

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

**Seventy-fourth Session  
May 9, 2007**

The Senate Committee on Government Affairs was called to order by Chair Warren B. Hardy II at 2:19 p.m. on Wednesday, May 9, 2007, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Warren B. Hardy II, Chair  
Senator Bob Beers, Vice Chair  
Senator William J. Raggio  
Senator Randolph J. Townsend  
Senator Dina Titus  
Senator Terry Care  
Senator John J. Lee

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Barbara E. Buckley, Assembly District No. 8  
Assemblyman Marcus Conklin, Assembly District No. 37  
Assemblywoman Bonnie Parnell, Assembly District No. 40

**STAFF MEMBERS PRESENT:**

Candice Nye, Assistant to Committee Manager  
Eileen O'Grady, Committee Counsel  
Michael J. Stewart, Committee Policy Analyst  
Erin Miller, Committee Secretary

**OTHERS PRESENT:**

Nancy Samon  
Craig Smyres  
William Naylor  
Carol Christensen

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Ann York  
Susan Juetton  
Kyle Davis, Policy Director, Nevada Conservation League  
Doug Busselman, Nevada Farm Bureau Federation  
John Slaughter, Washoe County  
Rob Joiner, Manager, Government Affairs, City of Sparks  
Nicolas C. Anthony, Legislative Relations Administration, City of Reno  
John B. Hester, American Institute of Certified Planners, Community  
Development, City of Reno  
Rosanna Coombes, Interim Director, Truckee Meadows Regional Planning  
Agency  
Randal L. Walter, American Institute of Certified Planners, President, PLACES  
Consulting Services, Incorporated  
Thomas R.C. Wilson, Nevada Tax Commission  
Keith Marcher, Office of the Attorney General  
Carole A. Vilardo, Nevada Taxpayers Association  
Barry Smith, Executive Director, Nevada Press Association, Incorporated  
Ted J. Olivas, City of Las Vegas  
Betsy Fretwell, Deputy City Manager, City Manager's Office, City of Las Vegas  
Knight Allen  
Terri Barber, City of Henderson  
Sabra Smith-Newby, Director, Intergovernmental Relations, Clark County  
Kimberly McDonald, City of North Las Vegas  
Michael D. Pennington, Nevada Housing Coalition/Community Service Agency  
Ron Trunk, Citizens for Affordable Homes, Inc.  
Lisa A. Foster, City of Boulder City

CHAIR HARDY:

We will open the hearing on Assembly Bill (A.B.) 160. David Harrison has submitted written testimony for the record ([Exhibit C](#)).

**ASSEMBLY BILL 160 (1st Reprint)**: Revises provisions relating to annexation by cities in certain counties. (BDR 21-848)

ASSEMBLYWOMAN BONNIE PARNELL (Assembly District No. 40):

Assembly District No. 40 contains the East Lake area of Washoe Valley. I never dealt with annexation before this bill, but I wanted to represent people who live in a part of Washoe County who fear they do not have a voice in what is happening around them. Assembly Bill 160 is about a person's right to have a

voice in what happens in their neighborhood and to their quality of life in an area. Individuals living in a particular area know the issues and infrastructure. In many cases, those voices are not being heard. The intent of A.B. 160 is to create a vehicle where the people living in Washoe County, whether or not they are involved in an area of voluntary or involuntary annexation, have a right to speak out, share their opinions and inform people about their neighborhood. This bill was never intended to be an anticity, anticounty, antigrowth or antidevelopment bill.

The original draft of the bill was everything the people in areas of Washoe County that I could want. It was the best-case scenario bill. The first reprint takes into account issues and concerns that were brought to me. We narrowed the area of notice to 750 feet. In the original bill, it was one mile in some areas and one-half mile in others. We looked at the cost of mailing. It was revised from certified to first class mail. Making that change virtually took the fiscal note out of the bill. I have been working with all of the individuals involved and felt most were comfortable with the mock-up amendment ([Exhibit D](#)).

There was a concern about section 2. Many residents in the East Lake area felt we needed to have an annexation commission that dealt only with annexation. State law says you can have an annexation commission, but the commission has the right to send that responsibility to the Truckee Meadows Regional Planning Commission (RPC). That is what has been happening in Washoe County. The best-case scenario was to not let them do that because the issues are serious enough to have only an annexation commission. We have compromised and agreed to retain the RPC to deal with annexation issues but have kept the language in to have one member representing the public on the RPC when dealing with annexation issues.

