

Legislative Committee to Oversee the Western Regional Water Commission

(Senate Bill 487, Chapter 531, *Statutes of Nevada* 2007)

WORK SESSION DOCUMENT



August 19, 2010

Prepared by the Research Division
Legislative Counsel Bureau



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The following “Work Session Document” was prepared by the staff of the Legislative Committee to Oversee the Western Regional Water Commission. It is designed as an outline to assist the Committee members in making decisions concerning recommendations to be forwarded to the Legislative Commission and ultimately to the 2011 Session of the Nevada Legislature. The recommendations contained herein were either submitted in writing to the Committee and/or staff, or presented during one of the Committee’s meetings.

The possible actions identified in this document are in no particular order and should not be construed as having the support of the Committee or its individual members. Rather, they are compiled so the members may review and discuss them during the work session to decide if they should be adopted, changed, rejected, or further considered.

To be adopted, recommendations from the Committee must be approved by a majority of the Senate members and a majority of the Assembly members.

In accordance with *Nevada Revised Statutes* (NRS) 218D.160, the Committee may recommend no more than ten bill draft requests (BDRs), submitted no later than September 1, 2010. Other items not requiring legislation, such as requests for letters, may be sent by the Chair of the Committee.

RECOMMENDATIONS FOR LEGISLATIVE MEASURES

1. **Submit a BDR** to authorize the issuance of bonds to finance loans made to provide financial assistance to persons to connect to the public water or sewer system in certain counties (Assembly Bill 54, Chapter 325, *Statutes of Nevada 2009*). See proposed amendment behind TAB A.
2. **Submit a BDR** to allow issuance of County Bond Bank bonds to be issued for refunding of securities previously issued to an entity other than the County Bond Bank (similar to the State Bond Bank, refundings would be permitted only for securities issued on and after the effective date of the law that permits creation of the bond bank). See proposed amendment behind TAB B.

TAB A

Summary: Authorizes the issuance of bonds to finance loans made to provide financial assistance to persons to connect to the public water or sewer system in certain counties.

Fiscal Note:

AN ACT relating to public water and sewer systems; authorizing the issuance of bonds and other securities by certain counties to finance loans made to provide financial assistance to persons to connect to the public water or sewer system in certain counties; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA REPRESENTED IN
SENATE AND ASSEMBLY, DO HEREBY ENACT AS FOLLOWS:

Section 1. NRS 244.3651 is hereby amended to read as follows:

NRS 244.3651. 1. Except as otherwise provided in this section, if a board of county commissioners of a county whose population is 100,000 or more but less than 400,000 operates a public water or sewer system, the board may:

(a) Establish by ordinance a program to provide financial assistance to persons to connect to the public water or sewer system.

(b) Accept gifts, grants and other sources of money to pay the costs to assist persons to connect to the public water or sewer system;

(c) Issue bonds and other securities to finance the costs of assisting persons to connect to the public water or sewer system, pursuant to the County Bond Law, NRS 244A.011 through 244A.065.

2. An ordinance adopted by a board of county commissioners pursuant to paragraph (a) of subsection 1 must include, without limitation, a finding of the board that the creation of a program to provide financial assistance to persons to connect to a public water or sewer system furthers a legitimate public purpose.

3. If a board of county commissioners establishes a program to provide financial assistance pursuant to subsection 1, the board:

(a) Must establish a plan for the management and protection of the groundwater in the water basin to which the program to provide financial assistance applies. Such a plan must include, without limitation, provisions for the sustainable management of municipal wells that are owned by the county in the water basin.

(b) Except as otherwise provided in subsection 4, may set forth conditions or limitations on any financial assistance provided pursuant to the program.

4. Financial assistance provided pursuant to a program established pursuant to subsection 1:

(a) May be in the form of grants, gifts or loans, or any combination thereof.

(b) May only be used to pay the necessary and actual expenses to:

(1) Disconnect from a private water or sewer system;

(2) Eliminate a private water or sewer system; and

(3) Connect to the public water or sewer system,

including, without limitation, costs of making a physical disconnection or connection and any connection charges, tap fees, inspection fees or similar fees or charges payable to any person or government entity in order to disconnect from or eliminate a private water or sewer system or connect to the public water or sewer system.

