

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

**Seventy-Eighth Session
February 24, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 8:33 a.m. on Tuesday, February 24, 2015, in Room 4100 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: www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman John Ellison, Chairman
Assemblyman John Moore, Vice Chairman
Assemblyman Richard Carrillo
Assemblywoman Victoria A. Dooling
Assemblyman Edgar Flores
Assemblywoman Amber Joiner
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblywoman Shelly M. Shelton
Assemblyman Stephen H. Silberkraus
Assemblywoman Ellen B. Spiegel
Assemblyman Lynn D. Stewart
Assemblyman Glenn E. Trowbridge
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Eileen O'Grady, Committee Counsel
Jordan Neubauer, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Jeff Page, County Manager, Lyon County
Bruce Breslow, Director, Department of Business and Industry
C.J. Manthe, Administrator, Housing Division, Department of Business
and Industry

Chairman Ellison:

[Roll was called. Committee rules and protocol were explained.] The first order of business today is a presentation from Lyon County.

Jeff Page, County Manager, Lyon County:

Lyon County is right over the hill off U.S. Route 50. We border Douglas County and Carson City County on our western end. I want to list some quick facts. We were created in 1861, and we are one of the original counties in the state of Nevada. Currently our population is 53,334. Lyon County has two cities, Fernley and Yerington. The City of Fernley has 19,077 people, which makes it the largest populated city in Lyon County. The City of Yerington's population is 3,095. In the next three to five years, we anticipate that we will see significant growth in the City of Yerington and the outlying Mason Valley because of the Nevada Copper operations. The unemployment rate is at 8.2 percent, which for some counties is a bad number, but I am thrilled. When I took over as county manager in 2010, our unemployment rate was 19.2 percent. We have 2,013 square miles with almost 33,000 parcels. In Lyon County 25 percent of the land is under private ownership and 75 percent is owned by the state or federal agencies.

Lyon County is diverse. We are small geographically compared to Nye County, Elko County, or some of the larger counties, but we have a number of communities: Dayton, Fernley, Mound House, Silver City, Silver Springs, Smith Valley, Stagecoach, Yerington, and Mason Valley. Within the communities, we also have a number of tax districts. We have four fire protection districts, which were created under *Nevada Revised Statutes* (NRS) Chapter 474. Lyon County does not have authority over fire operations in the county. We have five different general improvement districts (GID) that provide different services. Lyon County oversees all of them except the

Stagecoach GID. Stagecoach has a separate board that deals with water in the Stagecoach area.

The primary economy in Lyon County has been, and continues to be, agriculture and mining. A majority of the money that comes out of northwestern Nevada is produced by Lyon County's agriculture. Mining was a large component of Lyon County up until about 1978, but it has recently started to come back with Comstock Mining under operation in Silver City and Nevada Copper under operation in south Lyon County. We have two other companies that are currently doing exploration in the Mason Valley area; they are primarily looking for copper. We have light industrial areas in Mound House, Dayton, and Fernley. With the U.S. Congress passing House Resolution 5205, the Northern Nevada Land Conservation and Economic Development Act, the City of Yerington will actually have a light industrial area as part of that operation. Unfortunately, the top three employers in Lyon County are the school district, Amazon.com, and Lyon County. We would like to diversify our economy so the government is not the top employer. We also have a variety of mixed commercial residential property throughout the county.

I am going to go over the significant threats in Lyon County. We continue to deal with the drought. The state engineer has reduced supplemental water rights in Mason Valley and Smith Valley by 50 percent. The sage grouse being listed on the endangered species list and wildfires are threats to Lyon County as well. We are very concerned about the rapid growth of our communities with Tesla Motors and a variety of other businesses moving into the Tahoe-Reno Industrial (TRI) Center. The Tahoe-Reno Industrial Center is in Storey County, but it borders Lyon County. Fortunately for Storey County, they will have the industrial commercial buildings, but unfortunately for Lyon County, we will get the residential growth. We have seen an increase of 39 percent in serious crimes in the last two years. This is mainly due to the economic factors in Lyon County, because while many other counties surrounding us have come out of the recession, we are just now starting to climb out of it. We have seen a large increase in our crime rate. We have made national news in regard to a number of homicides we have recently had. I spent 20 years in the sheriff's office prior to this job and for the first time in my career, we have three capital offense cases in progress. I am sure you have all heard throughout the state of Nevada there is failing infrastructure: roads, bridges, and information technology communication. Those are the big challenges for us moving forward.