The matter relating to voluntary annexation was another area of concern. The original draft stated if you have a protest on voluntary annexation issues and a majority of people objected to what was happening with the voluntary annexation, the RPC or board would have to revert back to the involuntary process. That was a tedious process dealing with voluntary annexation. The new language in section 9 compromises and people can provide written opposition in protest that would be considered in any decisions made regarding voluntary annexation.

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These are sound compromises. They are not what everybody wants, but it is a start to let the people of Washoe County know their voices are important and we want to hear from them. It is their voices who can teach us something about their neighborhoods and the needs we have in the unincorporated and outlying areas. Assembly Bill 160 encourages people to get involved in what happens in their neighborhood and gives everyone the sense that government cares about what they have to say.

SENATOR CARE:

How did the "30 separately owned parcels" language in section 5, subsection 2, paragraph (c) in [Exhibit D](#) come about? Is that a compromise?

ASSEMBLYWOMAN PARNELL:

It was not a compromise. It is currently being used. It is seen often in zoning and planning language, along with references to 750 feet.

SENATOR LEE:

This is an issue in your assembly district. Where would this be?

ASSEMBLYWOMAN PARNELL:

I represent the area on the eastern side of south Washoe Valley where Washoe Lake is.

SENATOR LEE:

Section 3 of [Exhibit D](#) involves the Governor. The Governor appoints "an additional member who is the chairman of the regional planning commission." Can you go over the makeup of the committee?

ASSEMBLYWOMAN PARNELL:

This is if the county and area choose to use the annexation commission. Washoe County has chosen to form an interlocal agreement with the RPC and that commission deals with issues of annexation. This language is in law and this would be the scenario if the annexation commission were operating on annexation issues.

NANCY SAMON:

I am in my second term as a member of the East Washoe Valley Citizen Advisory Board for Washoe County. I am representing the citizens of East Washoe Valley. Many citizens are concerned with unchecked development

in Washoe Valley. They are looking at hopscotch city annexation in the north and south valleys and see what is happening in the Double Diamond and Damonte Ranch areas. They see the cities moving steadily into once rural areas and their quality and way of life are being threatened. Washoe Valley is one of the last remaining scenic areas in Washoe County. The coyotes, hawks, horses, cows, pastures and lakes are precious commodities to Washoe Valley citizens and most of them want to retain these commodities.

In response to the concern, a group of Washoe Valley citizens began looking at the statutes governing annexation. They found when the cities initiate annexations, there are provisions for notification to affected parties and for protests if there is disagreement. If a request for annexation is initiated by a private-property owner, there are no notice or protest requirements in effect for concerned property owners if they live in the unincorporated area of Washoe County. Voluntary annexations are heard by the city councils. If the affected parties live in the unincorporated area, they will not have voted for members of the city council and have no voice or representation to advance their concerns.

This bill does not take away the ability of local governments to annex or take away a private-property owner's right to request annexation. It is an attempt to increase protections for citizen owners of real property no matter what type of annexation is being proposed or where in the County these owners live. It will put a system in place so if something happens in our neighborhood, we citizens have some voice in what happens. Modifications proposed in the Assembly were made, and the bill passed unanimously.

CRAIG SMYRES:

I have submitted written testimony and calculations ([Exhibit E](#)). Many of us feel left out of annexation plans that have been developer-driven and have lost sight of good planning. Smaller communities have been swallowed up in gerrymandered sprawl. The prospect of hopscotch, buckshot annexation is alarming. In our sobering time, beginning to face global warming, we wonder what we can do to reduce carbon emission. The easiest way to curb our carbon emissions is to not create unnecessary new sources. Allowing buckshot city annexation encourages buckshot city annexation. Statewide, 10 million tons of unnecessary carbon emissions may grow to 100 million tons, as shown in [Exhibit E](#). Assembly Bill 160 is a painless carbon bill. It costs nothing and

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reduces the demand to increase taxes. Assembly Bill 160 should be passed from this Committee without significant amendments.

