

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

**Seventy-Ninth Session  
May 8, 2017**

The Committee on Government Affairs was called to order by Chairman Edgar Flores at 9:05 a.m. on Monday, May 8, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/79th2017](http://www.leg.state.nv.us/App/NELIS/REL/79th2017).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Edgar Flores, Chairman  
Assemblywoman Dina Neal, Vice Chairwoman  
Assemblywoman Shannon Bilbray-Axelrod  
Assemblyman Chris Brooks  
Assemblyman Skip Daly  
Assemblyman John Ellison  
Assemblywoman Amber Joiner  
Assemblyman Al Kramer  
Assemblyman Jim Marchant  
Assemblyman Richard McArthur  
Assemblyman William McCurdy II  
Assemblywoman Daniele Monroe-Moreno

**COMMITTEE MEMBERS ABSENT:**

Assemblyman Richard Carrillo (excused)  
Assemblywoman Melissa Woodbury (excused)

**GUEST LEGISLATORS PRESENT:**

Senator Joseph (Joe) P. Hardy, Senate District No. 12  
Senator James A. Settelmeyer, Senate District No. 17



**STAFF MEMBERS PRESENT:**

Jered McDonald, Committee Policy Analyst  
Jim Penrose, Committee Counsel  
Isabel Youngs, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

Robert Bilbray, representing Laughlin Economic Development Corporation  
Marsha Berkbighler, County Commissioner, District 1, Washoe County  
Greg Ferraro, representing Indian Hills General Improvement District; Kingsbury General Improvement District; Minden Gardnerville Sanitation District; Round Hill General Improvement District; Douglas County Sewer Improvement District No. 1; and Tahoe Douglas Sewer Improvement District  
James R. Cavilia, Legal Counsel, Douglas County Sewer Improvement District No. 1  
Michael G. Alonso, representing Caesars Entertainment  
Mike Bradford, Chair, Board of Trustees, Douglas County Sewer Improvement District No. 1; and President, South Tahoe Alliance of Resorts  
Rob Hopkins, District Manager, Douglas County Sewer Improvement District No. 1  
Cameron McKay, General Manager, Kingsbury General Improvement District  
Greg Reed, District Manager, Round Hill General Improvement District  
John Lufrano, General Manager, Indian Hills General Improvement District  
Janet Murphy, Private Citizen, Zephyr Cove, Nevada  
Gary Richert, Chairman, Board of Trustees, Zephyr Cove General Improvement District  
Mike Doyle, Private Citizen, Glenbrook, Nevada

**Chairman Flores:**

[Roll was called. Committee rules and protocol were explained.] We will start off today with Senate Bill 138 (1st Reprint).

**Senate Bill 138 (1st Reprint): Authorizes the creation of a local improvement district for a waterfront maintenance project. (BDR 22-678)**

**Robert Bilbray, representing Laughlin Economic Development Corporation:**

I am here representing approximately 11 property owners on the Laughlin Lagoon. This bill is a tag bill to the special improvement district (SID) authorization funding financing that was passed unanimously in both houses in the 78th Session [Senate Bill 47 of the 78th Session]. This bill relates to the maintenance of those improvements as was required by Bond Counsel for Clark County. The Bond Counsel has reviewed these and gave the greatest degree of input on what they needed to secure the bonds for the permanent maintenance of the facility. I will not go into too much more detail. You have before you unanimous support from the Laughlin Town Advisory Board (Exhibit C) and the Laughlin Economic Development Corporation (Exhibit D).

This has been in the works in Laughlin for at least 20 years. I think it has the greatest potential to provide a fabulous recreational facility on the Colorado River. I think it will increase our tax base substantially and assist us in diversifying our economy from gaming.

**Assemblyman Kramer:**

I have been to Laughlin, but I do not remember seeing a lagoon. I do not know who owns the property there. How is it laid out? Who are the owners? Can the boats get from the lagoon into the river? Who benefits if this tax is collected?

**Senator Joseph (Joe) P. Hardy, Senate District No. 12:**

We have a lagoon that is not accessible by boats anymore. We need to dredge first. There was a project that was envisioned, planned, et cetera, and they obviously could not recoup their investment, so they left. There is a place that looks beautiful, but it is empty. The economic benefit of that is not limited to the tax base. It is also a literal jewel when you look at this gorgeous place on the river, but it is inaccessible.

There is an economic benefit to private investors. We used to call those "jobs." We have the marina, the restaurant, the boat storage, the boat docking, and the development that will all create jobs. As I understand it, the development was recently sold, so the investors are willing to actually build something. We will have economic development in southern Nevada that will be built for people to stay, live, visit, et cetera. It would be a major economic boon for southern Nevada. It would be able to help tourists bring revenue into Nevada. There is a benefit for people.

I do not recall who owns the property right now, but it is an investment. They said now that we have made a serious step in economic development, they will probably get a benefit from this, as will the residents and tourists in Nevada.

**Assemblywoman Bilbray-Axelrod:**

I am looking at the map that shows the private parcels and the possible transfer area ([Exhibit E](#)). Is the possible transfer area something that will be accessible to the public, or will everything be privately owned? If people want to access the lagoon, unless they are accessing off the Colorado River, do they have to pay a fee?

**Senator Hardy:**

The Colorado River is public. There is land on both sides of the river that is privately owned. They would still access the river directly. I am not sure of all the contractual things involving the boat dock, but if persons cannot dock their boats, their whole opportunity to use the marina and boat storage would be problematic. The theory is that this would be open to the public because we want to charge the public for the opportunity to use such a beautiful asset. I do not see them trying to stifle access as much as to allow access. That is the whole point of dredging the lagoon. We want access.

**Assemblywoman Bilbray-Axelrod:**

I am looking at the parcels and the area on the left side of the map says "possible transfer area" ([Exhibit E](#)). I am guessing perhaps there is a road there and that might be somewhere the public could access the lagoon. You do not want this area to be private for whoever can pay the most money.

**Robert Bilbray:**

For public disclosure, I own approximately 15 percent of the 5,300 feet of privately owned property in that area. There are 13 property owners there. Those property owners will be paying for 100 percent of the dredging and 100 percent of the maintenance perpetually for the entire lagoon. We have met with Charles Donohue, Administrator of the Division of State Lands in the State Department of Conservation and Natural Resources. We also met with Bradley Crowell, Director of the State Department of Conservation and Natural Resources. We opened discussions for the potential of having a county or state park facility within the lagoon. That would be located on the left side of the map where it says "possible transfer area." That is up against both the unnamed wash and the beautifully kept Big Bend of the Colorado State Recreation Area.

We have had numerous discussions on whether the possible transfer area could be master planned for a county park or be added onto Big Bend. I think I can speak on behalf of the community that absolutely we would look forward to providing that 1,500 feet. As of right now, it is being used by the public every day.

I am one of the few who has been in the community long enough to recall what the lagoon looked like 20 years ago. It was a wonderful recreational facility. There were no cattails or sedimentation in it. There were probably 2,000 jet skis every weekend in the lagoon. Hopefully, someday it will reach that level of commercial and recreational activity. We are using the levy system for walkouts and enhancing the environmental habitat. That has already commenced. The property owners have put up over \$200,000 for the initial design for the improvement district. In addition to the 1,100 feet in the Laughlin Bay Marina project, you will see that project was an approximately \$41 million development done in 2007. On the right side there are custom homes. Some of those homes' tax base is \$7 million to \$10 million each. Since this bill passed the Senate, there has been activity from the owners and lenders that I have not seen in 20 years.

