

**MINUTES OF THE  
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Eighth Session  
March 23, 2015**

The Senate Committee on Government Affairs was called to order by Chair Pete Goicoechea at 1:10 p.m. on Monday, March 23, 2015, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Pete Goicoechea, Chair  
Senator Joe P. Hardy, Vice Chair  
Senator Mark Lipparelli  
Senator David R. Parks  
Senator Kelvin Atkinson

**GUEST LEGISLATORS PRESENT:**

Senator Pat Spearman, Senatorial District No. 1

**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Policy Analyst  
Darlene Velicki, Committee Secretary

**OTHERS PRESENT:**

Warren Hardy II, Virgin Valley Water District:  
Kevin Brown, General Manager, Virgin Valley Water District  
David Goldwater, Three Kids Mine  
Bob Unger, President, Unger Development, LLC  
Leo Drozdoff, P.E., Director, State Department of Conservation and Natural Resources  
Fred Horvath, Assistant City Manager, City of Henderson  
Kyle Davis, Nevada Conservation League  
Jenny Reese, Henderson Chamber of Commerce

Senate Committee on Government Affairs  
March 23, 2015  
Page 2

Tracey Green, M.D., Chief Medical Officer, Division of Public and Behavioral Health, Department of Health and Human Services  
Sue Meuschke, Executive Director, Nevada Network Against Domestic Violence

**Chair Goicoechea:**

I will entertain a motion to introduce our seven bill draft requests (BDRs):

**BILL DRAFT REQUEST 49-826**: Revises provisions relating to conservation districts. (Later introduced as [Senate Bill 476](#).)

**BILL DRAFT REQUEST 22-1110**: Limits the authority of local government to require fire sprinklers in single family residences. (Later Introduced as [Senate Bill 477](#).)

**BILL DRAFT REQUEST 22-1111**: Revises provisions relating to regional transportation commissions. (Later introduced as [Senate Bill 478](#).)

**BILL DRAFT REQUEST 22-1112**: Revises provisions relating to the termination of certain redevelopment plans. (Later introduced as [Senate Bill 479](#).)

**BILL DRAFT REQUEST 20-1113**: Revises the membership of certain county fair and recreation boards. (Later introduced as [Senate Bill 480](#).)

**BILL DRAFT REQUEST 20-1114**: Limits the information that a city or county may request from a public utility. (Later introduced as [Senate Bill 481](#).)

**BILL DRAFT REQUEST 20-1117**: Makes various changes relating to government. (Later introduced as [Senate Bill 482](#).)

SENATOR HARDY MOVED TO INTRODUCE BDR 49-826, BDR 22-1110, BDR 22-1111, BDR 22-1112, BDR 20-1113, BDR 20-1114, and BDR 20-1117.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR LIPPARELLI WAS ABSENT FOR THE VOTE.)

\* \* \* \* \*

**Chair Goicoechea:**

We have three bills on the agenda today. The first bill we will consider is Senate Bill (S.B.) 271.

**SENATE BILL 271**: Revises provisions relating to the Virgin Valley Water District. (BDR S-730)

**Senator Joe P. Hardy (Senatorial District No. 12):**

I introduce S.B. 271 and turn the testimony over to Warren Hardy.

**Warren Hardy II (Virgin Valley Water District):**

During the boom years in Mesquite, many projects were proposed. Some came about; some did not. Several of the “will serve letters”—commitments to service projects—did not have an expiration date or a method for expiring. A large amount of water is committed through the State Engineer’s Office with “will serve letters.”

We need a way for the commitments to go forward or be withdrawn. This bill attempts to provide commitments to service others who request them for new projects. Legal counsel assured me that as soon as the deadline is over, we may talk about the bill in more detail. We want to make sure that we are able to add conditions retroactively. Senate Bill 271 provides renewal and expiration conditions for “will serve letters.” These conditions would be applicable to “will serve letters” provided prior to the enactment of this bill.

**Kevin Brown (General Manager, Virgin Valley Water District):**

The Virgin Valley Water District serves the City of Mesquite and the town of Bunkerville in northeastern Clark County. We have eight groundwater wells, five arsenic treatment plants, seven storage reservoirs and over 130 miles of pipe. This system serves 17,000 to 22,000 citizens. The population varies depending on the time of year. Many people from up north come to visit in the wintertime. We also have 24,000 acre-feet of water certificated with the State Engineer’s Office.