WILLIAM NAYLOR:

I am a resident of Washoe Valley and have been a part of the working group on A.B. 160. The RPC serves as the annexation board. The cities of Reno and Sparks have a majority on the RPC. They stand to gain in any annexation so they team up and vote together. In the revised A.B. 160, they added a citizen to the RPC for the purpose of annexation proceedings. That may be an acceptable solution as long as it prevents the domination of Reno and Sparks. That is one of the reasons we wanted a separate committee. Rosanna Coombes, Interim Director, Truckee Meadows Regional Planning Agency, testified in the Assembly that the RPC had only convened two times. That is not using the function effectively. I support A.B. 160. The citizens need a voice and representation.

CAROL CHRISTENSEN:

I support A.B. 160. Annexation of noncontiguous property in Washoe County is being misused. Annexation of noncontiguous land is an agreement between one rural property owner and the City of Reno. Neighbors and other landowners in the area have no voice in the matter. Annexation by request of one property owner can destroy years of planning, protecting wildlife habitat and scenic areas and purchasing land for open space. Current law allows one property owner who requests annexation an excessive, undeserved right that will destroy the rights of all of his neighbors. Assembly Bill 160 will change the makeup of the annexation commission so those of us in rural areas of the County are better represented. This bill will give us a voice and the right to try to protect our rural valleys, lifestyles and property.

ANN YORK:

I support A.B. 160. We need representation for our property and the properties around us.

SUSAN JUETTON:

This is not just a local issue. This bill is not just for Washoe Valley residents, it is for each county in the state whose population is 100,000 or more but less than 400,000. I question what is behind the opposing views to what seems to be a simple matter. This bill is about evening the playing field a little bit for voluntary annexation.

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KYLE DAVIS (Policy Director, Nevada Conservation League):

The Nevada Conservation League is in support of issues that will allow greater public participation in the action of their government. Annexation is an important part of smart growth planning. We support the addition of a member of the public.

DOUG BUSSELMAN (Nevada Farm Bureau Federation):

We support A.B. 160.

JOHN SLAUGHTER (Washoe County):

Washoe County is neutral on A.B. 160. We have been working with Assemblywoman Parnell on this bill to find a position we can all support. The mock-up adds an additional voice for the public on the annexation commission. It also adds additional notification for the residents in an annexation proceeding. These two things are difficult for us to argue against. We are willing to continue to work with all parties interested in this issue.

ROB JOINER (Manager, Government Affairs, City of Sparks):

We opposed A.B. 160 in the Assembly. We have now moved from opposition to neutral. I have not reviewed the mock-up with the City Planner and other staff to see if we have moved into a position of support. The language that we brought to the table was to clarify how we do programmed annexations within our influence and within programs of annexation. That was stricken. We now have an uneven playing field. The contiguous annexations that are in our sphere of influence are going to be more important to us. We spent many years crafting our regional plan and settlement agreements to not have that happen.

We do provide notice on our annexations on the periphery of our city. To codify that is not a problem. Adding a citizen to the annexation commission is not a problem. Changing the areas that people can protest, where a majority of those people can turn down an annexation proposal and taking it away from our governing bodies is not something with which we can agree.

NICOLAS C. ANTHONY (Legislative Relations Administration, City of Reno):

Assembly Bill 160 brings up a contentious issue that we have been working on for some time. We are one of the fastest-growing states and have been for some time. Growth is inevitable. We are working to manage growth and make sure it occurs in a proper and planned fashion. We worked with Assemblywoman Parnell on A.B. 160. We are fine with the notice requirements

and with the opportunity for the public to be heard, although not in a protest fashion.

The City of Reno, City of Sparks and Washoe County met with Assemblywoman Parnell last night. At that meeting, we were all right, from a staff perspective, with most of the provisions in the amendment. However, we still had concerns with sections 6 and 7. Section 6 provides for written protest from people outside the area of annexation. Section 7 provides veto power to the neighbors over annexation. We are open to continue to work with the sponsor on these issues.

CHAIR HARDY:  
Would you benefit from additional time?

MR. ANTHONY:  
Yes.

ASSEMBLYWOMAN PARNELL:  
I do not think so. We have compromised as much as we could.

JOHN B. HESTER (American Institute of Certified Planners, Community Development, City of Reno):  
Changing the jurisdiction through annexation does not directly address the development issues a number of speakers have brought up. That happens through changing the city, county and regional plans. Washoe County has citizen advisory boards and the City of Reno has neighborhood advisory boards. It is a regional plan amendment to move jurisdiction, and it should go to the publicly noticed RPC and Regional Planning Governing Board hearings. Changing those plans addresses density of development and infrastructure. Changing jurisdiction would not necessarily affect those things.

