

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

**Seventy-Ninth Session  
March 6, 2017**

The Committee on Government Affairs was called to order by Chairman Edgar Flores at 9:03 a.m. on Monday, March 6, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 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 Richard Carrillo  
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  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None



**STAFF MEMBERS PRESENT:**

Jered McDonald, Committee Policy Analyst  
Jim Penrose, Committee Counsel  
Carol Myers, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

John J. Lee, Mayor, City of North Las Vegas  
Ryann Juden, Assistant City Manager, City of North Las Vegas  
Randall E. DeVaul, Director of Utilities, City of North Las Vegas  
Andrew M. Belanger, representing Las Vegas Valley Water Authority and Southern Nevada Water Authority  
Marilyn K. Kirkpatrick, representing Southern Nevada Water Authority; and Commissioner, Board of Commissioners. Clark County  
Danny L. Thompson, representing Southern Nevada Water Authority  
Justin Harrison, Director, Government Affairs, Las Vegas Metro Chamber of Commerce

**Chairman Flores:**

[Roll was called. Committee rules and protocol were explained.] We have two items on the agenda today. I would like to open the meeting with a presentation from the City of North Las Vegas.

**John J. Lee, Mayor, City of North Las Vegas:**

North Las Vegas is my hometown, and I became mayor in April 2013. At that time, North Las Vegas had union layoff challenges. I called the mayor of Detroit to discuss how the towns next to them had been affected by their bankruptcy. I was wondering what effect the economy of North Las Vegas would have on Boulder City, Mesquite, Las Vegas, and Henderson. I did not speak to the mayor directly, but the mayor's representative mentioned it was not the towns they were concerned with but the three states next to them and southern Canada.

I contacted several state senators in California and told them I was thinking of not making North Las Vegas's bond payments because the money could be used to make payroll. Stockton, Vallejo, and San Bernardino were considering the same thing. The consequences for Nevada and California would be that future bonds would not be issued until the lienholders were sure they would have the first right to all money raised by the City of North Las Vegas. Going to the state for help was not an option.

Since that period of time, the City of North Las Vegas has grown out of its problems. I call it "grownomics." The city is now \$23 million in debt as opposed to \$156 million when I took office. The last \$23 million are hard dollars to earn.

The City of North Las Vegas appreciates all this Committee has done for the city and the region. Two goals I have for North Las Vegas are to see property values rise, so residents have equity in their homes, and to diversify residents' income, so a family is not totally dependent on income from gaming, tourism, or transportation. Today, the City of North Las Vegas is doing fantastic. In the next 18 months, I see the City of North Las Vegas becoming one of the strongest cities in Nevada.

A building is built three times: first in the mind of someone or a group of people who want to have a new building; next the architects build it on paper; lastly, the materials show up, craftsmen arrive on site, and finally the building is built. The City of North Las Vegas is in phase two of our rebuilding project. We are building it on paper, and I am committed to the end. Ryann Juden, our Assistant City Manager, will provide this Committee with an overview of the City of North Las Vegas.

**Ryann Juden, Assistant City Manager, City of North Las Vegas:**

Here is a quick snapshot of the City of North Las Vegas. The city was incorporated in 1946, is the fourth-largest city in Nevada, and is the fastest growing. The City of North Las Vegas is the state's largest minority-majority city. Our population doubled between 1999 and 2000, and our current population is a little over 244,000 people. Our population is expected to grow exponentially. Fifty percent of the town is available for development, which is a huge asset for the new management team of the City of North Las Vegas [page 2, ([Exhibit C](#))].

Page 3 shows our elected officials: Mayor John J. Lee, elected at-large, and four council members from four wards. These elected officials vote for the mayor pro tempore, who is Isaac Barron.

This page is a map of the four wards [page 4, ([Exhibit C](#))]. Ward 1 and Ward 2 incorporate the mature urban areas of town. Ward 4 is the newer growth happening in North Las Vegas.

Our structure of government is council-manager [page 5, ([Exhibit C](#))]. The City of North Las Vegas City Council provides policy direction for the city. They appoint the city manager and city attorney who report directly to them. The city manager hires staff per the staffing plan that is approved by the North Las Vegas City Council. The city manager implements the North Las Vegas City Council's policy decisions. This is similar to many of the other cities in Nevada.

This page shows our organizational chart [page 6, ([Exhibit C](#))]. North Las Vegas reflects its majority-minority status in both our elected officials and appointees. We are led by Qiong Liu as our city manager and Micaela Moore as our city attorney. We have great diversity both in the North Las Vegas City Council and throughout city staff.

This page is a snapshot of the city's budget. Later in the presentation, I will highlight the "transfers in-utilities" resource category [page 7, ([Exhibit C](#))].

In 2013, it was well known that the City of North Las Vegas had challenges. It was well known that this body was looking at whether North Las Vegas should exist. I would be remiss if I did not point out Commissioner Marilyn Kirkpatrick, in the room today, who has been a big supporter of North Las Vegas as well as this Committee.

We put a plan together on how to leverage the city's assets. This page is a snapshot of North Las Vegas's financial status in 2013 that the new mayor and the North Las Vegas City Council inherited [page 8, ([Exhibit C](#))]. The long-term budget deficit was \$152 million, nearly \$30 million in outstanding court judgments, and a \$17 million budget deficit for the next year. The previous mayor and North Las Vegas City Council had passed and approved a balanced budget, but there was actually a \$7 million discrepancy.

The plan was actuated with reduced staffing levels. Over half of the city's workforce had been laid off, and the ability to create, execute, and implement the plan could have been hampered by that. The city had a falling bond rating, and six months later it fell again. North Las Vegas was in turmoil.

Our director of finance, Darren Adair, uses the analogy of a plane careening to the ground. The mayor, the city staff, and the North Las Vegas City Council jumped in the cockpit and did everything we could to avoid hitting the ground. We were successful in avoiding the crash, but we were still moving towards the trees, houses, and mountains in the distance. We had to start giving our plan some lift to get over some of the hurdles and obstacles in our way.

