas as well as Clark County.

In answer to the question about caps, at this particular time, we have a cap of \$10,000 or no more than three times the cost of abatement, whichever is greater. As a result of this enabling legislation, we may even do more to make sure that we are matching what other governments are doing.

Assemblywoman Bustamante Adams:

I want to thank the County for providing the amendment because I know that some of my constituents are from Clark County, and this has been a very frustrating issue for them to not be able to have resolution to get these homes fixed. It really brings down our neighborhood. I am excited that we are at least moving in this direction.

Assemblyman Elliot Anderson:

I had a technical question about the Clark County amendment. In section 5, it says NRS 244.3603 is what you are amending. Do you mean NRS 244.3605? I just think it is the same one that you had in section 4.

Michael Murphy:

I am not exactly sure where you are looking, but if we made a mistake, we certainly would want to fix it.

Assemblyman Elliot Anderson:

On page 5.

Michael Murphy:

Thank you, Assemblyman. We will see if we can get that corrected immediately. I certainly appreciate your diligence. I might add, since I have a moment to tell you, I do not think it is ever the intent of government to penalize folks as much as it is to, in this particular instance, raise the quality of neighborhoods and to ensure that people are in a safe environment. I think that is the reason why you are hearing a lot about caps on penalties and working with people. Everybody is in a bad situation. At the same time, as one of the other esteemed members of the Committee mentioned, this is about safety. It is certainly about being fair and open and honest, but keeping our neighborhood safe and making sure that, if you were living next to one of these homes, things are taken care of.

John J. Slaughter, representing Washoe County:

I wanted to go on the record to say that Washoe County does support A.B. 25, particularly now with the amendment that would bring counties in. I made a quick phone call, and we currently do not assess civil penalties. We currently just seek the abatement cost recovery, but our staff is looking at that. We will be looking for guidance from whatever comes from this process to implement those.

Chairwoman Benitez-Thompson:

Circling back to a question Assemblyman Daly asked: do you folks define expense at the county level in regards to this issue?

John Slaughter:

I do not believe we do. Our staff is in the process of implementing all of these procedures. We are really looking for guidance that would come from the amendments to the bill.

Chairwoman Benitez-Thompson:

Is there anybody else wishing to voice support for the legislative record? [There was no one.] Anyone in opposition? Once again, opposition might support the bill in spirit but have proposed amendments that are not agreed upon by the bill sponsor or take issue with any section of the bill. [There was no one.] We will move to neutral.

Cheryl Blomstrom, representing Nevada Bankers Association and Citibank:

We are here in support of the bill, but we are all frustrated by abandoned properties. The lending institutions have some of the same frustrations that the communities do. To that end, there is in this session a move to more closely define abandoned properties and perhaps give us quicker access to them as they are determined to be abandoned, remove them from some of the necessities of an owner-occupied property in the foreclosure process, and expedite the entire foreclosure process. Assemblyman Frierson is working on that in conjunction with Senator Ford, and Senator Ford is convening a meeting on Monday the week after next to bring the interested parties together and begin having a conversation. I did have an opportunity to speak with the City of Las Vegas, and they are interested in having this considered as a part of the broader conversation. The legal notice and order that you have required that they do may be a part of the solution for us because we need a way, given by government to us, to go and access the properties before we actually have title to them through the foreclosure process. To have a government entity declares the property abandoned gives us the opportunity to follow an expedited process. We are looking forward to that conversation. We intend to, all of us, participate fully, and we appreciate the City's support in that effort.

John Sande IV, representing Nevada Bankers Association:

I definitely cannot speak towards all lenders, but our group is definitely supportive of ways that we can streamline this process. I think the testimonies from the cities and the counties have actually highlighted the problems that the process creates, specifically in regards to some of the questions Assemblyman Daly had; although they do send pre-foreclosure and abandoned property notices to lenders, which is good. If we were able to have access to those, we would definitely maintain those properties. Our members are actively involved in maintaining properties that they owned for foreclosure. However, the owners of pre-foreclosure properties and properties that are in foreclosure actually have the property rights to those. If the banks or other lenders were to access those properties, they would technically be trespassing. We are encouraged to have a conversation about ways that the lenders could get access, pre-foreclosure, to abandoned properties. We do believe that Senator Ford and Assemblyman Frierson will likely be addressing those in some of the legislation they have proposed or that you have heard about the state.

Chairwoman Benitez-Thompson:

Are there questions from the Committee? [There was no one.] I will close the hearing on A.B. 25 and open for any public comment. [There was no one.]

Meeting is adjourned [at 10:35 a.m.].

RESPECTFULLY SUBMITTED:

Maysha Watson
Committee Secretary

APPROVED BY:

Assemblywoman Teresa Benitez-Thompson, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 8, 2013

Time of Meeting: 8:02 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Elizabeth N. Fretwell / City of Las Vegas	PowerPoint handout
	D	Ted J. Olivas / City of Las Vegas	Map handout
A.B. 25	E	Michael Bouse / City of Las Vegas	PowerPoint handout
A.B. 25	F	P. Michael Murphy / Clark County	Proposed amendment