ROSANNA COOMBES (Interim Director, Truckee Meadows Regional Planning Agency):  
The Regional Planning Governing Board's primary function is to look at regional planning within Washoe County. The scope of that is land use infrastructure and natural resource planning. It plans out for 20 years. I have submitted a handout to point out the fundamental elements of planning in our region ([Exhibit F](#)). When we do regional planning, we try not to be jurisdictional. We try to look at what is good for the region as a whole. The colored areas on page 2 of [Exhibit F](#)



are the area in which our region has decided it would like to grow over the next 20 years. Our regional plan has been structured around that. The areas outside of the colored areas are classified as the rural development area. The area in Washoe Valley is in the rural development areas. There is an excerpt on page 1 of [Exhibit F](#) from a fundamental policy of our regional plan that requires local governments to limit the type of development that can occur in those areas. Suburban or urban development is not allowed in rural development areas. It does not matter what jurisdiction it is in. Annexation does not change these provisions. The Regional Planning Governing Board feels this bill does not address this fundamental issue and opposes it. The Board wants to see the amendments and decide if they want to move to a position of support.

ASSEMBLYWOMAN PARNELL:

It was said I had not taken the concerns of Reno into consideration. There were two changes made from the concerns Reno had when A.B. 160 was amended in the Assembly. The major changes in [Exhibit D](#) regarding the annexation commission and new language in section 9 were based on concerns of the City of Reno.

RANDAL L. WALTER (American Institute of Certified Planners, President, PLACES Consulting Services, Incorporated):

I am speaking on behalf of the Builders Association of Northern Nevada. Most of the onerous provisions in the original legislation have been removed in the mock-up amendment. We have similar concerns with sections 6 and 7. The language allows people in the unincorporated area the right to protest and the right to stop an annexation. They are not the affected parties. The affected parties are the people who are being forced to be annexed by the community. There may be a situation where the majority of those people would prefer to be annexed, but because there are people who do not want to be annexed, it would not be voluntary annexation, and the city would have to push the annexation. The people outside of that unincorporated area are not involved and not being affected. There is an entitlement there that is not appropriate. Annexation is not development. Annexation is who has jurisdiction to provide services and facilities to the land.

SENATOR CARE:

Assembly Bill 160 was amended twice and passed out of the Assembly 42 in favor and none against. That is usually an indication that everyone has agreed.

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Were these same objections raised in the Assembly? Are we hearing anything for the first time today that was not previously heard?

MR. WALTER:

The Builders Association opposed this bill in the Assembly for a lot more reasons than we are today. The amendments have taken out many of the onerous provisions.

CHAIR HARDY:

We will close the hearing on A.B. 160 and open the hearing on A.B. 433.

**ASSEMBLY BILL 433 (1st Reprint)**: Further limits the authority of public bodies to close meetings. (BDR 19-892)

ASSEMBLYWOMAN BARBARA E. BUCKLEY (Assembly District No. 8):

Secrecy raises doubt about the credibility of government agencies. Nevada law requires all government records and meetings to be open unless an exception applies. An exception allowing such meetings to be closed should be narrowly interpreted. Assembly Bill 433 is directed at existing law that allows a hearing of the Nevada Tax Commission to be closed if the taxpayer requests it. I have submitted a chart ([Exhibit G](#)). From 2000 until mid-2005, the percentage of closed hearings climbed steadily until 2005 when the Commission took testimony and voted in closed session to grant Southern California Edison a multimillion dollar rebate of taxes previously paid. Assembly Bill 433 sets up a clear, new scheme which will prevent future litigation about what the statute means and what is required, as well as setting clear guidelines on when a hearing should be open or closed.

Since the time the Assembly passed A.B. 433 and the Senate processed a bill which would have codified the Tax Commission's existing regulations, the Office of the Attorney General and the Tax Commission have reached an agreement on what proper guidelines should look like. They are consistent with A.B. 433. The amended version of A.B. 433 ([Exhibit H](#)) is supported by the Office of the Attorney General and the Tax Commission. It provides for greater openness than is currently in our statute.