This page shows a snapshot of the turnaround over the last four years [page 9, ([Exhibit C](#))]. We were able to cut the budget deficit from \$152 million to \$23 million. We worked with our employees, and through them, were able to save the city.

Our employees stepped up to the plate to become the solution for some decisions made by our past leadership. We are thankful to them for helping to solve the city's court judgments. We stabilized the bond rating in under two years. We expect an uptick in our bond rating, and through the bills presented in this legislative session, we will be able to experience further bond rating increases. Hopefully, with the better bond rating, the City of North Las Vegas's credit rating will rise, and we can refinance some of our existing debt.

A plan was developed a year before the mayor was sworn into office in 2013 [page 10, ([Exhibit C](#))]. The plan included different options that might be done to save the City of North Las Vegas. The primary challenge was to resolve the city's financial crisis, inherited by the current administration. The natural process to solve the financial crisis is to increase revenue by raising taxes. There was some room to raise taxes, but the tax cap would only impact the homes in the more mature areas of the city. We knew that would be an extremely regressive response and not work well for North Las Vegas. The mayor and the North Las Vegas City Council's solution were to grow the city out of the problem.

In order to grow our tax base, we needed to attract businesses and to attract businesses we needed to streamline our governmental operations. The 28th Special Session reinforced the importance of removing obstacles and decreasing timelines in the approval processes. We overhauled our business licensing and permitting practices. We reduced processes that took six months down to weeks or days. Some processes that took months were reduced to over the counter. These last few weeks, we implemented a self-certification plan to decrease the length of time, further making it even faster to do business in North Las Vegas.

We have attracted some Fortune 500 companies, and they chose North Las Vegas because of our speedy turnaround. A Florida furniture manufacturer selected North Las Vegas over southern California because—as reported by the *Las Vegas Review-Journal*—we could get things done quickly.

Prologis, Inc. is a developer in North Las Vegas that builds for Amazon.com, Inc., and Bed Bath & Beyond Inc. Because of the fast turnaround, they opted to do their next project in North Las Vegas instead of Phoenix. The fast turnaround saved them over \$700,000 in permitting. Prologis' speculative building was leased to Fanatics, Inc., a Fortune 500 company that will employ at least 400 people in the southern Nevada region. By streamlining our permitting process, North Las Vegas was able to attract businesses.

Next, we looked at ways to streamline our economic development. We hired professionals, literally knocked on doors, and made cold calls. We told people why they should come to North Las Vegas. We worked on repairing our relationships with our various stakeholders.

North Las Vegas had earned a reputation for being uncooperative with bodies like this Committee. At a meeting with the Committee on Local Government Finance, which is within the State of Nevada Department of Taxation, our city attorney told the committee that in his opinion, the committee was an unconstitutional body. The city manager argued about the validity and importance of some financial reports requested by the committee. The City of North Las Vegas has changed our relationship with that committee and the boards we work with. A reflection of this change are the partnerships developed to create this year's legislative package. We have worked with Clark County on both of our bills and with the Southern Nevada Water Authority (SNWA) on one of the bills.

The perception of doing business in North Las Vegas has changed to a positive approach. The mayor put together a team of other regional mayors that meet monthly to discuss regional issues and things important to them. That has helped North Las Vegas as well as the region.

This is a map of the City of North Las Vegas and the main priorities we need to leverage for tax revenue [page 11, ([Exhibit C](#))]. Apex Industrial Park is number five located in the lower right corner of the map. Number four is the Northern Beltway Industrial Park with

over 1,000 acres. This area sits at the intersection of the Las Vegas Beltway and Interstate 15. It is south of the Las Vegas Motor Speedway. Currently, an off-ramp is in the design phase that will take motorists from the Las Vegas Beltway to the Northern Beltway Industrial Park.

The City of North Las Vegas has worked with Clark County to resolve issues regarding the sewer utility. We were concerned where it would be located and its operation, which prevented property development in the area. These five areas were identified in order to grow and attract a larger tax base.

Two success stories for the City of North Las Vegas are Hyperloop One and Faraday & Future, Inc., both located at Apex Industrial Park [page 12, ([Exhibit C](#))]. Hyperloop One has a capital investment of over \$117 million and will create more than 189 direct jobs. Hyperloop One has received \$9.2 million from the state.

Faraday Future is a project this Committee has worked on extensively. It has a capital investment of over \$1 billion, and it will generate 4,500 direct jobs, and 13,000 induced indirect jobs. Faraday Future is receiving \$335 million in incentives partitioned into \$215 million in tax credits and \$120 million in public financing for infrastructure.

The City of North Las Vegas is thankful to this Committee and the Office of Economic Development within the Office of the Governor (GOED) for their partnerships on the Faraday Future project. Faraday Future will receive their tax abatements after they have made their investment. This Committee protected ratepayers by ensuring Faraday Future made their investment before receiving any tax abatements.

These pages illustrate some of the other businesses that have moved to North Las Vegas [pages 13 and 14, ([Exhibit C](#))]. Some businesses were recruited by city staff. Other businesses were incentivized by state and southern Nevada legislation to create a business-friendly environment. Additionally, businesses moved from California because they continue to increase their regulations. We call on California businesses that feel they are overregulated with too much red tape involved in the development process.

The key to North Las Vegas's success has been the Legislature, which is significant in a Dillon Rule state. A prerequisite to campaigning for a city council seat should be to serve in the Nevada Legislature. The candidate would understand the significance of having the state as a partner to solve city problems.

The 28th Special Session had two bills designed to bring Tesla to the Tahoe-Reno Industrial Center [page 15, ([Exhibit C](#))]. North Las Vegas learned a lot about economic development during that session and the tools we could leverage to move businesses to our city. In 2015, our reports during the 78th Legislative Session defined how we would use those economic development tools.