5. A board may not establish a program to provide financial assistance pursuant to subsection 1 unless the board finds that establishing such a program is necessary to provide the public with a safe and reliable water and sewer system.

6. The requirements of NRS 244.3655 do not apply to actions taken by a board of county commissioners pursuant to this section.

7. Nothing in this section shall be so construed as to require:

(a) A board of county commissioners to provide financial assistance to any property owner pursuant to this section; or

(b) A property owner to apply for or accept financial assistance pursuant to a program of financial assistance established pursuant to this program.

8. **Bonds or other securities issued as provided in paragraph (c) of Subsection 1 shall be payable from and secured by repayments of loans made under this section, other revenues of a program established under this section, the revenues of the water system or sewer system of the county that established the program, or any combination those sources, as the board of county commissioners determines. Such bonds or other securities may also be secured by other revenues of the County which are authorized to be pledged to bonds, and if the procedures of NRS 350.020 are followed, such bonds or other securities may be issued as general obligations of the County. Loans financed with bonds or other securities may only be made to natural persons.**

9. As used in this section:

(a) "Private water or sewer system" means an on-site:

(1) Domestic well, and any facility or facilities related thereto, that provides potable water; or

(2) Sewage or septic system, and any facility or facilities related thereto, that serves a residential dwelling unit for the disposal, collection, storage or treatment of sewage.

(b) "Public water or sewer system" means a facility or facilities for the collection, pumping, treatment, storage or conveyance of potable water or sewage and includes, without limitation, mains, conduits, aqueducts, pipes, pipelines, ditches, canals, pumping stations, and all appurtenances, equipment and machinery necessary or useful and convenient for obtaining, storing, transporting or transferring water or sewage.

Sec. 2. NRS 244A.0505 is hereby amended to read as follows:

244A.0505. "Sewerage project" means facilities pertaining to a county sanitary sewerage system for the collection, interception, transportation, treatment, purification and disposal of sewage, liquid wastes, solid wastes, night soil and industrial wastes, including, without limitation, a sewerage treatment plant, sewerage purification and treatment works and disposal facilities, drying beds, pumping plant and station, connections, laterals, other collection lines, outfalls, outfall sewers, trunk sewers, intercepting sewers, force mains, water lines, sewer lines, conduits, ditches, pipes, transmission lines, pumping plants, filter plants, power plants, pumping stations, gauging stations, ventilating facilities, incinerators, engines, valves, pumps, meters, apparatus, fixtures, structures, buildings and other facilities for the collection, interception, transportation, treatment, purification and disposal of sewage, liquid wastes, solid wastes, night soil and industrial wastes, or any combination thereof. A sewerage project may include as a part thereof a drainage and flood control project. **A sewerage project also may include a program to provide**

financial assistance to persons to connect to the sewer system of the County as described in Subsection 1 of NRS 244.3651.

Sec. 3. NRS 244A.056 is hereby amended to read as follows:

NRS 244A.056 “Water project” defined. “Water project” means facilities pertaining to a county water system for the collection, transportation, treatment, purification and distribution of water, including, without limitation, springs, wells, ponds, lakes, water rights, other raw water sources, basin cribs, dams, spillways, retarding basins, detention basins, reservoirs, towers, and other storage facilities, pumping plants, infiltration galleries, filtration plants, purification systems, other water treatment facilities, waterworks plants, pumping stations, gauging stations, ventilating facilities, stream gauges, rain gauges, valves, standpipes, connections, hydrants, conduits, flumes, sluices, canals, channels, ditches, pipes, lines, laterals, service pipes, force mains, submains, syphons, other water transmission and distribution mains, engines, boilers, pumps, meters, apparatus, tools, equipment, fixtures, structures, buildings and other facilities for the acquisition, transportation, treatment, purification and distribution of untreated water or potable water for domestic, commercial and industrial use and irrigation, or any combination thereof. *A water project also may include a program to provide financial assistance to persons to connect to the water system of the County as described in Subsection 1 of NRS 244.3651.*

Sec. 4. NRS 244A.059 is hereby amended to read as follows:

244A.059. 1. Subject to the provisions of chapter 350 of NRS, any board, upon behalf of the county and in its name, may issue the county's general obligation bonds to acquire, improve and equip, or any combination thereof, any project herein authorized, or any part thereof, and thereby to defray the cost of the project wholly or in part.