**Assemblyman Ellison:**

I have never seen the lagoon. Where does the water come from? Does it come off the Colorado River?

**Senator Hardy:**

Yes. If you look at the map ([Exhibit E](#)), you see the blue and white dotted lines. The water is Colorado River water. The state owns all the navigable rivers to that natural high watermark. Obviously, water seeks its own level, so it goes right up to the area we are interested in developing. The land is right next to state lands.

**Assemblyman Ellison:**

I was shocked when I read in section 3, subsection 6 of the bill, "The municipality has no obligation to pay any costs of a waterfront maintenance project except from the assessments collected pursuant to this section." How will that area be assessed? Is that based on homes, businesses, RV spaces, et cetera?

**Robert Bilbray:**

One hundred percent of the costs for both the initial dredging, which we foresee to be near \$2.2 million to \$2.5 million, and the periodic cleanup, which we expect to be between \$300,000 to \$500,000 every five to six years, will be paid by the private property owners.

There are 13 property owners who comprise the 5,300 linear feet of the project. The lagoon cleans itself because of the water lifting from the Davis Dam and Powerplant. It is hydraulically cleaned. There are pipes at the north end that facilitate circulation, and there is inflow and outflow from the main entrance into the lagoon facility.

Laughlin has always been a model for this state in terms of public-private partnerships. We have had over \$350 million worth of public-private partnerships. They are mostly in flood control—water and sewer facilities. I have never seen such a commitment by a small community—thank you to Clark County—over the last 20 or 30 years. This is just another example of it.

Both the dredging that we asked for in S.B. 47 of the 78th Session and the maintenance of the area that we are asking for in Senate Bill 138 (1st Reprint) need to be done under an SID. No property owners would be able to clean up or maintain their lagoon front. This is the basis of an SID in my opinion.

**Assemblyman Daly:**

I understand the river and the riverbed go up to their natural point. There may be some dry land based on how full the river is at any given time. It is still public property. Right next to that line can be privately owned. You say most of it is. People can get access by going farther up the river or by paying to go through the private developer. Is that correct? Or, can people still get free access to the lagoon by coming in from upstream?

**Senator Hardy:**

There should be no fee unless the state charges a fee, like it would for entrance to a state park, for instance. The state owns the land up to that natural high-water mark. The state would be in charge of that, and would give access to the public. The state currently does not charge a fee, but it could. There is a state recreation area down there, and it is gorgeous.

**Assemblyman Daly:**

The genesis for this bill is under *Nevada Revised Statutes* (NRS) Chapter 271. That allows for a local government to do these improvements. The state does not have the money in the Division of State Parks, State Department of Conservation and Natural Resources, to do this, so the developers or property owners who want to improve the lagoon want to create a special improvement district (SID) in conjunction with the county, city, or town under NRS Chapter 271. Then they will pay for some of these improvements, which benefits both sides. It benefits the public and the people in the SID because there is more tourism. Is that why we need the bill?

**Senator Hardy:**

The improvements are already there. The original developers built it. There is a beautiful facility to store boats and have a restaurant. There is also a dock. All those improvements are already there but unusable. The guts of the bill are actually section 5, subsection 1, paragraph (t), where it adds a "waterfront maintenance project" to the list. As the water rises and falls, sediment comes in. Now, it is inaccessible to anyone it was built for. Much of the improvement is just sitting there, wishing someone could eat at the restaurant off the river.

**Assemblyman Daly:**

The improvement under this bill will be done by the county, city, or town. Someone will collect the money, and someone will pay the money. It will be paid for by these developers, but it has to come through the county, city, or town under NRS Chapter 271. The people who are really doing the work will be the public agencies the county, city, or town will be partnering with.

**Senator Hardy:**

Until we get permission to clear it out, nothing will happen by anyone.

**Assemblyman Daly:**

You can get permission all day, but if you do not have the money to do anything, it will not go anywhere. I am trying to figure out where the relationship is and who will be in charge. Are these public works done by municipalities in the state? Are they something else that a private developer will do with permission?

**Robert Bilbray:**

I think you get it. It is 100 percent paid for by the private property owners, both for the initial development and the maintenance. The initial development will be contracted. Clark County's Department of Public Works is already surveying the area. The maintenance will also be done by Clark County's Department of Public Works, as they would the landscaping along the Las Vegas Strip or street improvements. In this case, there is no contribution from the public sector for either the initial dredging or the continual maintenance in perpetuity.

**Assemblyman Daly:**

I think I understand. You need the SID so that the county has the dollars to do it.

**Assemblywoman Neal:**

In regard to the assessments that will be charged, is there a contemplation that there will be any type of bonding that the city or the town may have to do in order to get this off the ground?

**Robert Bilbray:**

It is very similar to a street improvement. In this case, there will be no contribution of any other funds. The county would be administering funds that come from bonds sold by the county, which I expect to be in the area of \$2.2 million to \$2.5 million for the initial dredging. That will be paid for and secured by the land benefited by the improvement—namely, the 13 property owners. No public funds would be used at all.

**Assemblywoman Neal:**

What if the assessments come in below the level you need to do the project you want to do?

**Robert Bilbray:**

We hope it will end that way. If that comes, there would be less of a bonding requirement and less debt service for the property owners.

**Assemblywoman Neal:**

Section 3, subsection 4 says, "Interest may not be charged on an assessment or installment paid when due." That made me ask the bonding question. Typically, in this kind of scenario where you do bonding, there is interest that is charged in that process, but this says that the interest may not be charged. I am confused by that. How will that bonding work? If it is owned by the state or a public entity, you are not getting ready to bond as a private owner without assistance or action by the municipality. That is why I am trying to understand.

**Robert Bilbray:**

It would be similar to curbs, gutters, and sidewalks benefiting a property owner on a street. This is done by linear footage. Each linear foot will pay approximately \$350 or \$400 over whatever financing the county dictates. That authorization was adopted in the 78th Session.

This bill was reviewed by Clark County's Department of Finance, Bond Counsel, and the Office of the Clark County District Attorney. They worked hand in hand with the community to ensure what they wanted was in this bill. There will be interest on that bond charged to those property owners. That will be wrapped into the SID as it would be for curbs, gutters, sidewalks, and street lights in an SID improving the roadway in the county.

**Senator Hardy:**

The way I interpret section 3, subsection 4 is like how I interpret credit card payments. If I pay off my credit card every month, I do not pay interest on it. If the payment is due and I pay it, there is no interest. However, if I do not pay it, there is interest.

**Jim Penrose, Committee Counsel:**

That is the way I read it as well. If the assessment is paid on time, there would be no interest charged.

**Chairman Flores:**

Is there anyone wishing to testify in favor of the bill? [There was no one.] Is there anyone wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to testify as neutral to the bill? [There was no one.] I will close the hearing on S.B. 138 (R1). Next on the agenda is Senate Bill 462 (1st Reprint).