We took those tools and boiled them down into a color brochure about North Las Vegas. The brochure was translated into other languages, and we used it to talk to various companies. In that same session, the city worked with former Assemblywoman Marilyn Kirkpatrick to pass Assembly Bill 497 of the 78th Legislative Session, designed to encourage and facilitate private investment in infrastructure, open Apex Industrial Park, and grow a new tax base.

The Legislature passed a package to attract Faraday Future and solve the decades-old problem of getting infrastructure out to the Apex Industrial Park. Faraday Future became the nexus for implementing the infrastructure needed at Apex Industrial Park. The infrastructure will open up the 20,000-acre area for new businesses, and in exchange, Faraday Future will receive incentives.

In 2014, the Las Vegas Global Economic Alliance developed a study to determine North Las Vegas's industrial growth. They determined there were 121 businesses, representing over 18,000 jobs, looking to do business in southern Nevada. Because the city's industrial land had no infrastructure, it was unsuitable for development and they did not come. Apex Industrial Park can solve this challenge.

Assembly Bill 79 ensures North Las Vegas keeps its competitive advantage by streamlining services at Apex Industrial Center. The purveyorship stays of water returns back to North Las Vegas permanently. That way the city can continue to provide streamlined services to businesses, in essence, becoming a one-stop shop. We can sit across the table from businesses and guarantee them a time frame to be up and running without the need to rely on outside agencies.

Senate Bill 78, which has a hearing today in the Senate, solves one of the largest financial hurdles remaining for North Las Vegas. The bill will remove the fiscal cliff currently in place and provide another opportunity for North Las Vegas. It is an elegant solution to the current law, and we look forward to discussing it with this Committee.

**Chairman Flores:**

I would like to recognize Commissioner Kirkpatrick. We have all learned a lot from her and are very appreciative of her efforts.

**Assemblyman Carrillo:**

What was the turnaround point for North Las Vegas during that last four years that reduced the \$152 million inherited deficit to \$23 million?

**Ryann Juden:**

We began reducing the deficit by working with our bargaining groups and reviewing inherited contracts. Many contracts were unsustainable because of the uncontrollable costs associated with them. One example is our jail services contract, costing the city over \$15 million a year. The contract was entered into four years ago with the City of Las Vegas. We renegotiated, cut almost \$7 million in reoccurring expenses, and have entered into

a 10-year interlocal agreement. Our goal is to eventually bring jail services back to the City of North Las Vegas. Additionally, there were a number of factors that reduced our deficit, but it was primarily working with our employees, finding efficiencies, and streamlining processes.

**Assemblyman Carrillo:**

A lot of credit must go to the employees and the bargaining units that made the sacrifices. My concern is what is being done to make them whole again. Is there a plan in place to ensure they are taken care of down the road?

**Ryann Juden:**

Yes. We have renegotiated the contracts with all our bargaining groups over the last 18 months and were able to provide increases. Our employees are in it for the cause and not just a paycheck. In the past, management and leadership may have taken advantage of that commitment. We are finding ways to recognize our city employees, and the increases are one way to demonstrate that. We are hoping to do the same in the next round of negotiations but must wait to see the impact of the current increases. There is not the same demarcation between management and employees that might occur in other organizations. We work together as a team established by the mayor's philosophy that all boats rise with the rising tide.

**John Lee:**

Other ways we streamlined were to space-engineer our building. We consolidated departments, which created three floors available for leasing. We sold the North Las Vegas Police Department facility and moved the headquarter operations to the North Las Vegas Municipal Court. We sold remnant properties. We adjusted director-level salaries and went out to bid for our insurance contracts.

We established a critical justification committee to determine if a position is profitable and how it affects other departments. The major effort was getting down into the weeds to get control of the number of required positions to provide a city service. The schools and libraries were closing, and the senior centers were getting ready to close. The City of North Las Vegas's social contract is to supply city services with the tax revenues received, and we were not doing our part. We readjusted by making large and small decisions resulting in additional revenue and bringing prosperity back to the city.

**Assemblyman Marchant:**

Was the City of North Las Vegas the purveyor of water at the Apex Industrial Park prior to the 29th Special Session?

**Ryann Juden:**

Yes, the City of North Las Vegas was the purveyor of water. There were a dozen or so customers at the time.



**Assemblyman Marchant:**

Why did the customers move to SNWA?

**Ryann Juden:**

There were concerns over the fiscal health of North Las Vegas. Southern Nevada Water Authority owned the water rights. They are experts at finding water and have the current labor agreements. They are best-suited to construct, design, and engineer the asset needed at the Apex Industrial Center. The 29th Special Session was a short-term fix to a long-term issue. This Committee saw the wisdom to include a loopback in the bill to ensure the provision would continue on.

**Assemblyman Marchant:**

Is the City of North Las Vegas in a position to take control of the water facility now?

**Ryann Juden:**

Yes, absolutely. We realized after the 29th Special Session it would be best for the purveyorship to stay with the City of North Las Vegas. In order to maintain legislative intent, the engineering, designing, and construction would be done by SNWA. We worked with SNWA, their board, Commissioner Kirkpatrick, and other governing bodies and felt it best for the City of North Las Vegas to keep the purveyorship. Purveyorship is the billing and permitting processes. We can save money by purchasing chemicals in bulk, maintaining efficiencies, and keeping our one-stop shop framework.

After the 29th Special Session, each entity went off to design and build their own assets. The City of North Las Vegas was responsible for the sewer utility, and SNWA was responsible for the water utility. Private sector banks and bonding companies recommended not to decouple the sewer and water utilities. These organizations bond the two categories together, attaching water and sewer receipts as a stream of income to service their bonds. It became problematic, and our solution was to create an interlocal agreement that this Committee has been briefed on.

**Assemblyman Ellison:**

During the 29th Special Session, rail service was discussed, whether Faraday Future built a facility or not. The rail service would bring a lot of jobs to the area, and that is important. Please provide a quick overview of the status on a railport in regard to the Apex Industrial Park.