I will switch from acre-feet to equivalent dwelling units (EDU). One acre-foot equals one EDU for a three-quarter-inch meter, which is the average residential home meter. We have 24,000 EDUs of water available to serve our customers. We have 14,000 committed "wet" EDUs; that leaves 10,000. We have 7,000 EDUs committed on paper. The issue is that when you subtract the 7,000 from the 10,000, that leaves 3,000 EDUs not yet committed and available for future development. The Sun City development in Mesquite has 1,000 homes. The total build-out is expected to be 4,000 homes. That will not happen in the next couple of years; however, 4,000 minus 1,000 gives you 3,000 EDUs. This means that we have committed all available EDUs to Sun City, which leaves us with nothing. The 7,000 EDUs were committed on paper in the mid-2000s to speculative developments, hoping that the economic boom would last. It did not. The District has accumulated a great amount of debt to provide services, including those 7,000 EDUs for developments that are only on paper.

Thirty percent of our debt load is for bonds to cover infrastructure and water rights purchased in the mid- to late 2000s, including the 7,000 EDUs. We have no way to retrieve the 7,000 EDUs and/or to charge a fee to the property owners for the EDUs to cover the bond debt load. With S.B. 271, we can establish a sunset on the 7,000 paper commitments and charge a fee to the owners to help service our debt.

**Chair Goicoechea:**

Of the 7,000 "will serve letter" commitments, how many do you anticipate will be picked up in this process? Much depends on the size of the fees. If you have the fee attached to the 7,000 EDUs to maintain them, that will help service the debt load. How many of the 7,000 would actually be committed to a building project, and how many do you think will be dropped?

**Mr. Brown:**

Most of the lots in question are bank-owned. We are not aware of any developers who are interested in those properties. We do not anticipate many of the 7,000 EDUs to be serviced within the next couple of years. If the economy turns around, that may change, but right now we are only seeing 100 to 150 new homes built a year in Mesquite.

**Chair Goicoechea:**

Will the bank maintain the "will serve letters" to protect its assets?

**Mr. Brown:**

The bank may do that, but the bill's aim is to assess a fee on the bank as if it were a user.

**Chair Goicoechea:**

This would make the bank a user, which helps protect the debt.

**Mr. Brown:**

If the bank does not want to pay the fee, then we will get the water back.

**Chair Goicoechea:**

Then you would issue it to someone who will pay the fee.

**Senator Parks:**

Of the 7,000 EDUs, has an initial fee been paid? Would that fee be revoked so the EDUs could be sold to someone else?

**Mr. Brown:**

That is correct.

**Senator Parks:**

Are you looking at a change in the fee rate for a household unit?

**Mr. Brown:**

The initial fee is a water rights fee which a developer or someone else paid in the mid-2000s. Many of these entities went into foreclosure. The banks own the properties now. The owners of the properties will not receive the fees back. We are considering a fee of \$10 an EDU a month, depending on the size of the development. The owners of the property will pay this fee.

**Chair Goicoechea:**

I will close the hearing on S.B. 271. I will open the hearing on S.B. 297.

**SENATE BILL 297:** Revises certain provisions relating to redevelopment plans.  
(BDR 22-1028)

**Senator Hardy:**

There is a blighted site as you approach Lake Mead. If you turn right, you find the Three Kids Mine. The huge pit is the result of a manganese mine. When I was a member of the Clark County Health District, Laird Sanders was famous for bringing me bags of soot and black dust that was blowing and getting on everything in the area. It is in one of the most-needed remediation sites in the State of Nevada. All parties, State, federal, local, city and private industry, have figured out how to clean this site up efficiently. This process can make this a viable, beautiful place that we all can enjoy.

**David Goldwater (Three Kids Mine):**

There are letters of support from the City of Henderson ([Exhibit C](#)), Henderson Chamber of Commerce ([Exhibit D](#)) and a presentation regarding the site of the three Kids Mine ([Exhibit E](#)). This is a manganese-contaminated site. The federal government and the State of Nevada have struck a deal. The federal government will cede the property to the State of Nevada if it will pay to clean up the site. Senator Harry Reid, Congressman Joe Heck and a united Nevada Congressional Delegation supported a successful bill in 2014 to authorize this agreement. We will use tax increment financing to clean up the site. This same financing technique is commonly used in redevelopment. Senate Bill 297 extends the redevelopment period from the normal 30 years to 45 years. It is a simple bill.

**Chair Goicoechea:**

I will introduce BDR 31-1021.

**BILL DRAFT REQUEST 31-1021**: Revises provisions relating to local financial administration. (Later introduced as [Senate Bill 475](#).)

SENATOR PARKS MOVED TO INTRODUCE BDR 31-1021.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\*\*\*\*\*

**Mr. Goldwater:**

In 2009, a redevelopment district, the Lakemoor Canyon Redevelopment Area, was created. The federal legislation was not passed until 2014. The amount of increment must cover the cost. For the first 5 years, we had no increment and the property values have been lowered; therefore, the time period must be extended to cover costs. If we never reach the point where the cost of cleanup is paid for, the site will never be cleaned up.

