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### MINUTES OF MEETING - COMMITTEE ON GOVERNMENT AFFAIRS - 55TH NEVADA ASSEMBLY SESSION - MARCH 4, 1969

Present: Smith, Hilbrecht, Lingenfelter, Getto, B. Hafen,  
Branch and Dini

Absent: Wood and Mello

Also Present: Milton Manoukian, Attorney at Law;  
Noel Manoukian, Attorney at Law;  
Andrew Hall, Western Improvement Bond Company;  
Kenneth Buck, Director of PERS;  
William Southard, Yerington Fire Chief;  
Les Burkstrom, Kingsbury Improvement District;  
Mr. Allison, Fallon Fire Department;  
Mr. Keith; Mr. Gregory; Representative of  
Warren Engine Company; and Lawson Sullivan

Chairman Smith convened the meeting at 3:00 p.m. and opened discussion on A.B. 164, establishing procedures for annexation of territory to local improvement districts.

Milton Manoukian speaking on behalf of the Douglas County School District No. 1, stated that when new legislation was passed in 1965, they inadvertently omitted the annexation powers of the district. He noted that this bill had nothing to do with the creation of districts, but only the annexation. Discussion was held as to the language contained in Section 4 wherein it states that property to be annexed must be represented by "at least 75% of the total assessed valuation of the territory as shown by the last equalized county assessment roll.... Mr. Manoukian said if the language was a problem, they could have it amended.

A.B. 361, providing single assessment limitation for equipping and maintaining fire districts.

Noel Manoukian speaking on behalf of certain persons interested in this matter, noted that the amendments being requested applied to few districts who fall under the category being discussed and the limitation on their funds is causing a hardship on the proper maintenance required. He cited the remote population in Carson Valley District in comparison to the larger populated Kingsbury District. The Carson Valley Fire Department is designated as the County Fire Department and is in no position to help the Kingsbury District because of the distance between the two. The men at the Kingsbury District are overworking and spending more time on duty than is prescribed by law. Under the current statutes, there is a constant transfer of funds within the budget. There is a slow growing assessed valuation in Kingsbury and when they consider changing the measure, he does not feel that economics is the only basis. He feels that the 1 and 1/2% allowed for the maintenance of the districts is fine but will not satisfy the Kingsbury District too. In view of the fact that this is not a controversial subject, he urged

that the committee give a Do Pass as soon as possible so that they can make the changes in their 1969-70 budget. Any problems that might arise through cutting into the equipment portion of the budget could be overcome, but the interest primarily is with the manpower situation. He noted that the fire districts are not the same as districts formed under the 318 statute which provides for bonding.

Mr. Burkstrom noted that no other districts in the state are under this same limitation. He said when this was presented at the last special session of the legislature there were those who opposed it because they thought it would raise their taxes. However, the problem in that respect has been taken care of because the taxes have actually lowered and one of the persons who had opposed is now appointed to the Board. All Kingsbury is asking for is the same flexibility that is given to the other fire departments in the state.

A.B. 362, increases permissible interest rate on general improvement district bonds.

Mr. Hall introduced himself and stated that the federal government has placed a mandate on the Tahoe districts for the elimination of the sewage effluent at Lake Tahoe. The rate under which the bonding companies have been operating was established in 1967 and most people are aware of the high interest rates today. If the Tahoe districts are going to satisfy this mandate, they will have to sell bonds. In 1967 all service districts were converted to 318 and flexibility is needed to pay for the capital improvements required. There is an urgency which will affect the whole state.

Mr. Burkstrom agreed that with the air and water pollution problems all over the state, many people and districts would eventually be involved and affected by the rates now being used. The federal government has said that they must get rid of this effluent at Lake Tahoe, but they have offered no solutions or funds which would enable them to carry out those instructions. The California side of Lake Tahoe is in a position now to comply with this federal edict by 1971 and be completely sewered. However, in Douglas County, have been struggling along for many years. They have gone ahead and built a sewage plant, but it still leaves a lot of area to be sewered which is not within the confines of this plant. Mr. Burkstrom then displayed a map showing the plant and line placement. He noted that there was about 6,000 acres along Kingsbury Grade on up to the top of the hill, including the heavily populated Heavenly valley project which needed to be sewered. Kingsbury is the only district now subject to the sewer. He stated further that they have gone ahead and obtained a federal grant from the Department of Interior in the amount of approximately \$106,000. Also, through the services of HUD, a final application has been submitted and they have indicated a grant of about 50% or approximately \$250,000 would be made for the trunk lines. He said there were approximately 300 home owners and the cost is going to be about \$2,600,000. With the federal help and staging of costs,

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it will still necessitate raising a large amount of funds. They have also contacted the Employees Pension Fund and they are satisfied with the stability of the District and are willing to guarantee their bid on the bonds. They feel, however, that they would get a better rate of interest if they went out of state. If Nevada could be competitive with other areas such as California, it would solve a lot of problems. He said they have received the help from the federal grants and the County of Douglas is helping, now they need the flexibility to compete on sale of bonds. He said if the other areas in the state have not reached this point, they will eventually.