Page 4 of [Exhibit H](#) provides that upon request of a taxpayer, a hearing may be closed to receive proprietary or confidential information. It will no longer be allowed to be closed because someone wants it to be. Proprietary and

confidential information is defined on page 5 of [Exhibit H](#). The Commission must make the determination on whether it is proprietary or confidential. If it is not, the Commission shall open the hearing to the public. If the Commission determines it is confidential, the Commission members hear the confidential information behind closed doors. After that, they deliberate and vote in public. This procedure is similar to that which is used in the gaming area to truly protect what is confidential but allow the public to be able to get a sense of what is happening when government makes a decision.

The addition to the Assembly bill, which we did have in our version and was agreed upon by the Attorney General and Tax Commission, provides that after a hearing has been reopened and a member of the Commission believes they cannot have meaningful deliberations because the subject relates to the proprietary or confidential information, they may close the hearing for further deliberation but have the definitive vote taken during an open hearing.

This template will create a framework where we do not have further litigation and confidential, proprietary information is shielded yet decisions concerning the use of public dollars are made in the open to ensure people have trust in the decision of our regulatory bodies.

CHAIR HARDY:

I was the primary sponsor of S.B. 448, which the Senate passed. This was my intent in bringing that forward. I am pleased we were able to get a meeting of the minds on that. It was important for this Legislature to act on this issue this Session relative to what should be open to the public. You have come to a nice balance.

SENATOR CARE:

We have two definitions: proprietary or confidential information and confidential, economic information. Confidential economic information is different from proprietary or confidential information. I have not seen confidential, economic information elsewhere in statute.

ASSEMBLYWOMAN BUCKLEY:

In some of these hearings, it is not that someone has filed an application for a tax break, there is a routine audit where that person has done nothing to open themselves up to the public. Your competitors may learn your income, client list and things that are relevant. That was the genesis for that category.

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SENATOR CARE:

Procedurally, after the hearing has been open, there may come a time when someone has to make reference to the information contained in those confidential documents. If the information in those documents has to be discussed, the Commission members would go back into a closed hearing.

ASSEMBLYWOMAN BUCKLEY:

That is correct. Even if that is done, the Commission must prepare an abstract that explains the reason for the decision and include the name, amount of the liability, type of tax and general nature of the evidence. We do not want to disclose proprietary information, but we want to give members of the public enough information so they can ascertain why a decision was made.

THOMAS R.C. WILSON (Nevada Tax Commission):

Assembly Bill 433 is a good step forward. The only point of discussion we engaged in while this bill was in the Assembly was whether or not deliberations would be open when confidential information was involved. We have come to an agreement on that issue. Receiving and deliberating proprietary information is done confidentially under this bill.

SENATOR CARE:

Mr. Wilson is affiliated with the same firm as I am.

KEITH MARCHER (Office of the Attorney General):

The Attorney General supports the proposed amendment to A.B. 433.

CHAIR HARDY:

Speaker Buckley, would you have any objection to amending the names of Senators who worked on this into the bill?

ASSEMBLYWOMAN BUCKLEY:

I would be happy to have that done.

CHAIR HARDY:

I do not believe there is any reason to proceed with S.B. 448.

CAROLE A. VILARDO (Nevada Taxpayers Association):

I support A.B. 433.

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BARRY SMITH (Executive Director, Nevada Press Association, Incorporated):  
I support A.B. 433. It solves a problem.

CHAIR HARDY:

We will close the hearing on A.B. 433 and open the hearing on A.B. 514.

**ASSEMBLY BILL 514 (2nd Reprint)**: Makes various changes to the Charter of the City of Las Vegas. (BDR S-1381)

TED J. OLIVAS (City of Las Vegas):

We have a bill summary so you can see what each section of A.B. 514 does (Exhibit I). There is also a pamphlet about our Educational and Vocational Opportunities Leading to Valuable Experience (EVOLVE) program (Exhibit J) which relates to section 3 of the bill. EVOLVE is an employment and training program that we offered to help ex-felons get back into the community.