**Bob Unger (President, Unger Development, LLC):**

We found a unique win-win situation for the City of Henderson, the State and the federal government in this project. We can make this work financially. The federal government contributed just under 1,000 acres of land to the project that is needed for a sufficient tax increment to cover our costs and the soft costs. The out-of-pocket hard costs are in the range of \$250 million to \$300 million. Adding the soft costs, the total is about \$400 million. This is an extension for a specific project.

We are asking that the kick-off date be when we take the federal land and begin the agreement for construction work. We anticipate this to begin in a couple of years. We have a considerable amount of work to do with the Division of Environmental Protection within the State Department of Conservation and Natural Resources. I remain optimistic that the housing market will come back in the City of Las Vegas. The economy will stabilize, and people will still want to come to Nevada for retirement and other reasons. This will require me to put \$1.8 billion in construction costs into this area. Once we reach that amount, the tax increment begins to generate funds and reimburse the developer for the cost remediation.

This is similar to Tuscany Village I completed several years ago, also in the Lake Mead area. That 540 acres had a \$70 million factor on the redevelopment increment. This site is more contaminated. It needs more remediation to the point it can be developed for housing and related businesses. As soon as we complete a corrective action plan with the State, we will move forward. The manganese tailings will be cleaned up first because they are the most significant part of the environmental cleanup. Almost 13 million cubic yards of dirt taken out of the mines must be moved back into the mines. It is a large project that will employ many people.

**Chair Goicoechea:**

We have the 939 acres of public lands that will be transferred to the project and approximately 320 acres, or a half section, of private property.

**Mr. Goldwater:**

It is important to note the zero fiscal note. Unlike other tax increment districts, not much tax is being collected now, but much more will be collected in the future.

**Chair Goicoechea:**

There is probably more liability than taxable revenue.

**Leo Drozdoff, P.E. (Director, State Department of Conservation and Natural Resources):**

I support S.B. 297 ([Exhibit F](#)). Our Department has been working since 2008 to remediate the Three Kids Mine in Henderson. The land is a mix of public and private land located just south of Lake Las Vegas development in Henderson. The site is an abandoned manganese mine and possesses a variety of unique environmental and safety challenges, such as deep unstable pits and undocumented waste disposal areas. Because of the mixed land ownership and the environmental and safety problems, making progress on site remediation has been challenging.

One tool to address a site with environmental issues and uncertain ownership is the federal Superfund program. We view the use of the Superfund as a last resort. It is a method of site cleanup that puts the site under the control of the U.S. Environmental Protection Agency. We have had success within the State at finding private sector solutions as alternatives to Superfund. Under that model, a developer funds the cleanup of a site, and when all of the site remediation requirements are met, the property can be safely developed and contribute to the local economy. We envision this template for the Three Kids Mine property. It is the reason that we support S.B. 297.

Our Congressional Delegation addressed the public and private ownership issue by leading efforts to pass legislation last year ([Exhibit G](#)). The President signed the bill into law on July 25, 2014. That legislation cleared the way to solve the challenging land ownership issues. Senate Bill 297 established the conditions of the redevelopment plan for the Three Kids Mine site. We have had numerous meetings with the developer, City of Henderson and the Bureau of Land



Management (BLM) to outline the cleanup requirements of the site. It is our understanding that S.B. 297 is considered vital to project success. From the Department's perspective, the legislation is necessary so that the site can be remediated without Superfund designation.

**Senator Parks:**

Was the original Three Kids Mine for manganese? Where did the name originate?

**Mr. Drozdoff:**

It was a manganese mine. The three kids are among the property owners today.

**Fred Horvath (Assistant City Manager, City of Henderson):**

I ask for your support of S.B. 297 ([Exhibit H](#)). The reclamation and redevelopment of the Three Kids Mine site presents an unprecedented opportunity to address an environmental remediation challenge in a unique public-private partnership. It creates a solution locally when one has not been available at the federal level.

The City's elected officials and staff have pursued this vision in collaboration with our Congressional Delegation, BLM, State officials, and our partners at Lakemoor. We are now at a crossroads. Support for this legislation will allow this critical project to continue. The purpose of the extension of the redevelopment timeframe is necessary to ensure the financial viability of the project. Without the extension, it is unlikely that the Three Kids Mine initiative will move forward.

**Senator Lipparelli:**

What was the estimated cost of the remediation?

**Mr. Unger:**

The hard costs are around \$250 million. That could change based on agreement with the State which will determine the method we use. With soft costs, it ends up at a little over \$400 million.

**Kyle Davis (Nevada Conservation League):**

We support S.B. 297. This is a great opportunity to clean up this site, which is desperately needed.