Mr. Hilbrecht asked if the map showed the existing Round Hill Sewage System and Burkstrom said the line is shown and as it exists now, it ends up at the top of Kingsbury Grade. He said this plant is in operation but that they need to build an interceptor and trunk and collateral lines. They are in a position to draw up the contract for the hook up to their plant. He said it was possible to be ready to operate this year.

Mr. Burkstrom further stated that this will be the first time that HUD has come into Tahoe with any funds. Heretofore, they would not because they feel it was too effluent an area and that the guide lines were not able to be met. But because of the urgency they have agreed to come in and with the utilization of these funds, they can get the price down when they sell the bonds.

There are 300 already existing land owners and about 100 more available lots in addition to a great deal of acreage planned for development. This also includes a large ski complex who have the facilities for the initial phase of the ski lift and they have already proceeded with this.

Mr. Hilbrecht asked about the revenue picture and if the district would be able to get any revenue based on the distribution system. Mr. Burkstrom said there would be no revenue derived but there would be a service charge which is estimated to be about \$6 or \$7 a month or \$70 a year. This will be used to maintain the plant. It will not be carried in the tax rate and as more development occurs, the charge will go down. He said their area has had an increase of 3% in assessed valuation and their problem is not finding buyers for the bonds, but being able to compete in the interest rate.

Mr. Hall said with everything included it would amount to a maximum of about \$338 in 1972 and then would gradually decrease. Mr. Hilbrecht noted that was a very expensive sewer system and Mr. Hall said they would be amazed at the cost in other areas.

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Suggestion was made to eliminate the ceiling altogether and Mr. Smith commented that this could cause problems. It would eventually lead to other type of districts who are limited in their ceilings. He said the ceiling was put in by the legislature and they had placed these districts under the jurisdiction of the Local Government Securities Law because of certain financial problems arising in general improvement districts. It would also be reasonable to assume that what is good for the improvement districts would be good for the cities and the counties. The problem goes beyond what was being discussed today.

Hilbrecht asked if there was not some formula which could be reliable and based on a science to control municipal and local governments financially. In some districts a rate of 7% might seem very high and in another instance it would be considered low.

Smith said leaving out the rate might make it too broad and yet a ceiling can very easily become obsolete. They are subject to change such as the prime interest rates. He suggested if they were going to look for a formula they might go by an index such as the bond buyers index. The argument has been used that there should be a statutory limit because if there is not, the bidders would bid a higher rate. The rates used to be as low as 3% and 4% but it still goes by supply and demand. He did not think the bidders actually bid the statutory rate, but what they felt the bonds would go for.

Mr. Burkstrom said he did not feel that problems had with other districts should be taken out on them. He suggested different rates for the different districts. Also, if there was no way for them to manage the sewage removal at Lake Tahoe, they should do away with the Bi-State Agency. Mr. Smith said in all truth, he was in favor of this bill. Mr. Hilbrecht asked him if he was not talking about another bill and Mr. Smith said he was questioning the discount raise. Mr. Hall noted that they were selling bonds at 83% under par to make up the difference and that they could compete with an interest rate of 7%.

Hilbrecht noted that the Tahoe problem was unique and possibly the bill should be modified to show their position. He said he did not want the districts to shoulder these burdens if it was possible to bring them into proper perspective.

A.B. 398, requires municipalities to obtain approval of landowners before special assessment district is formed.

Mr. Hall said in his opinion the amendments would not work. The problem lies with the absentee land owners who do not return the letters sent to them. These improvements are usually needed and without the consent of over 50% of them, it is not possible to proceed. He thinks possibly an affidavit from responsible official should be considered in these matters. They could give testimony to the fact that the district is needed. Then too problems arise when there is one large property owner and a few small property

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owners. You can always get the consent from these people, but the problems come in when they are needed the most and you cannot get the answers sent back for approval.