I am going to talk a little bit about the effects of the recession. I like to say that the best thing that happened to Lyon County was the recession, and the worst thing that happened to Lyon County was the recession. Because of the recession, we looked to how we did business and made some significant

changes to our processes. As we get funding back, we are no longer filling positions just for the sake of filling positions. We actually determine whether we truly need the position or not. We did some creative things with our Public Works Department where we have utility employees who are also certified to do roadwork. That makes for a better-quality employee to fit our needs. Things are beginning to change now that the economy is starting to turn around, and we are starting to see people leave the county government for better wages or less stressful work hours.

Not unlike most counties in Nevada, we reduced our workforce by 30 percent. We reduced hours of service at libraries and senior centers. We froze wages for two years with the Lyon County Employees' Association for the non-eligible employees. The Lyon County Sheriff's Employee Association froze wages for a year and gave up several paid holidays the year before that. Managers' wages have been frozen until this past year. We reduced our grading cycles for the dirt and gravel roads to three times a year, and we are now prepared to take a list to the Board of Commissioners to remove some roads from the maintain list until we can fully get out of the recession. Maintaining our parks and community centers became difficult, so we reached out to community nonprofit organizations. For example, the Veterans of Foreign Wars took over one of our community centers; they maintain the building, and in exchange for the maintenance they allow the community to use the facility. They are getting the facility free and maintaining it for us. We will still make any major repairs and pay the insurance, but they have taken over the day-to-day maintenance. We had to brown out several parks, but we are hoping this year that we will be able to bring some of them back. We reorganized every aspect of the Public Works Department, Human Services, and community development. When I took over in 2010, there were 17 direct reports to the county and now there are five. We have substantially changed how we do business.

On page 7 ([Exhibit C](#)) you can see a pie chart of our revenue sources. The dark blue is consolidated tax, and it makes up 45 percent of our general funding. Property tax is the next biggest. You can see where we get most of our revenues. We are like most counties. The significant issues are consolidated tax and property tax.

Page 8 ([Exhibit C](#)) shows a history of revenues from 2009 to 2014. You can see that our revenues have substantially gone down since 2009, but you can see a bit of an increase last year. As we go through the next several years trying to get out of the recession and we start to deal with growth issues, we are somewhat behind the eight ball when it comes to providing services to take care of residential growth. We are working with our board of commissioners and the planning commission to look at handling growth better than we did in

the mid-2000s and 1990s. We are looking at controlling growth a little bit tighter so we have the proper growth in the right areas and we can provide the correct services to a specific community.

We have a handful of future projects we are working on in Lyon County. We have eight different communities, but four are core communities: Dayton, Silver Springs, Fernley, and Yerington. Yerington is the county seat, so most of the services are centralized in downtown locations like the courthouse and the county administrative complex, and also at the justice complex. However, in Dayton you have to go across the bridge to pay your water bill, drive back across the bridge to go to the justice court, and then drive down the street to the fire district to get a burn permit. So we are proposing in the next five to ten years to build centralized facilities in Dayton, Fernley, and Silver Springs to take care of government services. We own properties that we can use. It will do a number of things for us. It reduces windshield time, so we will not have custodial staff and maintenance staff driving all over the county. It also provides the ability for state and local government agencies to work out of one general area, so the public only has one place to go instead of driving all over the community to take care of their business. It is a big project.