BETSY FRETWELL (Deputy City Manager, City Manager's Office, City of Las Vegas):

The City of Las Vegas has gotten very large. We are close to a population of 600,000 and in the top 25 largest cities in the country. We have big city challenges. Some of the issues addressed in A.B. 514 relate to our functional authority to address those issues. The rest of the bill is cleanup language and structural changes to some of the processes outlined in our Charter. We come to the Legislature to ask permission for almost everything we do through our Charter and through *Nevada Revised Statute* (NRS) 268. There are changes to the Las Vegas Charter that are specific to the City, which is why we are asking for the changes at the Legislature instead of in the general NRS chapter related to cities. There are two sections where, if there were more functional authority allocated to the local governments, we would not be asking for it.

It has been over a decade since Las Vegas has asked the Legislature to change the Charter. There have been changes, but often as a result of other legislative measures. Section 1 primarily relates to affordable housing. Las Vegas is authorized to do affordable housing primarily through economic development revenue bonds and the redevelopment association. We have limitations as it relates to the City's general functions. Based on advice from the City Attorney, having express language in our Charter that says Las Vegas can do affordable housing would make it clear that we are able to acquire and construct affordable housing units in the City. Over the last 10 years, we have provided

down payment, rental, construction and rehabilitation assistance for close to 7,800 units. Clarifying this language would be helpful.

Section 2 is a salary commission that would be an independent body. The membership would be appointed by the Senate Majority Leader and the Speaker of the Assembly. The members would have to meet certain criteria and have to reside in the City and wards of Las Vegas so the diverse parts of our community are represented. There would be business, taxpayer and development representation as well as human resource and finance expertise, and two members would represent the general public. This group would be convened every five years and would be obligated to look at the growth of the City, the powers the City Council and Mayor must deploy in the community and make an evaluation about appropriate salaries. The Mayor's current salary is \$59,600 and the City Council members' salaries are \$45,400. We want to have an independent commission to weigh in on this sensitive issue so there is equity, fair compensation and good representation in making those decisions.

Section 3 is a section where, if we had more functional authority within our Charter, we would not be asking for permission to have employment and training programs. Section 3 would give us express permission to have the employment and training programs we already have.

Section 4 allows the establishment of hearing commissioners primarily related to municipal court and the disposition of their duties. It would allow the creation of hearing masters such as a traffic hearing master. There is another bill moving through the Legislature related to the justice courts having similar authority.

Section 5 would extend the time the City Council has to appoint and fill vacancies. It stipulates that you have to meet the residency requirements, which is further clarified in this bill.

Sections 6 and 7 of A.B. 514 are cleanup language related to other sections in the bill to update language. Section 8 deals with the recommending committee. The recommending committee is mandatory within our Charter. Sometimes, the recommending committee is impaneled for one, quick item. It costs us quite a bit to do the posting and requirements to have the recommending committee. We are asking to have the flexibility to have the recommending committee when it is needed, not less than four times a year or once a quarter. If we do not have

substantive items that require the public hearing on the matter, we wish to be able to do it as necessary, instead of it being mandatory.

Section 9 would enable the City Council to use a hearing master for the final appeal on work cards. Currently, the final appeal is with the City Council. Sometimes, the information that needs to be discussed at Council meetings is sensitive. This would give the Council an opportunity to establish a judicial or administrative proceeding that would afford the individual an appeal.

Section 10 was deleted. Section 11 is an efficiency change to allow the flexibility for the city finance director to serve as the city treasurer so we do not have to have two separate positions unless we need them. The Charter has a position defined as public services director. We do not have anybody who carried that title. We have a Public Works Director and a city engineer who are registered professional engineers. I do not see that changing any time in the future. In section 12, we are asking to define the responsibilities and criteria for this position by ordinance instead of requiring that it be a registered professional engineer in the Charter.

Section 13 was controversial in the Assembly. We have worked to remedy that. This language would rotate the master or chief judge in municipal court every two years. Every two years, there would be an election with an opportunity for the rest of the judges to vote on who would be the chief judge. Currently, it is based on seniority. In the event there is a tie in the election process, there would be a drawing of lots to determine the winner.

Section 14 of A.B. 514 relates to the civil service board. It changes mandatory language to enabling language. Currently, we have a five member civil service board that meets twice a year. We would suggest changing the language so the Council could have the choice to have a civil service board. If we make this change, there would be subsequent issues we would have to address in our collective bargaining agreement or wait until those agreements are modified through the regular collective bargaining process. However, this could enhance our efficiency without compromising the civil service process.

SENATOR RAGGIO:

Are the changes in sections 1 and 3 necessary to put into the Charter? Would the City Council already have that authority?