**Senate Bill 462 (1st Reprint): Authorizes a board of county commissioners to create a committee to review general improvement districts. (BDR 20-496)**

**Senator James A. Settelmeyer, Senate District No. 17:**

I am here to present Senate Bill 462 (1st Reprint) today. It comes on behalf of the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System. Upon reviewing issues that occurred within general improvement districts (GIDs) in the Tahoe area in the 2015-2016 Interim, it was determined that two bill draft requests should come forward. This bill is one of those. This bill seeks to create a sunset committee for GIDs within counties. All this bill does is compel a legislator to serve on said committee and dictate the makeup of that committee. They would be charged with looking at six GIDs per year and ensuring they are still doing their job.

I firmly believe that these GIDs are doing a fantastic job. However, as with anything, you have constituents who disagree with that. In an effort to get to the bottom of this, we decided it would be best to have a GID review committee look at just that. They can go through those GIDs and determine that they are doing their jobs. I have the pleasure of representing Douglas County, a county with more GIDs than basically the majority of them in the entire state of Nevada. In Douglas County, businesses would come forward and say they wanted to build a project. They tried to turn it over to the county, but the county did not want it. That would generally create GIDs that would be formed to take over sewer, trash, et cetera. These GIDs have been functioning for many years and have been doing a good job; however, there are some GIDs that have fallen away or not done much. I know one GID in Douglas County that represents one side of the road because it got mad with the other side of the road. General improvement districts like that probably need to be looked at to determine if they are still doing their job. Most of them are still collecting taxes, but there are a few that are not.

The general makeup of the committees was adjusted from the Senate to the Assembly. There were some people on the GIDs who were afraid the county would have too much power. Therefore, we changed the makeup of the committee so that it would comprise a Senator and an Assembly member. They would each choose someone from a GID background to serve on the committee. That way you have people on the committee who are familiar with the process and those GIDs.

**Assemblyman Ellison:**

The amendment will include a Senator and an Assembly member. Is that correct?

**Senator Settelmeyer:**

Yes. That committee makeup was already established in the Senate. The changes made in the Senate were to the makeup of the rest of the members. Originally, we allowed that makeup to be left to the county commissioners, but there were many individuals who were fearful of that. If GIDs were to go away, their assets and duties would be relegated to the county. There were individuals who represent GIDs who were worried about that. Therefore, the representation will not be made by the county commissioners. The other members on the committee would be GID members.

**Assemblyman Daly:**

The committee cannot really do anything; they are just reviewing the GIDs. Do you anticipate coming back and making recommendations, or will these committees make recommendations to the county commissions? I know you said there are probably more GIDs in Douglas County than anywhere else, and you are only doing six per year. This bill sunsets in 2024. I do not think you can get to all of them at six per year.

**Senator Settelmeyer:**

I think we have 22 in the state of Nevada. At first, there was no limitation on it. I could see the county deciding to review all of them in one year. Rather than making that many friends in one year, I decided it would be best to spread the fun out over a period of time. Then, if for some reason the citizens in my district decide they do not want me representing them, we can put this on someone else. In that respect, we do believe we can get through all of the GIDs in Douglas County within that time frame.

**Assemblyman Daly:**

So the committee cannot take any action? You will take recommendations back to the Legislature or the county commission. Does the county commission currently have any authority to take action to merge GIDs, or is that not within their authority?

**Senator Settelmeyer:**

Yes, this committee would only be reporting to the county commissioners. However, it is my feeling that there will be things that come up that make you, as a Legislature, realize that there is an issue that needs to be addressed or resolved. Within current law, counties do have the ability to dissolve GIDs created under *Nevada Revised Statutes* (NRS) Chapter 318. There are other circumstances that a GID created under NRS Chapter 318 could protest that type of merger. That is only if they do leave water alone. If they do trash, they have to do water and trash. There are some parameters protecting GIDs from being dissolved in a county. However, they do have the ability to go forward and make that decision.

**Assemblyman Daly:**

Could this committee make a recommendation to the county commission with certain recommendations? If the GID did not want to do it, it would probably be kicked back to us. Is that correct?

**Senator Settelmeyer:**

Yes.

**Assemblywoman Neal:**

What are the criteria for whether the GID should be modified or dissolved? What are we looking for? Are we going to say it is because they are not doing the services they are required to do or that they are under budget? In section 4 there is a list of information the committee should receive from the GID for review. What is not clear is how the information will be used.

**Senator Settelmeyer:**

I believe it would function just as the Sunset Subcommittee of the Legislative Commission does for the Legislature. We would look at the GIDs, determine what their original charge was, determine if they are still doing that, look at possibilities to make their job better, et cetera. Are they a small GID, or so large that they need to be broken up? I doubt that, but we want to look at what they are doing. Most of these GIDs were established decades ago and no one has checked on them since. They submit their financials to the Committee on Local Government Finance, Department of Taxation, but we do not look at their minutes to ensure they are obeying the Open Meeting Law. It is more of a check and balance to ensure they are doing what they are supposed to be doing. I do not foresee any major problems, but there are some GIDs that I know of within my community that have not met in some time. The question is, why do they still exist if they have not met? I go back to the Sunset Subcommittee, where we got rid of the pivotal Advisory Council on the Metric System [Assembly Bill 451 of the 76th Session]. I think all government is worthy of scrutiny. All government should be reviewed periodically to ensure everyone is doing their job.

**Assemblywoman Neal:**

I do not disagree. You will probably spark all kinds of conversation in your district. If a GID is dissolved, is there an appeals process? What about the individuals who created the GID? It is like waking a sleeping giant. The next thing you know, they want to keep the GID. What is the process for appealing the committee's recommendation?

**Senator Settelmeyer:**

The committee only makes recommendations to the county. If a county ever decided to dissolve a GID created under NRS Chapter 318, there are protocols within NRS Chapter 318 for arguing against the dissolution of a GID. The GID has 90 days to come forth and say it does not wish to be dissolved [NRS 318.490, subsection 3]. That would end the argument right there. Imagine if you had a GID that has not met in 10 to 15 years. Is it necessary? They would have the opportunity to call for an emergency meeting. Of course, you get into questions of how to hold a meeting if no one has been elected. Their term limits are up. These are some of the questions that need to be asked. Some of this comes about because of term limits. We have set forth that you can only serve 12 years in an elected capacity; however, you can be appointed. There is another legal argument that if you are appointed to an elected position, does that count as part of the term limit? That question is probably better for a court of law, not the Legislature.

**Chairman Flores:**

Is there anyone wishing to testify in favor of the bill?

**Marsha Berkbigler, County Commissioner, District 1, Washoe County:**

I am here to support Senator Settelmeyer's bill. Washoe County has six or seven GIDs. The Incline Village General Improvement District is one of the larger ones, and it is responsible for all the business that goes on at the lake. They handle utilities, parks, ski resorts, beaches, et cetera. That is a very large one. We also have smaller ones called television districts. Before we had cable and satellite dishes throughout the communities, it was responsible for basic television service in that community. Obviously, the question crops up of whether that is necessary in this day and age.