**Ryann Juden:**

We are working with a connected company that is in conversation with the Bureau of Land Management, U.S. Department of Interior, in several areas within our region for land use. Commissioner Kirkpatrick is in favor of the railport, and it is something we have on our radar. Our priorities are water, sewer, and Department of Transportation (NDOT) work to realign the roads. Once those items are settled, we can look at where to plug in a railport.

**Assemblyman Ellison:**

Elko has a very successful railport providing rail service. They built it, and the businesses came. I can see the same thing happening in North Las Vegas.

**Assemblyman Brooks:**

What is the status of water, sewer, natural gas, power, and NDOT's work? As a result of those efforts, what other companies have signed an agreement to locate at the Apex Industrial Park?

**Randall E. DeVaul, Director of Utilities, City of North Las Vegas:**

We have collaborated very closely with SNWA and the Las Vegas Valley Water District in the design of the groundwater system that will be constructed at Apex Industrial Park. The system is 100 percent designed, and after financing is finalized construction will start. The facility will provide 1,700 acre-feet of water for the valley. Our wastewater system is 30 percent designed. It is a 6,000-gallon-per-day water treatment plant with about 60,000 linear feet of sanitary sewer lines.

I cannot expand on electric and gas, but negotiations are in place between Faraday Future, Hyperloop One, and the gas and electric companies. The Apex Industrial Park has more power than any place in the United States, but it must be stepped down through a substation, and a new substation is needed.

**Ryann Juden:**

In regard to gas, the City of North Las Vegas has had numerous conversations with Southwest Gas Corporation. The 28th Special Session and the 78th Legislative Session passed bills that allowed for the creation of an economic diversification district for the purpose of encouraging local economic development. An enterprise taking place in an economic diversification district will receive a tax abatement. Clearly, North Las Vegas would want to make that district as small as possible. Southwest Gas wants to ensure the district is created before they run their pipe to it.

The district has not been created yet because Faraday Future is in the process of determining the size and location of their building. The special improvement district (SID) is in the definition process. It is not clear how much land will be in the SID to support the financial package as well as how large the tax increment area will be.

As Director DeVaul mentioned, there is plenty of gas and power running through that area, and it is a matter of pinpointing where the economic diversification district is located then stubbing lines to it.

**Assemblyman Brooks:**

Does that mean that the SID and limited improvement district boundaries are pending on the finalization of Faraday Future's location?

**Ryann Juden:**

Yes, that is correct. There are numerous boundaries. There are the economic diversification boundary and a tax increment area that are both geographical boundaries. The tax increment area applies to Faraday Future's location, and the SID applies to the entire area.

Director DeVaul mentioned the current water design would open up 1,700-acre feet. If the design increased the acre-feet, we would want to add those areas to the SID. The City of North Las Vegas published a request for proposal (RFP) to the private sector to generate interest in investing in the Apex Industrial Park's infrastructure. Bringing in private sector dollars allows us to expand the scope of the area serviced by the different utilities, which will increase the SID. There is a business that responded positively to the RFP, and we are working with them. In two weeks, the mayor and city manager are taking a trip to China in regard to this. Understanding how much investment will be made by the private sector will help us to identify how much of the Apex Industrial Park we can open up during the initial phase.

**Assemblywoman Monroe-Moreno:**

Most of my questions have been answered. But over the last several months the Faraday Future's project has been in the media spotlight. I would like you to shed some light on what is true and false. The initial project was huge and has been downsized in recent weeks. What is the explanation for the downsizing? What is the City of North Las Vegas's relationship with Faraday Future? How often do you meet? What is the time frame for the facility to open? When can my constituents begin applying for work?

**Ryann Juden:**

First, I believe the media reporting on Faraday Future is accurate but what an individual says may not be accurate. The challenge with the Apex Industrial Park is the utility infrastructure. Businesses would visit the site but were concerned about the water being 18 miles away and how much that would cost.

In 2015, a very important piece of the puzzle fell into place. Ledcor IP Holdings LTD, a company Commissioner Kirkpatrick and the City of North Las Vegas worked with on A.B. 497 of the 78th Legislative Session, was interested in the area. They offered to invest in a preliminary report to determine how much engineering and design would be required. The report stated a figure of between \$150 million and \$200 million to implement the necessary infrastructure out at Apex Industrial Park. The \$50 million window covered the unknowns of the property such as if there was caliche—a sedimentary rock—in the ground. The report was a \$150,000 investment by Ledcor Group to determine if they wanted to develop the property.

Faraday Future deposited millions of dollars into an escrow account with the Regional Transportation Commission of Southern Nevada, SNWA, and the City of North Las Vegas. Those millions were used to provide a detailed analysis of how much it would cost to bring assets to the property. That money is nonrefundable.

If Faraday Future walked away today, North Las Vegas has precise knowledge of the cost to bring assets to Apex Industrial Park. Other potential organizations will have the precise numbers. The remark that Faraday has not brought any fruits of labor is incorrect.

Faraday Future has invested \$40 million in land improvements. Those improvements can go into our assessment when we do the SID. That \$40 million is money Faraday Future cannot recoup. It makes the Apex Industrial Park that much more valuable. Collectively, Faraday Future has invested over \$120 million in southern Nevada by employing people to perform the service work needed. Faraday Future has done tremendous things for the City of North Las Vegas. They have attracted other companies, increased the Apex Industrial Park property value, and paid for precise infrastructure plans.

When Faraday Future first came to the city they discussed building their factory in four phases. It is not a minifactory, as the media has reported, but phase one of their multiphase project. They unveiled their car this January and realized they needed to get moving on their 6,000-square-foot facility. That is the status of where Faraday Future is today.

We meet with Faraday Future on a weekly basis. We meet with their financial and operational divisions. They are leasing space in our building, and we run into them all the time.