Lyon County has only one bridge over the Carson River in Dayton. We have had discussions in the last 30 years about building a second bridge, and the commission has asked me to dust off the old plans and research. They want me to look at what it is going to take to build a secondary bridge over the Carson River. Hopefully it will reduce the amount of traffic on U.S. Route 50 for local citizens and provide a better way for people to get around Dayton without having to deal with U.S. Route 50, where there are significant traffic issues on a regular basis.

We are currently converting approximately 458 homes from septic tanks to sewer systems because of nitrate issues. We want to get ahead before the Division of Environmental Protection tells us we have to convert the homes. The project is 100 percent funded by grants and loans from the United States Department of Agriculture and others, so the citizens that are being affected by this do not have to pay hookup fees.

Right now, in the Carson Highlands area of Mound House, through grant funding we are in the process of replacing and improving the sewer system. The industrial facilities that are on septic tanks now will be able to get off them, which will allow them to grow their businesses. They are one-acre to five-acre lots, so if your business is on one acre with a commercial septic system and you want to expand your business, there is no room to grow.

We are moving our Public to People Facility/Park Program forward. This is the program where some nonprofit organizations are taking over facilities and parks. This has been a huge success for us, and the people like it. It gives the people a little bit more of a say and the ability to manage their quality of life in their own community. From time to time, we may have a few upset citizens because things did not go quite as they wanted, but we are working through the process. We are not going to stop this program if money comes back in the future.

Chairman Ellison:

Do you have projected revenue for 2015?

Jeff Page:

It is about \$100,000 more than last year, which was about \$29 million, so we are looking at about \$30 million.

Chairman Ellison:

Is that from the consolidated tax or ad valorem tax because of Tesla Motors?

Jeff Page:

There is a small portion from ad valorem tax, but the majority is consolidated tax.

Chairman Ellison:

You said you are going to remove some roads from the maintain list. How many miles do they entail, and are they roads to ranches or critical areas?

Jeff Page:

The Road Division Superintendent is proposing 117 miles to be removed. The majority of the roads are in the south part of the county, and they are roads that go to ranching areas. The National Fish and Wildlife Foundation has purchased some of the ranching areas, so there is not any ranching happening; they are trying to save the water in the Walker River, and the roads have very little traffic on them. Other roads are the ones that once may have had 10 or 20 houses on them and now no one lives there. We want to shift some of the maintenance to roads we have not maintained in the past but sometimes, all of a sudden, there are 10 or 15 homes on them. It is more of a shift of roads, as well as getting rid of some roads or reducing the maintenance to once a year or as needed instead of on a quarterly basis like we have been doing.

Chairman Ellison:

Are the roads sprayed with magnesium chloride?

Jeff Page:

Some we spray and some we do not. It depends on how much the road is traveled and who is out there. If it is one or two ranchers 12 miles south of Yerington, then we do not spray it, but if it is Mason Pass Road, where there is a lot of heavy traffic, we do.

Chairman Ellison:

I think you did a great job with maintaining your budget during the recession.

Assemblyman Stewart:

I too think you have done a great job in trying to cut back with the recession. You have a new mine in Yerington; can you tell me about it? What impacts do you foresee with Tesla Motors and the new road? Will it have an adverse effect on Lyon County because you will have to provide for residential growth? Will you get any commercial growth as well?

Jeff Page:

Nevada Copper is operating the mine. Lyon County, the City of Yerington, and Nevada Copper ventured on a project about three-and-a-half years ago petitioning Congress to pass House Bill 5205, which will give us 10,400 acres in a valley just east of Mason Valley. The bill has passed. The City of Yerington will now take ownership of the land, so the entire operation will be theirs. Once they have the deed they will have the land, and it is occurring as I speak; hopefully, they will have the process complete in the next two months. Nevada Copper is about 1,750 feet down in the shaft. When they get to 1,900 feet, they are going to start branching out vertically to build their maintenance shafts. They will bring heavy equipment in and start building the equipment in the shaft. Once all of the paperwork is done, they will begin an open-pit operation just north of where their shaft is, so they will have a concurrent open-pit mining operation as well as an underground mining operation.