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MS. FRETWELL:

Our legal counsel has told us we need express authority to do those things. We are already doing those things, so we wanted to clarify that in the Charter.

SENATOR RAGGIO:

Section 2 is the salary commission. Currently, the City Council proposes and acts upon salary increases. Is there another system in place?

MS. FRETWELL:

There is a provision for the Mayor and City Council to adjust their salaries. We have gone through citizens committees and other mechanisms to address issues associated with the current compensation levels which have been unsuccessful in adjusting their salaries.

SENATOR RAGGIO:

There is reluctance on the part of any public officer to suggest increases in salaries because the public looks upon it as overpaying yourself. I was searching for a way to avoid the Senate Majority Leader or Speaker of the Assembly having to appoint the salary commission. I do not know where else we might look. Was there any other alternative suggested?

MS. FRETWELL:

The original draft of A.B. 514 had the Mayor and City Council making those appointments. In the Assembly, there was concern regarding council members appointing the individuals who would be making the salary decision. In an effort to address those concerns, the Assembly Committee on Government Affairs suggested the Majority Leader and Speaker make those appointments.

SENATOR RAGGIO:

Was it ever considered to have the Governor make those appointments?

MS. FRETWELL:

There may have been some dialogue. It did not get much further. The Assembly Committee decided who it would be.

SENATOR TITUS:

How do they get their raises now? Does the City Council vote for them?



MS. FRETWELL:

Yes. The raise would go into effect at the end of their term so they could not vote in a raise effective immediately. Despite that safeguard, there is significant hesitancy to modify any component of the salary structure.

SENATOR TITUS:

I can appreciate that. I would not support creating a commission that is artificially set up. There does not seem to be a nexus.

KNIGHT ALLEN:

I am not opposed to A.B. 514, but I am in opposition to the new section about the salary commission. I have offered my concerns in a letter I submitted ([Exhibit K](#)). This proposed panel is going to be nonelected people with statutory authority to impose pay raises. That flies in the face of the fundamental principles of representative government. It is a bad idea. The Assembly had a problem with the Mayor and City Council appointing the panel so they changed it to the Speaker and Majority Leader. None of you should have to waste your time dealing with the compensation of government officials who have all of the power and authority they need to deal with it themselves. One thing that is never mentioned is that the Mayor and City Council compensation system has an escalating mechanism in it. These salaries are not frozen in time, they go up automatically. If they want more than that, they should put it on their agenda, justify it and vote for it. I am asking you to remove this section from the bill. If you give it to Las Vegas, every city will be asking for it. It should be eliminated so we can get back to the responsibilities of these elected officials.

CHAIR HARDY:

We will close the hearing on A.B. 514 and open the hearing on A.B. 439.

**ASSEMBLY BILL 439 (1st Reprint)**: Makes various changes relating to developing and maintaining affordable housing. (BDR 22-1302)

ASSEMBLYMAN MARCUS CONKLIN (Assembly District No. 37):

During the interim, I chaired the study on Availability and Inventory of Affordable Housing, directed by A.C.R. No. 11 of the 73rd Session. You will be seeing a series of bills dealing with affordable housing in our state that are designed to make more affordable housing available to our constituents. In Clark County, the average household wage is about \$56,000. The average home price is about \$330,000. You would have to make 70 percent of the

average household wage to afford the average house. There is a gap in the production of housing and the affordability of the housing. After A.C.R. No. 11 of the 73rd Session and the bills came out, I felt there was a need to address an additional issue. We asked most entities for copies of their master plan proposals to deal with affordable housing. In statute, they are required to have a plan to address the needs of the population who make 110 percent or less of the average median income for their marketplace in their master plan. Those plans lacked substance with no proof those plans have been put into production. That is not to say there were not those who were trying to address the problem, but their plans were not comprehensive or fully developed. That was the general nexus for A.B. 439.