2. A county shall not become indebted by the issuance of bonds or other securities constituting an indebtedness, whether the bonds are issued hereunder or under a special or local law, to an amount in the aggregate, including existing indebtedness of the county, but excluding any outstanding revenue bonds, any outstanding special assessment bonds, or any other outstanding special obligation securities, any short-term securities issued in anticipation of and payable from general ad valorem taxes levied for the current fiscal year, any general obligation indebtedness of the county issued to pay the cost of any lending project, and any indebtedness not evidenced by notes, bonds or other securities, exceeding 10 percent of the total last assessed valuation of the taxable property of the county.

3. A county shall not become indebted by the issuance of general obligation indebtedness to fund the cost of lending projects in an amount exceeding 15 percent of the total last assessed valuation of the taxable property of the county.

4. Subject to the provisions of chapter 350 of NRS, any board, upon behalf of the county and in its name, may issue the county's special obligation bonds to acquire, improve and equip, or any combination thereof, any sewerage project or water project herein authorized, or any part or combination thereof, and thereby to defray the cost of the project wholly or in part. Any such special obligations shall not be payable from or secured by general ad valorem property taxes, but may be payable from and secured by a pledge of the revenues of the sewerage project or water project for which the bonds are issued, or the system of which such project is a part, or buy any other revenues authorized by law to be pledged to bonds or other securities except general ad valorem property taxes. Such special obligations do not count against the limitations on indebtedness of the County in subsections 2 or 3 hereof.

Sec. 5. NRS 350.2011 is hereby amended to read as follows:

350.2011. Except as otherwise provided in NRS 99.067, and except where the provisions, whenever enacted, of a general or special law or of a special charter otherwise require, the rate or rates of interest on securities issued by a political subdivision of this state must not exceed by more than 3 percent:

1. For general obligations, the Index of Twenty Bonds; and
2. For special obligations, the Index of Revenue Bonds,

which was most recently published before the bids are received or a negotiated offer is accepted.

The foregoing limitation shall be increased by 2 percentage points in the case of bonds or other securities issued in whole or in part to fund a program described in NRS 244.3651.

Sec. 6. This Act is effective on passage and approval.

TAB B

Amendment to NRS to allow issuance of County Bond Bank bonds to be issued for refunding of securities previously issued to an entity other than the County Bond Bank [similar to the state bond bank, refundings would be permitted only for securities issued on and after the effective date of the law that permits creation of the Bond Bank. See NRS 350A.150(3) for the comparable State Bond Bank restriction on refundings].

Section . 1. NRS 244A.0343 is hereby amended to read as follows:

NRS 244A.0343 “Lending project” defined. “Lending project” means the acquisition of municipal securities issued by a municipality located wholly or partially within the county acquiring the municipal securities for one or more infrastructure projects or for the refunding of municipal securities issued after October 1, 1999 ~~previously acquired as part of a lending project by a county~~ for one or more infrastructure projects or any combination thereof.

Sec. 2. NRS 244A.064 is hereby amended to read as follows:

NRS 244A.064 Lending projects: Powers of county. In connection with any lending project, a county may:

1. Require additional security or credit enhancement for payment of municipal securities acquired as it deems prudent.
2. Make contracts and execute all necessary or desirable instruments or documents not in conflict with the requirements of the County Bond Law.
3. Provide by ordinance for its standards, policies and procedures for financing lending projects.
4. Acquire and hold municipal securities and execute the rights of the holder of those municipal securities.
5. Sell or otherwise dispose of municipal securities unless the county is limited by any agreement that is related to those securities.
6. Refund any county general obligations issued for a lending project or any municipal securities issued after October 1, 1999 for one or more infrastructure projects, or any combination thereof, if the county and the municipality agree to the disposition of any savings resulting from the refunding.
7. Require payment by a municipality that participates in a lending project of the fees and expenses of the county in connection with the lending project.
8. Secure the payment of county general obligations issued for a lending project with a pledge of revenues of the lending project. If the revenues of a lending project are formally pledged to the county bonds issued to finance a lending project, the board may treat the revenues of the lending project financed by an issue of county general obligation bonds as pledged revenues pursuant to subsection 3 of NRS 350.020.