Washoe County has not voted to support this yet. It is on our agenda to vote on it tomorrow. I am speaking on behalf of the concerns of commissioners, but we have not taken a vote on this yet. The county is not saying that we support this bill. This is coming from me as the legislative representative on behalf of the county commissioners. We have some concerns that this bill probably does not go as far as it should go.

Having been a lobbyist for many, many years, I understand all good laws are made in steps. I really think it is time for us to look into some of these GIDs and ensure they are doing their job. In fact, I could name several GIDs in the Washoe County area that we have grave concerns about. We are concerned that they are not necessary anymore because of the way times have changed. I think it is fair to say we are very supportive of this bill. I do have a legal opinion from the Washoe County District Attorney, Chris Hicks, which I can provide to members of this Committee.

The county commission does not have any oversight over a GID. Once the district has been formed and the election process has been gone through, we do not have any more authority to step in and do something about them than we do to step in and do something about Washoe County School District. The constituents do come to us with concerns, though.

We have an issue before us right now where one group of property owners wants to be withdrawn from the GID so that the county can take responsibility for their roads because that GID is for road oversight. We cannot really do that under the current law. We think looking at these GIDs and seeing if they are complying with what they were originally structured to do is an excellent idea and would be a way to resolve some of the concerns of some of Washoe County's constituents.

[Submitted but not discussed is ([Exhibit F](#)).]

**Chairman Flores:**

Is there anyone wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to testify as neutral to the bill? [There was no one.] We will close out the hearing for S.B. 462 (R1). We will open the hearing on Senate Bill 471 (1st Reprint).

**Senate Bill 471 (1st Reprint): Revises provisions related to improvement districts. (BDR 25-495)**

**Senator James A. Settelmeyer, Senate District No. 17:**

Today we are hearing Senate Bill 471 (1st Reprint), which is another bill brought forward on behalf of the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System (MLWS).

At the 2015-2016 Interim meetings for the Legislative Committee for the Review and Oversight of the TRPA and the MLWS, some issues came up related to *Nevada Revised Statutes* (NRS) Chapter 309. The issues came up relating to how individuals serve on those local improvement districts. As we mentioned in the previous bill [Senate Bill 462, 1st Reprint], there were questions as to how to appoint someone if no one is in that area. In looking at NRS Chapter 309, it became obvious that things changed. People used to live in this district; however, now they have become absentee owners. Homes have been taken out and converted to parking lots, casinos, or hotels.

There is only one local improvement district created under NRS Chapter 309 in the entire state. It is at Lake Tahoe, and it is called Douglas County Sewer Improvement District No. 1. It became obvious that this could not be solved. Trying to correct NRS Chapter 309 became problematic. The language of NRS Chapter 309 started to bring forth legal discussions about what it said. It was so vague and poorly written that it was impossible to interpret. Trying to find resolution on election issues with the Office of the Secretary of State became very problematic. The best solution to me is to get rid of NRS Chapter 309. That is what is before you today in S.B. 471 (R1). It takes away NRS Chapter 309 and changes Douglas County Sewer Improvement District No. 1 to a special district.

If you look at it now, the bill is rather thick. There is a reason. Douglas County Sewer Improvement District No. 1 is so old that it is actually within the TRPA compact. We have to change the TRPA compact. If you look at the bill, pages 6 through 32 are the TRPA compact. The only thing we changed is on page 20. We are changing the name from "Douglas County Sewer #1" to "Douglas County Lake Tahoe Sewer Authority." Section 3 brought some discussion, and it deals with the general improvement districts (GIDs) created under NRS Chapter 318. It states that if you are water alone, you have the ability to go to your board 90 days after asking to be dissolved and say no. This extends that, so if you do sewer or trash and you have over \$1 million in annual revenues, you are protected. This provides additional protections for those GIDs.

Part of the reason this came about is during the discussions over this one local improvement district created under NRS Chapter 309, there were questions in the community about transparency. One of the things I recommended for them to do, which they did, was to have other GIDs in that area that they do business for. If you look at Douglas County Sewer Improvement District No. 1, they were doing the work of a lot of the GIDs regarding sewer. The GID would do roads and sewer and allocate the sewer work to Douglas County Sewer Improvement District No. 1. That is where the question came from.

I asked them to have people from the Kingsbury General Improvement District, the Round Hill General Improvement District, and the Tahoe Douglas Sewer Improvement District to sit on their committee as ex officio, nonvoting members. They did that. That brought a lot of concerns away from members of my community. What we are seeking to do is get rid of their jobs under NRS Chapter 309 and have the other GIDs under NRS Chapter 318 sit on the special district we are creating.

Under section 26 of the bill, the makeup of the new district would include one member of the Board of Trustees of the Kingsbury General Improvement District, one member of the Board of Trustees of the Round Hill General Improvement District, one member of the Board of Trustees of the Tahoe Douglas Sewer Improvement District, one member of the Board of County Commissioners of Douglas County, and one person representing the business community within Stateline, Nevada, appointed by the other four trustees. The businesses represent a very large bulk of the sewer infrastructure being put together up there. We are trying to look at all the interests and ensure they are represented. This is not unique. We have created several special acts like this within the state of Nevada.

**Greg Ferraro, representing Indian Hills General Improvement District; Kingsbury General Improvement District; Minden Gardnerville Sanitation District; Round Hill General Improvement District; Douglas County Sewer Improvement District No. 1; and Tahoe Douglas Sewer Improvement District:**

Senator Settelmeyer has been working on this very complex challenge that is embedded in our statutes for over a year and a half in an effort to achieve transparency and accountability. Transitioning an entity under one NRS chapter to another NRS chapter has not been easy work. What is before you today is a culmination of his efforts and others, including

Senator Kieckhefer, who chaired the Legislative Committee for the Review and Oversight of the TRPA and the MLWS. This bill passed the Senate 21-0. A letter has been sent to you from the Tahoe Citizens Committee ([Exhibit F](#)). As Senator Settlemeyer indicated, the bill repeals NRS Chapter 309. Most of the bill is language that helps achieve that and creates the Douglas County Lake Tahoe Sewer Authority. The service delivery is unchanged. The governance structure is what is proposed to be changed under this legislation.

**James R. Cavilia, Legal Counsel, Douglas County Sewer Improvement District No. 1:**

Some background is important to understand how we got to where we are. Because an NRS Chapter 309 district is not a typical political subdivision, the structure and makeup of the board of directors is also not typical. *Nevada Revised Statutes* 309.110 specifically provides that not only residents of the district are electors, but individuals or corporations holding title to land within the district are also explicitly considered electors. This sort of voting right based on property ownership is most analogous to irrigation districts in Nevada.

Based upon the language in NRS Chapter 309 and the three geographic divisions of the Douglas County Sewer Improvement District No. 1, the Board of Trustees of Douglas County Sewer Improvement District No. 1 has historically been made up of executives of the commercial core of Stateline, or the "casino core" as it has historically been described.

Historically, there have been very few residential properties within the geographic boundaries of Douglas County Sewer Improvement District No. 1. Even today, Douglas County Sewer Improvement District No. 1 contains relatively few residential properties and even fewer full-time residents. Douglas County Sewer Improvement District No. 1 does, however, provide sewage treatment and disposal services to all the residential and commercial properties of Douglas County within the Lake Tahoe Basin. It provides these services pursuant to agreements with the general improvement districts within the Tahoe Township, each of which operates and maintains its own sewer collection system.