They are mining primarily for copper, but there are some other precious metals that they are getting more money for, and it is helping pay for the cost of the mine. There is a huge iron ore deposit that China would like to look at purchasing, and that process is moving forward. Nevada Copper anticipates that during the first quarter of 2016 they will be bringing 400 jobs into the Yerington and Mason Valley area. They are primarily underground mining jobs, as well as some open-pit mining jobs. It will be a boost to the economy in one aspect, but it is going to take some time as those people move into our communities for us to collect property taxes from them to help meet the cost of providing services.

In regard to Tesla Motors and the Tahoe-Reno Industrial (TRI) Center, Lyon County is not against residential growth. Our concern is that residential growth costs more; our estimates are about \$1.58 for every tax dollar earned to provide service to a home versus \$.40 to \$.60 for a commercial-industrial property. We have to have a mix of commercial-industrial property and residential property. We anticipate that Fernley will be hit first, because it is right off Interstate 80 and it is a 15-minute drive to TRI and USA Parkway. As the state continues to work on USA Parkway from U.S. Route 50 connecting to Interstate 80, we will start to see growth in Fernley.

Once USA Parkway is finished, we anticipate that we will see growth in the Dayton and Silver Springs areas, but the limiting factor there is going to be water. We know that basin is overallocated already. We are now in the fourth or fifth year of a drought, so we will have to wait and see what the effects of growth are going to be. The state engineer can tell us to stop growth in certain communities. Part of it is contingent on what happens with the water situation. If we get a decent winter next year, it might change how things go in the future for growth in the Silver Springs community.

We anticipate growth in Dayton. We are already meeting with commercial and industrial developers as well as residential developers. Some of the companies that are looking at the TRI operation want to put suboffices in the Dayton and Mound House area, so we are working with them too. We are trying to make sure we are bringing a good mix into the community, so we can provide the services we need to and have the almighty tax dollar in the right spot, and we are not just building a bunch of homes like we did in 2000. In 2000 to 2010, our county grew approximately 50 percent. Growth is not bad; we just need to make sure we have the correct growth and continue to provide the service that we are mandated to provide or should provide. That has been the problem over the last several years because of the recession. We cannot provide the services if we do not have the funding.

The county, two cities, school district, four fire districts, and a variety of other people are meeting in April for a summit to discuss growth and working together to help each other. In the past this did not occur. Everyone did their own thing, and no one talked to each other. Those days are over. The recession taught us to share services with each other, so we are sharing how we are going to deal with the growth issues.

Assemblyman Stewart:

Will Yerington lease the land to Nevada Copper?

Jeff Page:

The plan is for Nevada Copper to buy 4,000 acres from the City of Yerington for their mining operation. The city will use the rest of the acreage as a recreational area, an industrial area, and an outdoor amphitheater. We are going to look at moving our fairgrounds to this area as well. Every summer we have a large concert called Night in the Country. It started with about 3,000 people, and now we triple the population of Mason Valley to about 15,000 people for four days. We anticipate the concert to grow to 25,000 people once it is moved to the new area, so we may look at moving our facility out there in coordination with the City of Yerington. We would have a nice area for the community to use. It is off the beaten path for both the concert and the other events that go on at the fairgrounds.

Assemblywoman Neal:

When Lyon County presented last session, they were facing high unemployment rates, foreclosures, and an increased load in human services and homelessness. Are these issues still present today? Can you please tell me what the connection is with the past issues and your increased illegal drug use and crime rate today?