Faraday Future has moved very quickly in the last month. Three weeks ago, they submitted their plans for phase one. The City of North Las Vegas is working to get them approved so they can move forward.

**Assemblywoman Monroe-Moreno:**

What percentage of phase one is completed?

**Ryann Juden:**

Faraday Future has done all of their earthworks and leveled off their entire site. There are mobile buildings on-site used for construction offices. Once that was completed, they focused on the unveiling of their first vehicle at the International Consumer Electronics Show in January.

We have discussed with them about coming up to this legislative session to brief legislative leadership and a North Las Vegas delegation. These specific questions would be great to pose during their visit. What we see from the city side are submitted building plans. We assume once the plans move through the process and are stamped, Faraday Future will start construction.

**Assemblywoman Monroe-Moreno:**

Let us say the worst case scenario and Faraday Future does not build. Is there a backup plan? Is the City of North Las Vegas looking at other companies to bring in?

**Ryann Juden:**

That is a great question, and it requires a two-part answer. First, the important thing for the Committee to understand is that Faraday Future is really sexy. It is an electric car company, and they had their own special session with all the pomp and circumstance.

At one time, Faraday Future was a large piece of the success of the City of North Las Vegas's economic development efforts. Each day it becomes a smaller piece. The Vegas Trade Village, previously known as Huanghai Project, is a \$100 million project located in North Las Vegas. The City of North Las Vegas has 12.5 million square feet of industrial buildings currently in construction, housing over six Fortune 500 companies and representing almost \$2 billion in capital investment to our community.

Faraday Future was a great impetus. It put the City of North Las Vegas on the map and allowed us to market the city as a business-friendly environment, attracting all kinds of companies. In reality, Plans B, C, D, E, and F are already in place and happening as I speak. The great news about these plans is they would have very little abatement. Different abatement levels have been set by GOED on some properties but not to the extent of Faraday Future. These buildings will be revenue generators for the City of North Las Vegas.

**Assemblywoman Monroe-Moreno:**

You mentioned the City of North Las Vegas's ten-year interlocal agreement with the City of Las Vegas and the expectation that it will be in place for less than the ten-year commitment. I hope North Las Vegas can reopen the jail facility within the next 18 to 24 months and employ people within our own city. Is the infrastructure being maintained for that facility?

**Ryann Juden:**

An article that appeared about a month ago discussed Nevada moving 200 inmates outside of our state. I met with the Governor's staff to discuss North Las Vegas's facility. We are working with them and two other groups to lease the facility. It will be a temporary lease and solely a revenue generator for the City of North Las Vegas. The side benefit of the lease is that upkeep and maintenance will be performed. Leasing the facility provides us revenue, and when we are ready to reopen very little preparation will be needed. Additionally, we may be able to employ some of the workforces that were employed by the lessee. We are cognizant of the staffing side and not having to start all over. We think there are a lot of benefits to leasing the jail facility.

**Assemblyman Brooks:**

This is a follow-up on Assemblywoman Monroe-Moreno's question. Are there other groups in conversation with the City of North Las Vegas concerning the jail facility?

**Ryann Juden:**

We are in some confidential discussions with groups and hope to find a turnkey tenant. The tenant will bring in their inmates and send us a monthly check until we are ready to take that responsibility back from Las Vegas.

**Assemblyman Brooks:**

Do you have any arrangements with any federal agencies such as the Immigration and Customs Enforcement (ICE), U.S. Department of Homeland Security? Is that one of the arrangements the City of North Las Vegas is interested in?

**Ryann Juden:**

The mayor has made it clear that ICE deals with human rights issues. That is a touchy area, and we are not in active discussions. One group we are meeting with has inmates that have been arrested on ICE-related issues.

**Chairman Flores:**

I will close the North Las Vegas presentation and open up the hearing on Assembly Bill 79.

**Assembly Bill 79: Revises provisions relating to economic development. (BDR S-404)**

**Ryann Juden, Assistant City Manager, City of North Las Vegas:**

I have had the privilege and the opportunity to meet with all the members of this Committee concerning Assembly Bill 79. Apex Industrial Park was created when the Pacific Engineering and Production Corporation Company of Nevada (PEPCON) exploded in 1988. An act of Congress [Apex Project, Nevada Land Transfer and Authorization Act of 1989, Pub. L. No. 101-67, 103 Stat. 168 (1989)] designated that all high industrial use areas should be moved out of the bowl of the valley.

Historically, the Apex Industrial Park has struggled with the land development due to the lack of available infrastructure. The City of North Las Vegas took a proactive approach to streamline our processes making us a business friendly city. We wanted to induce development out at Apex Industrial Park, and we were fortunate to attract Faraday Future. The 29th Special Session in 2015 created an economic incentive package to attract Faraday Future to North Las Vegas. Senate Bill 3 of the 29th Special Session passed and designated Southern Nevada Water Authority (SNWA) as the purveyor of water at Apex Industrial Park. The bill contained a lookback provision to review the purveyorship on or before July 1, 2021.

After the special session, SNWA, Clark County, and the City of North Las Vegas entered into an interlocal agreement to return the purveyorship of water back to the City of North Las Vegas. We agreed to work together for this legislative session on the specific language. We have provided the interlocal agreement to the members of this Committee.

Southern Nevada Water Authority will continue to design, engineer, and build the facility at Apex Industrial Park. The City of North Las Vegas and SNWA have a good partnership. My understanding is they have a friendly amendment to A.B. 79 that will go into effect immediately upon passage, instead of July 1.

This bill removes several sentences that were added to the bill during the 29th Special Session and restores the purveyorship of water permanently to the City of North Las Vegas. The amendments are important to North Las Vegas in order to maintain

our streamlined permitting processes. Additionally, it will help with the different financial entities we do business with and coupling back the sewer and water utilities. That is why the City of North Las Vegas has brought this bill forward today.