Douglas County Sewer Improvement District No. 1's longstanding relationship with these general improvement districts has been very positive and cooperative. This cooperation has resulted in Douglas County Sewer Improvement District No. 1 residential sewer rates being substantially lower than other residential sewer rates in the Lake Tahoe Basin, and the rates are even lower than most residential rates in the Carson Valley, despite the fact that after treating the sewage in the Lake Tahoe Basin, Douglas County Sewer Improvement District No. 1 must then pump the treated effluent over Kingsbury Grade to be disposed of in the Carson Valley. No one is permitted to dispose of treated effluent within the Lake Tahoe Basin.

With that basic understanding of Douglas County Sewer Improvement District No. 1, you may be asking yourself why we are proposing to alter the existing governance. The anomalies regarding governance within NRS Chapter 309 have brought us to where we are. At the suggestion of Senator Settelmeyer and Assemblyman Wheeler, we brought this bill forward today.

Among the concerns about the current governance of Douglas County Sewer Improvement District No. 1 is the lack of resident representation within the area. The proposal before you to establish the Douglas County Lake Tahoe Sewer Authority will expand the Board of Trustees from three to five seats, while also providing that three of the five seats will be filled by residential customers of the services Douglas County Sewer Improvement District No. 1 provides. One seat will be filled by a Douglas County Commissioner, presumably the commissioner from the district that includes the Lake Tahoe Basin. The final seat on the Board of Trustees will continue to be filled by a representative of the largest commercial customers of Douglas County Sewer Improvement District No. 1, the casino core.

**Assemblyman Daly:**

I may have read section 3 backward. The way I read it, a small district with less than \$1 million in annual revenues could lose its veto merger. Does it read the other way?

**Senator Settelmeyer:**

It is the opposite. This provides additional protections for the larger GIDs. Currently under Nevada law, it is only GIDs that service water that have the 90-day window to dispute a county commission's decision to dissolve the GID. This bill would extend that if an entity just did sewer or just did water, as long as it has revenues over \$1 million annually.

**Assemblyman Daly:**

My next question is about section 22. It talks about areas that might be excluded from the district. What type of areas are you talking about excluding? I think you mentioned some of them that may not be suitable or are owned by the federal government.

**Jim Cavilia:**

I believe there is a great deal of property within the current boundaries of Douglas County Sewer Improvement District No. 1, and even more within the Lake Tahoe Basin portion of Douglas County, that is federally owned. I assume that is what that talks about.

**Senator Settelmeyer:**

For further clarification, section 22, subsection 1, paragraph (a) says that an area may be "...unsuitable for inclusion because of its inability to connect with the Wastewater Reclamation Facility . . . ." I assume there are certain areas where you may not be able to build a pipeline, let alone try to get permission from the TRPA. I do not believe they would be trying to do something unsuitable for the area. That is why that language was included. I believe some of this language was also borrowed from NRS Chapter 309 to ensure someone does not try to do something that would not be feasible to do.

**Assemblyman Daly:**

In section 33 it says the Douglas County Lake Tahoe Sewer Authority will be exempt from the Public Utilities Commission of Nevada. Was the NRS Chapter 309 entity exempt?

**Senator Settlemeyer:**

Yes. Section 33 continues on what is being done. They are currently exempt from the Public Utilities Commission of Nevada, which will continue. All of the assets and funds would be transferred from the current local improvement district under NRS Chapter 309 to the new authority.

**Assemblywoman Bilbray-Axelrod:**

I know the only local improvement district created under NRS Chapter 309 is Douglas County Sewer Improvement District No. 1, so repealing the whole NRS statute makes the most sense. Has there always only been the one local improvement district under that statute?

**Senator Settlemeyer:**

This was the only local improvement district created under NRS Chapter 309, to my knowledge.

**Assemblywoman Neal:**

Section 34 covers the assumption of debt. What is the debt that will be transferred?

**Jim Cavilia:**

Douglas County Sewer Improvement District No. 1 is cash positive; it is not in debt. It has more assets than liabilities. It has reserve funds to the tune of nearly \$10 million to replace its capital assets as they wear out. It may have small debts with respect to specific projects that are ongoing. It does have a relatively small amount of money that I believe is owed to the state revolving loan fund through the Division of Environmental Protection, State Department of Conservation and Natural Resources, for projects. Overall, it is a solvent entity. It always has been.

**Assemblywoman Neal:**

There are no outstanding bond obligations?

**Jim Cavilia:**

That is correct.

**Assemblywoman Neal:**

There are a few things in the repealed sections that I need to wrap my brain around. You would be taking over employee salaries, mortgages, et cetera. It is a transfer. There was a statement in section 23, subsection 2 which gave me pause. It says, "The property and revenues of the Authority, any interest of any creditor therein and any possessory interest in or right to use that property which the Authority may grant are exempt from all state, county and municipal taxation." I get the quasi-government structure, but what triggered me was,

"any interest of any creditor." That particular portion of the language is what I need to understand. What does that mean? If you are transferring from one entity to another, what if I have an interest? Does that now become subject to interpretation from the new entity?

**Jim Cavilia:**

In my opinion, the purpose of that is to ensure any obligations of the existing local improvement district under NRS Chapter 309, by the operation of law, will automatically become the obligations of the new Douglas County Lake Tahoe Sewer Authority. There is no intention for anyone to lose rights with respect of obligations.

**Senator Settlemeyer:**

I believe this in no way changes anything. Any responsibility or obligation of Douglas County Sewer Improvement District No. 1, if S.B. 471 (R1) passes, will become an obligation for Douglas County Lake Tahoe Sewer Authority. No one is getting out of any obligation, responsibility, contractual duty, et cetera. All the employees will still have their retirement plans paid into. Nothing changes in that respect. All responsibilities, obligations, and duties will continue.

**Assemblywoman Neal:**

What money was with Douglas County Sewer Improvement District No. 1?

**Senator Settlemeyer:**

They can speak more specifically to the exact finances. To my knowledge, Douglas County Sewer Improvement District No. 1 has a reserve of \$10 million. I believe their obligations are maybe \$100,000, if that. Those would all transfer to the newly created authority, which would have the same reserves of \$10 million and the same responsibilities of \$100,000.

If you want, we can get you the details of their finances. This is all public information that is held by the Committee on Local Government Finance in the Department of Taxation.

**Assemblywoman Neal:**

I just want to ensure that the transfer is not someone incurring a debt or responsibility that they cannot handle. I want to avoid situations popping up in the future that we are not clear about. There are a lot of repealed sections in the bill. I understand it is a transfer, but it is a separate entity. When we start getting into repealing sections, I want to dig into those. They mean something.

**Jim Cavilia:**

I appreciate those comments. Certainly, the intention is simply to change the governance of this entity. In order to do that, we have to create a new entity. The intention is that all rights and responsibilities—everything—goes to this new entity once it is created. I trust that the Legislative Counsel Bureau and my office have done a good job to provide for that. I welcome any comments or criticism in respect to that and will address it in an amendment if necessary.