Jeff Page:

Western Nevada is seeing a significant increase in issues dealing with mentally ill and emotionally disturbed individuals. I have lived in Lyon County for my entire life, and for the first time we are seeing homelessness like we have never seen it before. We have had custodians dump garbage at 3 a.m. and have someone sleeping inside the dumpster. When we began to cut resources, we did not cut law enforcement. Public safety has always been the number-one priority, and we did not lose any sworn positions, besides one where the employee retired, and they did not want to fill the position. The number of people using Human Services is continuing to grow. Still, today it is very difficult to find decent paying jobs with decent benefits in the region. The best place to get a job is the school district or Lyon County. Everything else is mom-and-pop businesses or agriculture. We are anticipating with mining and Tesla Motors that it will change. I do not know why, but we have also noticed that we have had a movement from the larger urban areas in northern Nevada into Lyon County. Because of that, we have started to see increased drug and crime activity. There were some grants that the sheriff's office lost. It was not their fault the federal funding went away, but because of that, a couple of task forces that deal with narcotics were done away with. We have seen a number of increases for a variety of reasons that we may or may not have control over.

Assemblywoman Neal:

Agriculture has been a mainstay. If agriculture is the heart of Lyon County, how are we engaging the new generation and helping them become a part of that industry? Older people are phasing out. I know you have the Future Farmers of America, so there is a high school and college interest in trying to bring this back, but where are we going?

Jeff Page:

There are a couple of issues in dealing with agriculture. We are no longer seeing children and grandchildren staying in the business. In Mason Valley and Smith Valley, we are seeing large corporation farming. Peri and Sons Farms came to Lyon County about 30 years ago to start a small farm, and now they are probably the single largest producer in the Mason Valley. They sell nationally and internationally.

The school district and the county work together, and we still have a number of courses to prepare students who want to go into the agriculture field. We are also looking at mining. Believe it or not, a large portion of mining is information technology-based. We are working with children to run joysticks, so they can run two or three steam shovels at a time from a control booth rather than having someone inside the shovel. We work with the school district to provide children with the specific level of training they need. Right now with the school district, if you graduate in the next two to four years, there is an option to graduate not only with a high school diploma but also with an associate's degree from Western Nevada College at the same time. These children are going into a university with an associate's degree. There is a push to better educate children, but my problem is not with the youth; it is with people who are 25 to 45 years old. We need to educate them so they can work in mining or agriculture or at Tesla Motors. We are working on how to train that specific group with Western Nevada College and others.

Assemblywoman Neal:

Where are you failing in your infrastructure?

Jeff Page:

The majority of our failing infrastructure are roads and a few bridges. I am not worried about the bridges because the state works with the county to get federal funding to get them fixed, and we have a 5 to 10 percent match. If I had to bring all of our paved roads up to standard today, it would cost between \$35 million and \$55 million. We are working on identifying how we are going to handle it. Twenty years ago, when the United States Department of Homeland Security had a lot of money, most of the rural

counties in Nevada improved their radio communication systems. They are now 20 years old, and we are in the process of repairing and replacing them.

Assemblywoman Neal:

Some of your revenue structure is manufacturing, so I am wondering if you are trying to get involved in aviation manufacturing, to try to capture and increase local taxes.

Jeff Page:

We own an airport in Silver Springs that we lease to Silver Springs Airport, LLC, and they manage it for us. We also have an airport in the City of Yerington. Both have been designated by the Federal Aviation Administration and the state to be involved with drone programs. We do not know what that means yet. We are still waiting for more information. We are also looking at diversifying our economy because mining will go away; we want to keep jobs here 25 or 50 years from now. Anaconda Copper Mine shut down in 1978, and after four or five years we forgot what it was like to have a mine. We want to know what else is out there that we can bring to the county or how we can help Storey County with the Tahoe-Reno Industrial (TRI) Center bring the right types of jobs so we can have a place for people to work.

We have discovered that most people do not have an issue with commuting from Yerington, Fernley, Silver Springs, or Dayton to TRI, Reno, or Carson City on a daily basis for their job. That is a big shift for us when we look at what we are doing for jobs. In the past, when I started at the sheriff's office, if I wanted to be on patrol in Yerington, I would live in Yerington because I did not want to commute, but those days are over. Most people do not mind commuting. We work with our surrounding counties to make sure we can provide a workforce.