**Assemblyman McCurdy:**

Please expand on how return flow credits will be utilized and how that will work in the future?

**Ryann Juden:**

Return flow credits work inside the bowl of the valley. The water solution at Apex Industrial Park has always been a multipronged solution. This includes groundwater in the form of wells and surface water in the form of water lines that lead to the property. The treatment of the water will be done on-site due to the cost of installing an 18-mile sewer line. The treated water can then be injected back into the aquifer.

**Assemblywoman Neal:**

It looks as if a section of the bill repeals the legislative oversight. Can you explain that?

**Ryann Juden:**

The purpose of A.B. 79 is to return to the status quo prior to the 29th Special Session. Oversight added in that session were a lookback provision for section 2 of chapter 4 of the *Nevada Revised Statutes*, and section 1, subsections 2 and 3. The lookback provisions are not necessary if the purveyorship of water is returned to the City of North Las Vegas.

**Assemblywoman Neal:**

The language also strikes out "on or before." I am not clear why the legislative oversight is removed. How come the purveyorship does not shift to the City of North Las Vegas?

**Ryann Juden:**

There are multiple places in Senate Bill 1 of the 29th Special Session with oversight language. I do not remember if Senate Bill 2 of the 29th Special Session has any such language. The interbasin transfer of water and the designation of the super basin was located in S.B. 2 of the 29th Special Session. I understand the concern as it relates to the water. The City of North Las Vegas' intent is to change provisions of Senate Bill 3 of the 29th Special Session and none of the oversight provisions of this Committee regarding S.B. 1 of the 29th Special Session.

The text you are looking at is in the repealed section, and I am not sure why the Legislative Counsel Bureau (LCB) thinks it should be removed as it pertains to the water. I know the legislative oversight is maintained within S.B. 1 of the 29th Special Session, which is the larger bill. It would be removed from S.B. 3 of the 29th Special Session with section 2 of A.B. 79.

**Assemblywoman Neal:**

After the 29th Special Session were there any bonds issued by SNWA and the City of North Las Vegas? What is the City of North Las Vegas's bond rating? How will the City of North Las Vegas support this?

**Ryann Juden:**

There have not been any bonds issued. An important point to remember is the work of the 29th Special Session never shifted the burden to SNWA or any other entity. Bonding is the responsibility of the City of North Las Vegas, and the ultimate backstop is the state.

The Southern Nevada Water Authority was selected by this body to design the water treatment plant. It was not going to be designed with bonding money but with Faraday Future money. Faraday Future provided the money for engineering, which SNWA has completed.

Bonding takes time, sometimes years. What you identified was a challenge that was discovered after the 29th Special Session. We realized bonding proceeds could take up to a year. We went to Faraday Future and let them know we would not put taxpayers on the hook for the infrastructure design or the engineering work. We would wait for the bonding, or they could pay for it, and that is what they did.

Faraday Future entered into reimbursement agreements with the different entities. They deposited money into an escrow account, and SNWA drew from that account to design the facility. There has been no bonding lent. The only money that has been spent up to this point has been spent by Faraday Future to design and engineer the infrastructure.

As was mentioned earlier, bonding will be required with approval from the state before we can start construction. The City of North Las Vegas will submit a plan to the Office of Economic Development within the Office of the Governor (GOED) then one of the interim committees will review it. That is the first step before it can go into bonding.

**Assemblywoman Neal:**

What is the current bond rating for the City of North Las Vegas?

**Ryann Juden:**

Our bond rating is junk. It is below an investment-grade bond rating. The purveyorship does not require any bonding. The purveyorship provides us the ability to do the billing cycles for the facility. The City of North Las Vegas is the entity businesses must work with for permitting. The bill does not have anything to do with the building and design of the infrastructure. It does not have anything to do with the funding of the infrastructure. That was never part of S.B. 3 of the 29th Special Session. The financing of the infrastructure was always through S.B. 1 of the 29th Special Session.



**Assemblywoman Neal:**

Thank you for the clarification. I looked at S.B. 1 of the 29th Special Session, and as you stated it discusses the financing and the ability to do a lending project for the purposes of natural resources. Is the City of North Las Vegas the entity that will be engaging in the lending project?

**Ryann Juden:**

That is correct, and that does not change whether A.B. 79 passes or not. The City of North Las Vegas's governing body is GOED. Once the plan is submitted to GOED, it leaves North Las Vegas and moves through various state committees and boards for their oversight and approval.

**Assemblywoman Neal:**

That is where my confusion lies. The sentence I am reading is what I would like you to make clear on the record. The text of the repealed section states on page 3 of A.B. 79, "the Legislature shall review the effects of this act and the manner in which economic development financing proposal, as approved by the Office of Economic Development . . . ." Is GOED the oversight for the lending project?

**Ryann Juden:**

Section 2 was added at the request of the City of North Las Vegas during the 29th Special Session. At that time, the City of North Las Vegas opposed moving the water purveyorship to SNWA. Our compromise was the section 2 language. Basically, we wanted to be able to come back and look at whether the purveyorship should permanently stay with SNWA or revert back to the City of North Las Vegas no later than 2021. We are exercising that lookback provision created in section 2. We decided legislative intent would be preserved by making sure that SNWA designed, constructed, and engineered the asset.

It is important to remember SNWA owns the water rights. We have different lease agreements for leasing the water. Southern Nevada Water Authority finds the water, they sell it to us at a wholesale rate, and we pass it on to our customers.

The purveyorship of water is to ensure when a business is looking at the Apex Industrial Park location, they will contact the City of North Las Vegas for permitting and water hookup. Once hooked up, they will receive a bill from us, and with some of those proceeds, we will pay SNWA. That was part of the construct of S.B. 3 of the 29th Special Session. Senate Bill 2 of the 29th Special Session allowed for the transfer of water rights to the Garnet Valley Ground Water Basin. Because of the essence of time during the 29th Special Session, it was viewed as a sound policy to move the purveyorship from North Las Vegas to SNWA.