**Assemblywoman Neal:**

I respect all three of you. Minutes matter for when you start wondering who asked what. It gives you a clear understanding. It matters. This is my time to ask questions and get it in the minutes so that if we have to look back, we can tell how you answered the questions.

**Assemblyman Ellison:**

I am looking at NRS Chapter 309 right now. Douglas County is still on the hook for obligations if Douglas County Sewer Improvement District No. 1 exceeded its enterprise funding and went into debt. That debt would still fall back onto Douglas County. Is that correct?

**Jim Cavilia:**

I believe that is true for general improvement districts under NRS Chapter 318. I am not sure that is true with respect to a local improvement district under NRS Chapter 309. I am certain that it has never been addressed with this being the only one that has ever existed.

**Assemblyman Ellison:**

What I see is if Douglas County Sewer Improvement District No. 1 defaulted, Douglas County would have been the holder of any debts and responsible for any lawsuits. To me, this is an enterprise fund that should have been transferred back to Douglas County's oversight to begin with. The holding still has to go back to the county, so I think this is the best place for it. I do like the amendment enrolled also.

**Senator Settelmeyer:**

Douglas County Sewer Improvement District No. 1 has existed since 1953 and has been running at a surplus ever since, making sure to have pay-as-you-go funds moving forward to do any fixes. At Lake Tahoe, if something goes wrong, it can go wrong in a bad way to say the very least. We have a very limited window to do construction jobs at Lake Tahoe due to TRPA requirements. Luckily, they have always done an excellent job and that has never been an issue.

**Chairman Flores:**

Is there anyone wishing to testify in favor of the bill?

**Michael G. Alonso, representing Caesars Entertainment:**

We are in support of S.B. 471 (R1). We want to thank Senator Settelmeyer for sponsoring this bill. We agree with all the comments made by Senator Settelmeyer and the other proponents of the bill. Caesars Entertainment, through its affiliates, Harrah's Lake Tahoe and Harveys Lake Tahoe, has been involved with Douglas County Sewer Improvement District No. 1 for many years. They agree to these changes and think the bill is well thought out.

**Mike Bradford, Chair, Board of Trustees, Douglas County Sewer Improvement District No. 1; and President, South Tahoe Alliance of Resorts:**

I am the president of the South Tahoe Alliance of Resorts. That is composed of the Caesars Entertainment affiliates; Montbleu Resort Casino and Spa, which is owned by Tropicana Entertainment; Hard Rock Hotel and Casino Lake Tahoe, which is owned by Paragon Gaming; Lakeside Inn, for which I am the chief executive officer; Vail Resorts at Heavenly Mountain Resort; Edgewood Tahoe golf course; and Lake Tahoe Resort Hotel. We are all part of the large tourism business at the south shore. This bill is important to both Douglas County Sewer Improvement District No. 1 and the business operators that represent the South Tahoe Alliance of Resorts.

The reason for that is our interests have been served well by NRS Chapter 309, which we have operated under for over 60 years. That statute has been very functional for us, but times have changed. When NRS Chapter 309 came into place and the Douglas County Sewer Improvement District No. 1 was founded in the early 1950s, Lake Tahoe was a much smaller place than it is today. The way NRS Chapter 309 was conceived had a much smaller area of representation.

In the last 60 years, the lake has grown dramatically and the population has grown over a larger geographic area than was originally conceived under NRS Chapter 309. Our service area includes our contributing GIDs, which are Round Hill General Improvement District, Kingsbury General Improvement District, and Tahoe Douglas Sewer Improvement District No. 1, which serves several smaller GIDs.

The point of this is that the structure NRS Chapter 309 presented has become vestigial compared with the growth that has occurred in the community over the last 60 years. I want to assure you that the economics of this are very simple. We are just transferring assets and liabilities. We are changing the governance to recognize the growth in the community. Previously, it was narrowly represented by the business community under NRS Chapter 309. We have a large residential community that is now served by other GIDs. Douglas County Sewer Improvement District No. 1 provides the sewage treatment, but the GIDs themselves have the collection systems that plug into Douglas County Sewer Improvement District No. 1. We are seeking to add representatives from those communities to give them the voice and take advantage of the intellectual capacity that exists at the lake to broaden the governance we have under the new authority.

This is a valuable opportunity for us. We appreciate that this is something that has been introduced for your consideration. Certainly the business community, as well as most of our population, supports this because having more heads at that table is good for our business. We have done a very good job of protecting the environment, ensuring we run a safe operation, and doing that in a financially sound way.

As has been mentioned to you, we have lower rates than any of the other sewer and wastewater treatment facilities at the lake. We have operating costs that are higher than those due to the nature of our environmental constraints, which require us to pump all of our effluent out of the basin. We really have a great operation, and we are trying to make it better by expanding the governance and bringing more people into the process of leading this organization to keep it improving like it has for the last 60 years.

**Rob Hopkins, District Manager, Douglas County Sewer Improvement District No. 1:**

I want to come out in support of the bill as presented. I believe it is an elegant solution to what has been a governance problem. I have been the manager of Douglas County Sewer Improvement District No. 1 for the past few years. Prior to that, I was the manager for the Sewer Authority Mid-Coastside, which is a joint power authority for the communities of Half Moon Bay, Montara, and El Granada, California for the treatment of wastewater similar to what is being proposed here.

As presented, this legislation is a very elegant solution to expanding the representative base at the lake by providing a seat at our table for all the members of the community and each of our contributory GIDs as well as our biggest flow contributor, which is the casino core. I am in full support of the legislation in front of you.

**Cameron McKay, General Manager, Kingsbury General Improvement District:**

We are the largest GID in the Lake Tahoe Basin of Douglas County. We have more service connections than the rest of the area combined. We are in favor of this bill, especially with the amendments. They allow the three major elected areas to be represented properly without being taken over by Douglas County. The county could have stacked the board themselves if it wanted to do so. We have worked very well with the Douglas County Sewer Improvement District No. 1 in the past. Their operation is flawless, and I see no reason to change that. We are looking to change the governance only. We look forward to working with them in the future as we have in the past. [Also submitted ([Exhibit G](#)).]

**Greg Reed, District Manager, Round Hill General Improvement District:**

We are in support of this entire bill as written.

**John Lufrano, General Manager, Indian Hills General Improvement District:**

We are absolutely in support of S.B. 471 (R1), especially with the amendments that will give us more protection. That protection was given pre-2005 when it was said that the counties would have to bring it back to the Board of Trustees for each community. We are asking for something that derives that same protection. It is important to us. Some of us have been operating for 40, 50, or 60 years. We have done a good job. I think this protection will allow us to continue that. I honestly believe NRS Chapter 318 was a brilliant statute because it brought the governance of these communities down to the communities. Five people are elected from the community. That is why we are operating as efficiently and effectively as we are.

**Chairman Flores:**

Is there anyone wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to testify as neutral to the bill?