Hilbrecht said he could understand where this would affect the urban renewal districts which are in great need. At the last session it took approximately 1/3 of the committee time to decide what was to be done about a certain municipality.

Mr. Andy Hall said he realized notices must be sent to the property owners and this is done. Hilbrecht asked if he had a copy of this notice and he said he did not. Mr. Blyth, Nevada Municipal Association, said he believed that the notice was almost identical to that shown in their Chapter 271.

A.B. 9, reduces vesting period for benefits under public employees' retirement system.

Mr. Buck stated that the retirement system went into affect in 1948 and has had a record growth since that time. It was created for the purpose of providing security for the public employee in his later years. It also benefited the employer because it cut down on the turn over. He stated that they are under constant pressure each session to change the objectives of the system. As it is now, they are paying \$10 for each \$1 invested by the employee. If the structure is changed, it would have to be set up on something like an actuary program. We are now close to 22,000 employees and handle approximately \$60 million a year. He noted that they never touch one penny of the employees money. But you cannot add any major benefits unless there is an increase in funds also. He said when an employee returns to work within a certain length of time, he can pay back into the retirement fund what he took out, with the interest, and be reinstated for the retirement program.

Mr. Lingenfelter asked if they refund the interest on the money also when an employee leaves and Mr. Buck said no, that is retained by the State. Hilbrecht said he would like to see a chart which would show the amounts contributed by the employer and asked if it was equal to what the employee pays. He stated that when an employee retires, an actuary tells them how much is needed to pay the correct benefits to the employee. He said a plan whereby an amount of \$125 a month is paid for 20 years, at the age of 60 is better than could be received from any insurance man.

However, if the vesting period is lowered, it will be necessary to have an increase somewhere else and this has been confirmed by the actuary. Reports have shown that should the state go out of business and all retirees have been paid, there would be only \$14 million left as the employers portion.

Mr. Smith asked if there were any proponents to the bill and Mr. Keith stated he was with the fire fighters but was not advocating the bill on that behalf. He said in view of the \$14 million left



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after closing the account as stated by Mr. Buck, he did not feel additional money was needed. Mr. Buck said this was not surplus but the figures were based on what the employers portion would be. It is known that the state is not going to close. Mr. Buck was asked if he had any actuary figures which he could furnish and Mr. Buck said they would be ready at the end of the week .

Mr. Hilbrecht said he also wanted to know about the figures with regard to having 20 years anytime without penalties.

Mr. Buck said there were many reasons against the early retirement. Hafen asked if any other states had this provision and Mr. Buck said he did not think any states had this plan, but possibly some of the cities did. In large cities like Los Angeles, New York and San Francisco maybe. He said there are people who have retired from these cities and received their retirement benefits thereunder and are now working for Nevada to establish another plan.

A.B. 375, enlarges privilege of reinstating prior service for public employees; retirement.

Buck stated that this bill means that anyone who has ten years of service in with the state and leaves can come back at any time and redeposit the money that has been withdrawn together with the interest and be reinstated for the retirement program. Right now, if you leave prior to haveing 20 years of service and you do not come back within a period of 5 years, you are not eligible for the reinstatement. Mr. Buck said this was not designed for the purpose of awarding the employee anything extra, it is to allow them to save enough to be able to retire after a certain number of years. He said no study has been made of the figures on this because it has not been forced upon them; however, it looked like they would have to furnish the figures now.

Hafen suggested that even though we are a government agency the system is similar to insurance companies. The more people you have to retire, the more requirements must be met. Mr. Buck stated that in ten years, we are placing on the eligibility list, thousands of people who would not have otherwise been eligible.

Lingenfelter asked how long it would take to build up the \$14 million and Mr. Buck said this was not a profit; it is an accrued liability of the people already employed. Dollar for dollar, if the state went out of business, we would cover the reserves well enough but the amount of the employers share would not be covered.

Lingenfelter said he believed Mr. Buck was speaking about the possibility of refunding to the employer and this would never happen. Mr. Buck showed a yard-stick of the imbalance of the

employer portion and stated that this was because there is so much more going out than they are receiving.

Mr. Hilbrecht asked if it was not a fact that in the near future there would be a considerable amount of money received from the employees and Mr. Buck said that was true. Buck said they never believe they will be totally covered, because there is no possibility of dissolution, but there should be enough reserved to carry through in a bad time. Buck said they are paying now on what was held 10 years ago, not on the 22,000 employees being discussed.