**Jenny Reese (Henderson Chamber of Commerce):**  
We support S.B. 297.

**Senator Parks:**

If the total cost for cleanup of \$400 million includes 1,259 acres, that would compute at more than \$317,000 per acre. That is a lot. I have toured the facility as a member of the Legislative Committee on Public Lands. It would be a monumental effort to achieve the project goal but a worthy effort.

**Chair Goicoechea:**

I echo Senator Parks's comments. That is a significant investment just for the cleanup before it can be built upon. I assume that \$400 million will be used for the infrastructure, roads and some buildings. It then becomes more valuable as it becomes more habitable.

I will close the hearing on S.B. 297. I will move to S.B. 362.

**SENATE BILL 362:** Authorizes the Director of the Department of Health and Human Services to establish a program regarding the prevention of domestic violence under certain circumstances. (BDR 18-112)

**Senator Pat Spearman (Senatorial District No. 1):**

Senate Bill 362 is short but extremely important ([Exhibit I](#)). It addresses a critical issue that too many Nevadans face, domestic violence. Every year approximately 38,000 Nevadans are the victims of physical violence, sexual violence or stalking by an intimate partner. These are women and men. These are children, adolescents, adults and seniors. They live in both urban and in rural areas. They come from all backgrounds, ethnicities and races. They all have one thing in common. They are the victims of violence that has no place in our society. The bill aims to stop domestic violence before it starts and to provide resource information to victims.

Research shows that prevention and early intervention efforts are effective in reducing violence. Senate Bill 362 authorizes the director of the Department of Health and Human Services to authorize the administrator of the Division of Public and Behavioral Health to establish an educational program for the prevention of domestic violence. Such a program would not only provide information about preventing domestic violence, but key information regarding medical, mental health and social services available to victims. The Department

will be able to apply for and accept grants, gifts and donations for the purpose of establishing this critical program.

**Tracey Green, M.D. (Chief Medical Officer, Division of Public and Behavioral Health, Department of Health and Human Services):**

The Division of Public and Behavioral Health sees S.B. 362 as an opportunity to establish a specific program for the prevention and possible treatment of domestic violence. The Division uses three grants to fund some of our domestic violence programs. We use the Centers for Disease Control and Prevention (CDC) Rape Prevention and Education Program; we use funds from the U.S. Department of Justice through the Attorney General's Office for more specific violence prevention toward women; and we use the CDC's Preventive Health and Health Services Block Grant. This bill enhances the opportunity to establish a program specific to domestic violence.

**Senator Lipparelli:**

How is this done in the State today? How would this program be coordinated?

**Dr. Green:**

We use parts of certain grants that may be appropriate and relative. For example, for rape prevention and education, we look at prevention of sexual assault. In that way, we align it with domestic violence. We do this with existing grants. This effort would establish a program that specifically focuses all resources on domestic violence.

**Senator Lipparelli:**

Would you give existing efforts greater financial resources to form this group?

**Dr. Green:**

That is correct.

**Senator Spearman:**

Senate Bill 362 authorizes the Department to apply for grants and other types of funding so that the impact on existing programs would be minimal.

**Chair Goicoechea:**

My biggest concern is that even as this is a great program, we cannot create another hole.

**Sue Meuschke (Executive Director, Nevada Network Against Domestic Violence):**

We appreciate that the Division of Public and Behavioral Health is looking to expand prevention of domestic violence. It has been one of the most underfunded and underutilized services. We would like to do a better job at letting people know about domestic violence and how to prevent it.

**Senator Spearman:**

I want to emphasize that this is not about taking from existing resources; we would authorize the Department to apply for grants or other finances that would support the program. This program is not only about preventing actions against those at risk, but the education process will help identify those in the category of rising risk. On behalf of the countless women, children and men who have experienced domestic violence and those for whom domestic violence could be prevented, I urge your support.

Remainder of page intentionally left blank; signature page to follow.

Senate Committee on Government Affairs  
March 23, 2015  
Page 13

**Chair Goicoechea:**

I will close the hearing on S.B. 362. The meeting is adjourned at 1:51 p.m.

RESPECTFULLY SUBMITTED:

---

Darlene Velicki,  
Committee Secretary

APPROVED BY:

---

Senator Pete Goicoechea, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness or Agency</b>	<b>Description</b>
	A	1		Agenda
	B	4		Attendance Roster
S.B. 297	C	1	City of Henderson	Letter of support
S.B. 297	D	1	Henderson Chamber of Commerce	Letter of support
S.B. 297	E	11	David Goldwater	Three Kids Mine and Mill Site Remediation and Redevelopment Project
S.B. 297	F	1	Leo Drozdoff	Testimony
S.B. 297	G	5	Leo Drozdoff	Three Kids Mine Remediation and Reclamation Act
S.B. 297	H	2	City of Henderson	Testimony in support
S.B. 362	I	3	Senator Pat Spearman	Testimony