I will gladly speak with LCB to ensure the language does not interfere with any of the other bills that were passed in the 29th Special Session. But this section was added at the request of the City of North Las Vegas to ensure we could look back at the soundness of this policy in the future.

**Assemblywoman Neal:**

I appreciate those answers. I was part of the 29th Special Session, but a lot of members of this Committee were not. The bills were interlocking pieces and meant to be read as a whole act.

**Ryann Juden:**

I appreciate that clarification. You are correct that these bills were all put together as one. All the bonding was provisioned in S.B. 1 of the 29th Special Session. This bill is purely concerning the lookback provision on the purveyorship of water.

**Assemblyman Daly:**

Southern Nevada Water Authority will be supplying the water and building the infrastructure out at Apex Industrial Park. The City of North Las Vegas has a contract with SNWA. If this bill passes and the water purveyorship is transferred, the City of North Las Vegas will send the bills out. Is that correct?

**Ryan Juden:**

That is essentially correct. One point of clarification, we will also service and maintain the asset. It makes sense logically considering the asset is a public works facility.

**Assemblyman Daly:**

I understand that the City of North Las Vegas will do more than collect the bills. I did not hear how the other municipalities in the valley are running their water districts.

**Ryan Juden:**

Yes, that is correct with regard to Henderson. Las Vegas is a little different because they have the Las Vegas Valley Water District Act of 1947. Randy DeVaul can answer the question on how the different entities work.

**Randall E. DeVaul, Director of Utilities, City of North Las Vegas:**

Currently, the City of North Las Vegas operates five wells and purchases water wholesale from the SNWA. Our goal is 90 percent surface water and 10 percent groundwater. The City of Henderson operates their own water treatment plant and also purchases water wholesale from SNWA. As Mr. Juden mentioned, the City of Las Vegas does not operate a water system. The Las Vegas Valley Water District provides water to the City of Las Vegas and Clark County except for Sunrise Manor. The City of North Las Vegas provides those services.

**Assemblyman Daly:**

Do the residents remit the water bill to SNWA?

**Randy DeVaul:**

Southern Nevada Water Authority has a smaller system, but it may fall under the umbrella of the Las Vegas Valley Water District. That would be a question for them. The City of North Las Vegas pays SNWA over \$15 million a year for the purchase of surface water that is billed in 12 increments.

**Chairman Flores:**

I would like to invite SNWA to come to the table for a quick conversation.

**Andrew M. Belanger, representing Las Vegas Valley Water Authority and Southern Nevada Water Authority:**

I am here today in support of A.B. 79. To address the question of Assemblyman Daly, the Las Vegas Valley Water District is the retail water provider for the City of Las Vegas, unincorporated urban Clark County, and a number of small systems in the rural part of Clark County.

We support the bill as drafted. We spoke with Mr. Juden about a possible amendment to be effective on passage. Since the 29th Special Session, we have worked with North Las Vegas on the water system at Apex Industrial Park. The design is complete as of December 2016, the deadline. We are awaiting bond funding in order to move forward with construction. We entered into an agreement with North Las Vegas in July 2016 indicating our support of A.B. 79.

Assembly Bill 79 defines the conservation measures for the Apex Industrial Park, ensuring the water will have the same level of reuse as the Las Vegas Valley Water District. We are confident this bill will move the development of water within the Garnet Valley and the Apex Industrial Park. The memorandum of understanding signed in July indicated if funding became available before January 2018, we would begin construction. After that date, North Las Vegas will construct the project.

**Chairman Flores:**

I would like to ask our legal counsel to join the conversation and clarify the question about whether or not this is specific to A.B. 79 only or if there are other issues of concern.

**Jim Penrose, Committee Counsel:**

Senate Bill 1 of the 29th Special Session provided for the issuance of state bonds pursuant to a financing proposal approved by GOED for any qualified infrastructure project. The provision added by S.B. 3 of the 29th Special Session is a lookback provision and is not simply related to the water infrastructure project but could potentially implicate any infrastructure project that is within the scope of S.B. 1 of the 29th Special Session.

**Chairman Flores:**

Would anyone like to come back up and address that to make the record abundantly clear?

**Ryann Juden:**

I will discuss with LCB as to why it was necessary to repeal section 2 as it applies to S.B. 3 of the 29th Special Session. Our only intent with A.B. 79 is to strike out subsections 2 and 3 of section 1.

I do not disagree with counsel's observation that this could apply to other areas of S.B. 1 of the 29th Special Session. I am very confident that the integrity of that bill and its provisions for bonding, state oversight, and everything else still remains. Assembly Bill 79 removes language that was solely put in S.B. 3 of the 29th Special Session, not in regard to S.B. 1 of the 29th Special Session, S.B. 2 of the 29th Special Session, or Assembly Bill 1 of the 29th Special Session.

I think LCB thought if the two provisions were removed there was no need for a lookback provision in the future because we are requesting this Committee to remove them at this time.

**Chairman Flores:**

Assemblywoman Neal and Assemblywoman Monroe-Moreno will take the lead on that conversation and check with LCB. Is there anyone wishing to testify in support of A.B. 79?

**Marilyn K. Kirkpatrick, representing Southern Nevada Water Authority and Clark County Commission:**

First and foremost, I am a North Las Vegas resident but representing SNWA and the Clark County Commission. The Committee is asking great questions. The Southern Nevada Water Authority is composed of the City of Henderson, the City of Las Vegas, three county commissions, and the City of Boulder City. As a group, we are working together to ensure that North Las Vegas is able to move forward with the Apex Industrial Park infrastructure project. The facility and infrastructure will be designed and constructed by SNWA, but the asset will belong to North Las Vegas. This will give them something to put in their portfolio for the long term and help with their bonding capacity.

During the 29th Special Session, this was a contentious issue, but the legislation passed was to ensure that the infrastructure was built. I stated on the public record, both at the Clark County Commission and SNWA meetings, that I was in favor of A.B. 79. I am here in support.