**Janet Murphy, Private Citizen, Zephyr Cove, Nevada:**

I believe you all have the letter I submitted ([Exhibit H](#)). I have been speaking with many citizens, taxpayers, and ratepayers of the Tahoe Township area. They either have concerns with the bill or have not had a chance to review it to get together with their constituents, due to the fact that the bill was dropped at the last minute. It was posted about three or four days before it was heard in the Senate Committee on Government Affairs. Most of the residents are unaware of the bill. I have also spoken to board members of many districts, and they were unaware of it as well.

I was an advisor for many sessions to the Legislature. I represented all the GIDs at the lake. I have been a manager of Tahoe Douglas Sewer Improvement District for the last 25 years. I also own three properties at the lake. I am the only general manager who actually lives in the district or at the lake. The other GID general managers live down in the valley or in Carson City. There are three members on Douglas County Sewer Improvement District No. 1's Board of Trustees. Two of them live in Carson City, and one lives in Round Hill.

I know you do not want to put any bad legislation through—neither do I. I have requested two amendments. I emailed Senator Settelmeyer these. The first is that the new authority cannot override existing NRS Chapter 318 GIDs. The reason why I say that is because the language in the bill is elusive. It gives them the authority to expand their boundaries. Their boundaries are the Round Hill area, the Kahle area, the casino corridor, and Lake Village. If they extend their boundaries that lay over existing districts, which governance applies? If you read the language in sections 24, 30, and 31, it allows this new entity to exercise authority in creating new provisions, regulations, et cetera. The problem you have is that it is not differentiated between the NRS Chapter 318 GIDs that already have a governance. Whose bylaws, policies, rules, and regulations will apply?

By putting in the new amendment that the new authority cannot override the existing GIDs created under NRS Chapter 318, it would allow the new authority to operate as is status quo. As we have right now, with these existing districts, we have an interlocal agreement that is perpetual as well. I believe that would keep the status quo. The bill does not make reference to that either.

The second amendment would state that the NRS Chapter 318 GIDs can only be merged or consolidated by the authority with 51 percent of the property owners' vote. This is already established in other statutes. *Nevada Revised Statutes* 318.495 stipulates 51 percent of the vote of the people. It gives them a voice. In these statutes, there is no voice for the taxpayers. Other laws that exist today give people a voice. I understand they are saying you

have one board member from each individual GID, but as we all know, boards can get stacked and manipulated. I think the taxpayers need a voice. In the *U.S. Constitution*, property rights without due compensation exist. That does not apply in this bill. I truly believe in reading the law in its entirety. Most people do not. I think there needs to be language in the bill that protects the districts as well as the voices of the property owners.

There are other statements made in the bill. Section 13, subsection 2 states ". . . which a general law cannot be made applicable and necessitate . . . ." There is one law that does exist—NRS Chapter 318. They are saying they do not have enough people. There are 800 people in their district, but they do not want to be a GID under NRS Chapter 318. They want to create a whole new law that establishes a sewer authority of 4,500 people. Section 13, subsection 4 states, ". . . several different general improvement districts . . . administer sewage collection services . . . ." There are only four other GIDs that administer sewer collection at the lake. It also states they have caused problems in administering sewer services. We heard testimony just now about how well the districts are doing. I spent 25 years managing the biggest collection district up there, so it is sort of offensive to me to make that statement and to put something like that in a bill.

Section 13, subsection 5 states, ". . . well-being of the residents . . . ." We have heard testimony that the districts right now are doing very well for the residents of the districts. I just want them to have a voice. Section 21 states their location is Zephyr Cove, but actually they are established in Round Hill. These are just items I noticed as far as discrepancy in the language. I truly believe the two amendments I am asking for today are needed. I also spoke with the lobbyist, Mr. Ferraro. He mentioned that we might be able to take care of this on the Assembly side to get the amendments in. As I recall, there were a few senators who had concerns as well, but I asked them to go ahead and pass it, hoping that I could come here today with the residents. Trust me, if there are a lot of residents, put yourself in their shoes. If you were a resident, would you want a five-person board to have all the say without going through any public approval?

**Chairman Flores:**

The bill was heard April 3, 2017, on the Senate side. It was on work session April 14, 2017. I am assuming you found out about the bill on April 3?

**Janet Murphy:**

I found out about the bill three days before the first hearing.

**Chairman Flores:**

In the past month, have you had an opportunity to speak with the residents? Is there a reason they are not here today?

**Janet Murphy:**

There are a few residents here. I did not go around exploiting it because I manage one of the utility districts. I do not want to interfere with what they are trying to do because I understand the problem. Originally, when Douglas County Sewer Improvement District No. 1 was being scrutinized by the District Attorney from Douglas County, the District Attorney decided their governance was no longer legal. Therefore, the County was looking at dissolving the district. Douglas County Sewer Improvement District No. 1 did not want the County to interfere with their district, thinking the County would take their \$10 million and apply it somewhere else. Therefore, they went to Senator Settlemeyer and asked him what they could do. Back in November, Senator Settlemeyer made a motion to the committee saying they would continue to move forward and make them a GID under NRS Chapter 318.

Between November and April, we tried to find out the language in the bill. I do not know if it was a secret, but we could not find out. Our attorneys have asked legal counsel, but the information was not given up until three or four days prior to the first Senate hearing. I emailed Senator Settlemeyer regarding the two amendments I would like to put in for the voice of the people that already exists in NRS Chapter 318. Why should it not also exist in their law?

**Chairman Flores:**

When did you send that email to Senator Settlemeyer? Was that prior to April 3?

**Janet Murphy:**

Prior to the final vote on the Senate floor.

**Chairman Flores:**

I am still confused. Why not bring in more individuals? Were you thinking you could work with Senator Settlemeyer without bringing anyone else in?

**Janet Murphy:**

It is hard when you are up against the people you are up against and you get threats. It is difficult because of the position I am in. I manage a utility district up there. It is difficult for me to testify when it is not 100 percent in favor of what they want.

**Chairman Flores:**

If I have to fight the world it is harder, but it makes it easier when I come in with 20 friends.

**Assemblywoman Neal:**

I do not know that it matters how many people you come up with. We do not have the minutes. In the Senate, you were told to come to the Assembly to get your issues worked out. Who said that?

**Janet Murphy:**

I received a message from Mr. Bradford. He said if I had concerns, I should speak with their lobbyist, so I contacted Mr. Ferraro. He said not to worry about it and asked me not to kill the bill. He said we would try to work it out in the Assembly.

**Assemblywoman Neal:**

There are still the same exact concerns?

**Janet Murphy:**

Correct. I wanted to make sure there was protection for the voice of the people as there is in any other law.

**Assemblywoman Neal:**

It was not that there was an objection; they just wanted you to wait to get over here. I agree there should be the voice of the people on the Board of Trustees. Was there pushback in regard to making sure that board composition did not exist in the transfer, or did they just ask you to wait?

**Janet Murphy:**

It came so late in the game that we did not have enough time to get people to come and testify.

**Assemblywoman Neal:**

I am not worried about how many people show up with you. That is not my issue. You could stand there by yourself and say whatever you need to say. Twenty more people does not make your statement less or more legitimate. That is not my point of view. I have your statement, and there are interesting comments you make there ([Exhibit H](#)). I think that is worthy of additional conversation.