A.B. 400, authorizes volunteer firemen to join public employees retirement system.

Mr. Keith noted that some amendments are due from Mr. Getto on this bill. Getto read his proposed amendments and noted in paragraph 3, Section 1 of the bill, wherein it stated that they must be making \$150 per month. Mr. Smith said it was not a matter of what they are paid as long as they get the full contribution.

Mr. Buck requested that he be allowed to reserve his comments on A.B. 400 until after the amendments have been drawn.

A.B. 552, permits an employee whose prior public position was abolished by the legislature to reinstate prior service time for retirement purposes.

Mr. Buck stated that this bill was designed for a particular person in a particular situation. Mr. Hilbrecht asked about paragraph 7 wherein it seemed another formula was being used with regard to the payment back to the state. He said in A.B. 375 it provides for a lump sum payment plus interest and this bill allows 6 years plus interest. Discussion was held on the difference in the formulas.

S.B. 172, eliminates provisions for waiver of public service employees retirement allowance.

Mr. Buck stated that in his opinion there was nothing wrong with this bill; the bill came about because they felt it would aid veterans in receiving their federal allowances. As it turned out, the waiver was not acknowledged by the federal government.

Mr. Sullivan then spoke on A.B. 552 and said he was the individual referred to in the bill. He noted that he had performed 9 years of service with the state and then the post was eliminated; not those persons working under him, but his position only. He said he had made every effort to be reinstated in another position but none were available. After 9 years, he went back with the state and now has another 6 years in. However, because of the

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limitation of 5 years, he has lost the first 9 years of service. He is now 51 years of age and will take quite a while to be able to regain his retirement time. He stated he would be willing to make a lump sum payment back to the fund. Mr. Hilbrecht asked him how much he would have to repay and he said approximately \$500. Discussion was held and it was determined that when a person repays, he does so on the basis of what he has withdrawn, no matter when it is.

Mr. Southard then spoke on behalf of the volunteer firemen on A.B. 400. He said as fire chief, he was paid, but the others were volunteers. These men do not take their pay but turn it back into the fund. Ordinarily they are to be paid on an hourly basis of \$4 for the first hour and \$2 for each hour thereafter. That does not include their ambulatory pay which is a straight \$2 an hour. The fire call money goes to the fund to pay for equipment and some social events. He said they were interested in this retirement program as an incentive to keep employees in the department. In the past they have trained men for some 10 years only to have them leave because there was no program for the future. He said, however, there was a problem with the wage of \$150 a month. He felt the \$200 figure would be better but \$350 would be too much.

Whether or not it was necessary to show a monetary figure in the statute was discussed and Mr. Keith said he believed it was. He said they may be able to put in a figure like "\$150 to \$350" but some figure had to show. Getto said this was one of the reasons he had not requested the amendments.

Mr. Allison, Fallon Fire Department, stated that he had talked with several of the public officials on this and they were in favor of it. They have 31 in his group and almost all are covered by the government retirement plan in their other jobs. Their services with the fire department are volunteered. This program would definitely give an incentive to his men. Mr. Smith asked how they were covered by NIC; if something were to happen, what amount of money is being used as a base. Mr. Allison said that according to the information he has, they are fictitiously set at \$350 a month.

Mr. Southard said if they had to go on the basis of \$350 a month, it would cost his men \$21 monthly for the program. It would take over 50% of their total operating budget to pay into the program. It was noted that half of this would be taken out of their pocket.

Mr. Southard said they now have an accident policy which is paid for by the men also. Mr. Keith noted that those people who were receiving nothing in the way of pay would have to pay the whole \$21 out of their own funds. He continued that he hoped the committee would wait for the amendments before making decision.



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A gentleman with the Warren Engine Company spoke and said his group is private and are not affiliated with any other company. They have a lot of state employees and they are volunteers. He felt they should be able to participate in the same type of program. They receive no pay and it is donated time. Some of these men hold two state jobs and draw both benefits. Chairman Smith asked if he meant they were carrying two retirement programs and he said he believed that was the way it is.

Mr. Allison noted that with them they would be paying both the employee and the employer share. Mr. Southard said it was actually the same way with him because they are putting their money into the fund that would be used to pay the employer share.

Mr. Getto asked if it would not be possible for the city and county to pay the employer share. Mr. Southard said he doubted it. It would amount to about \$9 a month for each of his 30 men.

Meeting was adjourned.