**Assemblyman Ellison:**

Is the language referring to the same aquifer and the same basin area?

**Marilyn Kirkpatrick:**

There is a provision in this bill, section 2, subsection 3, stating the geographical boundaries within the basin. Those boundaries do not change. Many of our basins are overallocated, and we wanted to ensure this basin was protected.

**Assemblyman Brooks:**

Does your support of A.B. 79 include the deleted language of the lookback provision if any infrastructure project is included and not just the water infrastructure?

**Marilyn Kirkpatrick:**

I agree with Mr. Juden. Our conversations with SNWA and the Clark County Commission were always about the water.

**Assemblyman Carrillo:**

My question is a follow-up to Assemblyman Brooks. Whenever language is struck out, it is necessary to understand the purpose. In this case, is SNWA giving up their right to be the exclusive provider? Will the new provider be the City of North Las Vegas?

**Marilyn Kirkpatrick:**

Here is what I know. The water in the water basin belongs to North Las Vegas. During the 29th Special Session, the goal for the Clark County Commission was for SNWA to build the water project. I know there were a lot of discussions and conspiracy theories about SNWA taking that ability away from North Las Vegas. That is why we worked very hard after the 29th Special Session to figure out how the facility would be built to SNWA standards but keep North Las Vegas whole.

Assembly Bill 79 is cleaning up the language so North Las Vegas can provide the service, bill for it, and have the asset in their portfolio. That helps North Las Vegas grow. Until we get the infrastructure in place, the question is, What came first, the chicken or the egg? I believe this is a pathway to move the City of North Las Vegas forward. Their portfolio will increase and when it comes time to do the special improvement district it will be affordable.

We are working with the landowners on another sewer component, and we can help them get the bonding. I know many members of this Committee are concerned with how it gets built and who builds it. All of those provisions remain. Assembly Bill 79 is a good example of the state, county, and municipalities working together for the greater good of our constituents.

**Assemblyman Carrillo:**

Will the businesses that use the Garnet Valley Ground Water Basin benefit as a whole? Would the Las Vegas Motor Speedway be affected in any way, shape, or form by this language?

**Danny L. Thompson, representing Southern Nevada Water Authority:**

Apex Industrial Park was created after the Pacific Engineering and Production Company of Nevada (PEPCON) exploded in Henderson in 1988. The plant was completely demolished. American Pacific and PEPCON were the only two manufacturers of ammonium perchlorate, a fuel propellant for rocket boosters. American Pacific considered moving to the Apex Industrial Park but ended up moving to Utah.

Apex Industrial Park had no infrastructure. The hope was that PEPCON would move there and the infrastructure would be built because PEPCON was a profitable company. They had a long-term agreement with Morton-Thiokol, Inc., the producer of the rocket boosters for the Space Transportation System.

That did not happen, and the Apex Industrial Park was deserted, partly because it is outside of the Las Vegas Valley and off the beaten path. North Las Vegas has struggled as a city for the past six years. Construction stopped, people were laid off, tax collections fell, and there was a 3 percent cap on property tax. The City of North Las Vegas received multiple concessions from their operating unions to stay afloat. When the opportunity for Faraday Future came along to develop Apex Industrial Park, it was a big deal for the City of North Las Vegas. This one opportunity represents a pathway to success for the City of North Las Vegas.

To answer your question, developing the infrastructure at Apex Industrial Park will have an effect on future development. Hyperloop One and other companies are moving to the area as resources become available. It benefits everyone and puts the City of North Las Vegas on the recovery path. Assembly Bill 79 represents the City of North Las Vegas controlling their own destiny.

**Marilyn Kirkpatrick:**

Many constituents live in unincorporated Clark County and receive their water from North Las Vegas. The developers of the Garnet Valley basin will benefit but also others along the way because there are a couple of basins that are part of the Garnet Valley basin. North Las Vegas has water all through the Sunrise Mountain area. That basin has been allocated.

I want to reiterate, the City of North Las Vegas can add the infrastructure asset to their portfolio and use it to bring themselves into solvency. Assembly Bill 79 allows for the asset to be constructed the way the Legislature intended.

**Justin Harrison, Director, Government Affairs, Las Vegas Metro Chamber of Commerce:**

I am in support of the proposed changes discussed in A.B. 79. I would like to give credit to Mayor Lee and his staff for streamlining the building and permitting processes. Those changes have made an immense impact on businesses as well as economic development for the City of North Las Vegas. We believe that reverting the purveyorship of water to the city of North Las Vegas will streamline the process even more.

**Chairman Flores:**

Is there anyone in Las Vegas wishing to testify in opposition of A.B. 79? [There was no one.] Anyone in Carson City wishing to testify in support of A.B. 79? [There was no one.] Mr. Juden, please come forward for closing remarks.

**Ryann Juden:**

I appreciate your time and consideration on this matter. Assembly Bill 79 is an important bill for the city of North Las Vegas. We have a meeting with Assemblywoman Neal and Assemblywoman Monroe-Moreno to get the answers to the questions concerning LCB. It is important to remove the language from the 29th Special Session and return it back to the City of North Las Vegas.

[([Exhibit D](#)) was submitted but not discussed and is included as an exhibit for the meeting.]

**Chairman Flores:**

I will close the hearing on A.B. 79. Is there anyone in Carson City or Las Vegas here for public comment? [There was no one.] The meeting is adjourned [at 10:57 a.m.].

RESPECTFULLY SUBMITTED:

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Carol Myers  
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 copy of a PowerPoint presentation titled "Nevada Legislature Assembly Committee on Government Affairs," dated March 2017, presented by Ryann Juden, Assistant City Manager, City of North Las Vegas.

[Exhibit D](#) is a proposed amendment to Assembly Bill 79 submitted by Omar Saucedo, Principal Management Analyst, Southern Nevada Water Authority.