**Chairman Flores:**

I appreciate your comments. I did not mean to say that you need support for your statement to be true, except that you made the statement that other people were in disagreement. Therefore, it is important to get their testimony as well. They do not need to validate your argument. It would just be validating to see that other people also disapprove. I want to know who those people are. Where are those emails? I am not trying to make your argument less meaningful. I understand your position.

**Gary Richert, Chairman, Board of Trustees, Zephyr Cove General Improvement District:**

I am concerned with some of the language that has transferred from NRS Chapter 309. It seems that they have very expansive powers and limited oversight and control. As structured, the bill is very open-ended in its powers and authorities. Some of the language within the bill seems to be confusing, almost contradictory, and somewhat unnecessary. One example is that it appears that this newly formed authority would have powers to override and merge other NRS Chapter 318 GIDs. It also possesses the power to take

property under eminent domain. According to section 30, subsection 12, they can, "Seek, apply for and otherwise solicit and receive from any source, public or private, such contributions, gifts, grants, devises and bequests of money and personnel property, or any combination thereof, as the Authority determines is necessary or convenient for the exercise of any of its powers." This is just creating another level of government. It seems to me that it is a bit overreaching in its powers and authorities.

I strongly suggest that the Committee consider forming the sewer agency as a GID under NRS Chapter 318, which is a format that has worked effectively for over 50 years within Douglas County and at Lake Tahoe. Under that structure, they have specific areas of operation, which certainly includes sewer services. This would be included with sewer treatment. The major difference is that the NRS Chapter 318 GID's Board of Trustees is filled by an election first and appointment as necessary. This gives the residents of that district a voice and a vote in its board. I feel that it is time that Lake Tahoe ratepayers, taxpayers, and voters are given a voice under this new district.

**Mike Doyle, Private Citizen, Glenbrook, Nevada:**

I live right up the street from the district offices on Lyons Avenue in South Lake Tahoe. I appreciate the Chairman's comment about whether there is anyone else available to support Ms. Murphy.

I am a brand new resident to the great state of Nevada. I moved here full-time in July. Being brand new, I am just wrapping my head around all these districts and who my county commissioners are. One of the questions I had on this bill was about section 33 where it says this authority is, ". . . exempt from regulation by the Public Utilities Commission of Nevada." Does that mean this new authority is exempt from oversight?

My second question would be about section 30, subsection 12. It says the authority can "Seek, apply for and otherwise solicit and receive from any source, public or private, such contributions, gifts, grants, devises and bequests of money and personnel property, or any combination thereof, as the Authority determines is necessary or convenient for the exercise of any of its powers."

I do not know what "personnel property" means. Did they mean personal property? Usually I am used to seeing that an agency can seek and apply for grants and federal funds. I am not sure what "gifts" and "bequests of money and personnel property" mean. I did meet with the Tahoe Douglas Sewer Improvement District Board of Trustees. They are in favor of this bill. I think just a few clarifications will help.

**Chairman Flores:**

Welcome to Nevada. There is nothing we prefer more than having constituents come in here. It is what this process is all about. Senator Settlemeyer, will you come up and clarify some of these concerns?

**Senator Settlemeyer:**

Douglas County Sewer Improvement District No. 1 has always been exempt from the Public Utilities Commission of Nevada. It is just a transfer of the NRS Chapter 309 language. All GIDs, to my knowledge, have a rate set by the Public Utilities Commission of Nevada.

Ms. Murphy sent me an email with those requested amendments on April 24. It was voted out on the floor on April 25. I have contacted the Legal Division of the Legislative Counsel Bureau and asked them about those amendments. They felt that they were not necessary. They felt the issues were already addressed. The new authority does not have the power to overtake a GID created under NRS Chapter 318. Only the county can do that. If they are protected, meaning they have the ability to say no, then they cannot be overtaken.

As far as the concept of the 51 percent, if that is in existing law, it does not change. This bill does not affect that statute. If that protection exists now, it exists in the future. That said, the new governance structure would include three GID representatives out of five total. I think the GIDs under NRS Chapter 318 are pretty well represented on that board. If anything, they have the power to outvote the county commissioner and the property owner at the lake in this respect.

**Assemblyman Ellison:**

*Nevada Revised Statutes* 309.400 in the Leadlines of Repealed Sections part of the bill says, "Eminent domain powers of districts; power to purchase; payment of judgment awards within 6 months." Can you explain that?

**Senator Settlemeyer:**

That is a repealed section. That is a power that they currently have. Actually, we limited that power in the Senate. I know you are shocked by this, but I am not the biggest fan of government in the world. In that respect, they had pretty unlimited eminent domain powers. I found that troubling, so we limited it to just within that basin for purposes of wastewater collection. They previously had the power of eminent domain almost everywhere. We took that power away from them and limited it to land within the basin for the purpose of wastewater recovery.

**Assemblyman Ellison:**

I knew you were working on that, and I wanted it on the record. I am not a strong proponent of eminent domain under any circumstances. I am glad you addressed that for the record.

**Chairman Flores:**

I will close the hearing on S.B. 471 (R1). Is there any public comment? [There was none.] This meeting is adjourned [at 10:59 a.m.].

RESPECTFULLY SUBMITTED:

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Isabel Youngs  
Committee Secretary

APPROVED BY:

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Assemblyman Edgar Flores, Chairman

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

## EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a document titled "A Resolution by the Town Advisory Board of Laughlin, Clark County, Nevada for the Board of Clark County Commissioners In Support of the Dredging and Maintenance of the Laughlin Lagoon on the Colorado River," dated February 14, 2017, regarding Senate Bill 138 (1st Reprint), submitted by Senator Joseph (Joe) P. Hardy, Senate District No. 12.

[Exhibit D](#) is a document titled "A Resolution of the Laughlin Economic Development Corporation to the Legislature of the State of Nevada In Support of SB-138 to Allow the Maintenance of the Laughlin Lagoon of the Colorado River," submitted by Senator Joseph (Joe) P. Hardy, Senate District No. 12.

[Exhibit E](#) is a map of the Laughlin Lagoon, regarding Senate Bill 138 (1st Reprint), submitted by Senator Joseph (Joe) P. Hardy, Senate District No. 12.

[Exhibit F](#) is a letter dated May 7, 2017, in support of Senate Bill 462 (1st Reprint) and Senate Bill 471 (1st Reprint) to Chairman Flores and members of the Assembly Committee on Government Affairs, authored by Kelly Krolicki, President, Tahoe Citizens Committee, and Steve Teshara, Board Member, Tahoe Citizens Committee, submitted by Greg Ferraro, representing Indian Hills General Improvement District; Kingsbury General Improvement District; Minden Gardnerville Sanitation District; Round Hill General Improvement District; Douglas County Sewer Improvement District No. 1; and Tahoe Douglas Sewer Improvement District.

[Exhibit G](#) is a letter dated May 5, 2017, in support of Senate Bill 471 (1st Reprint) to members of the Assembly Committee on Government Affairs, authored and presented by Cameron McKay, General Manager, Kingsbury General Improvement District.

[Exhibit H](#) is a letter regarding Senate Bill 471 (1st Reprint) to members of the Assembly Committee on Government Affairs, authored and presented by Janet Murphy, Private Citizen, Zephyr Cove, Nevada.