Chairman Ellison:

Is there any other discussion? [There was none.] Thank you for the presentation. I am going to open the hearing on Senate Bill 64.

Senate Bill 64: Revises the qualifications for the Chief Financial Officer of the Housing Division of the Department of Business and Industry. (BDR 18-372)

Bruce Breslow, Director, Department of Business and Industry:

We have a small technical bill that we are presenting.

C.J. Manthe, Administrator, Housing Division, Department of Business and Industry:

Senate Bill 64 strengthens the overall qualifications of the Housing Division's Chief Financial Officer (CFO). It outlines that the CFO must be a certified public accountant (CPA) or possess five years of experience in general accounting, investment banking, or a related area. General accounting means the person would have to be familiar with auditing, budgeting, and governmental accounting. In addition to having one of those two qualifications, the CFO would need to possess a comprehensive understanding and knowledge in the area of public finance. The CFO would have to be knowledgeable in the areas of structuring and the issuance of tax-exempt bonds. The Housing Division is a frequent issuer of both multifamily and single-family mortgage revenue bonds. It is an essential function we need in the CFO position. We believe that the proposed language in S.B. 64 would help benefit our future recruitment efforts. This bill does not have a fiscal impact.

Chairman Ellison:

Are there any questions from the Committee?

Assemblywoman Spiegel:

In section 1, subsection 2, paragraph (a), you are changing "be" to "have." Does that make it so the license has to be current as opposed to someone who was licensed 20 years ago and let it lapse?

C.J. Manthe:

The CFO candidate would need to have either a current CPA license in Nevada or another state, or would need to have related experience in lieu of having the CPA standing.

Assemblywoman Joiner:

Was there a particular incident that prompted this bill? Were you having recruitment issues?

Bruce Breslow:

Changing this is a practical matter. We had trouble finding a qualified CPA with the salary we offer for the position. We found many people had public finance experience, but were not a CPA. This position does not have a high enough salary to ask the CFO to be both a CPA and have additional experience. Adding "or" opened up the pool for us to be able to hire a qualified candidate and it provided clarification. We got an Attorney General's opinion that said we could hire someone who was not a CPA. Most CPAs who are extraordinarily talented in public finance would not be working for the salary we provide for the CFO position.

Assemblyman Stewart:

I had a similar question. Assemblywoman Joiner and I must be thinking alike today.

Assemblyman Carrillo:

Can you please define related field?

C.J. Manthe:

It would be experience in an area that would be highly regulated because we deal with a lot of government funds. For example, the candidates could have grant experience, or they could be from the nonprofit sector, or people who worked in municipal finance, and that type of area.

Assemblyman Carrillo:

Can you explain why we would want to expand this criteria? Is this a position where we would need to be specific about what we are looking for?

C.J. Manthe:

To expand the qualifications and to focus on public finance is an area we feel very strongly about. As I mentioned, we are a frequent issuer of tax-exempt bonds, and on a regular basis we go to the State Board of Finance to obtain their approval, so we need somebody on the team to be very familiar, knowledgeable, and an expert in that area; it will strengthen us by having this requirement for the CFO position.

Chairman Ellison:

Is there any other discussion? [There was none.] Is anyone in favor of the bill? [There was no one.] Is anyone in opposition? [There was no one.] Is anyone neutral? [There was no one.] Does the sponsor of the bill have any closing comments? [There were none.] I will close the hearing on S.B. 64. Is there any housekeeping that we need to do?

Jered McDonald:

No, sir.

Chairman Ellison:

Is there any public comment? I see none; this meeting is adjourned [at 9:13 a.m.].

RESPECTFULLY SUBMITTED:

Jordan Neubauer
Committee Secretary

APPROVED BY:

Assemblyman John Ellison, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 24, 2015

Time of Meeting: 8:33 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Jeff Page / Lyon County	PowerPoint