Assembly Bill 439 makes adjustments to the provisions provided for the master planning. It identifies that affordable housing is not 110 percent, it is 80 percent. That coincides with the U.S. Department of Housing and Urban Development definition. It requires there be some expansiveness to the plan to deal with affordable housing. It requires you have three of these measures: the subsidizing of any or all the impact fees and fees collected for the issuance of building permits, provide for the selling of lands owned by the city or county by developers exclusively for the development of affordable housing at not more than 10 percent of its appraised value, establish a trust fund for affordable housing or establish a process that expedites the approval of plans and specifications relating to maintaining and developing affordable housing. This bill also requires that the cities and municipalities report to the Housing Division of the Department of Business and Industry concerning how such measures assisted the city or county in maintaining and developing affordable housing. It authorizes the Division to impose a penalty against the city or county that does not make adequate progress in maintaining the development of affordable housing. Section 5 of the bill sets forth how the calculation of the penalty takes place.

TERRI BARBER (City of Henderson):

The amendment ([Exhibit L](#)) comprises suggestions from Clark County as well as the City of Henderson. We are offering alternatives in addition to the ones Assemblyman Conklin has brought forth. In section 1, line 7, we have added language that "the governing body of a city or county must adopt a plan to reduce the unmet housing need of affordable housing by at least 10 percent per annum for ten years or adopt at least three of the following measures." By giving you a measurable, attainable goal we can work toward, it is something

quantifiable that we can achieve. You can choose the measures from items that have been added on by Clark County. Section 1, subsection 1, paragraphs (e) through (i) and paragraph (l) of [Exhibit L](#) have been added to the items to choose from. There are some measures that Assemblyman Conklin is not happy with and I am willing to change.

SABRA SMITH-NEWBY (Director, Intergovernmental Relations, Clark County):  
Section 1, subsection 1, paragraph (e) of [Exhibit L](#) has " ... for affordable and attainable housing purposes." We want to focus on affordable only so attainable will be taken out. We want to strike attainable from section 1, subsection 1, paragraph (f) as well. Assemblyman Conklin did not like section 1, subsection 1, paragraph (h) so that is being struck. Section 1, subsection 1, paragraphs (j) and (k) were items that were not agreed upon and are being struck.

ASSEMBLYMAN CONKLIN:  
Section 1, subsection 1, paragraph (l) is acceptable.

CHAIR HARDY:  
The first change allows them to have a plan to reduce the need by 10 percent or adopt. What do you think of that change?

ASSEMBLYMAN CONKLIN:  
The only things I agreed to were the items Ms. Smith-Newby spoke about. We did talk about this provision but did not come to an agreement. I am all right with it being an "or." However, if we are going to add so many things to the menu, we should require the adoption of four or five of those items. I am okay with the 10-percent increase per annum, but you cannot delete section 3 if this is done because section 3 requires an analysis to know what the need is.

Ms. BARBER:  
We support Assemblyman Conklin's criteria that we have to identify the need in our master plan and submit a report. We suggest the report go to the Legislative Counsel Bureau (LCB) and identify how we have accomplished the goals for the preceding year.

CHAIR HARDY:  
Ms. Smith-Newby, are you okay with putting the language back?

MS. SMITH-NEWBY:

Assemblyman Conklin and I discussed still reporting, but giving that report to the Housing Division. The Housing Division would compile a report of all the entities and submit it to the Legislative Commission that could determine what they wanted to do.

ASSEMBLYMAN CONKLIN:

I disagree with the amendment in the sense that the analysis we have provided for is detailed. If we do not tell them what kind of analysis we want, the details will be slim to none. If we are going to move forward with this bill with results, we need to detail what action we are requiring them to take. I would prefer to keep the section about the assessment in, but I understand the nuance of the relationship between the Housing Division and the cities and counties. Maybe the penalty should be allowed to be used only by the Legislative Commission. The Commission should have that as a tool so that money goes straight into the affordable housing trust fund. Then, the city can turn around and apply for that fund for an affordable housing project. We have not taken the money away; we have earmarked it for affordable housing.

CHAIR HARDY:

I would like to have staff prepare a mock-up based on the amendment acceptable to Assemblyman Conklin. We will bring the points of contention back to the Committee in work session, and we can make a policy choice.

SENATOR TOWNSEND:

Page 3, line 26 states the LCB will get the report. I suggest having them submit it to the Legislative Commission. The LCB is an institution. The Commission is made up of people who can ask questions about that report based on previous testimony. It gives it more context.

MR. JOINER:

We have supported all of the bills that have come out of that interim study on Availability and Inventory of Affordable Housing. My counsel directed me to oppose A.B. 439 because of the penalty. Meeting three out of four requirements is a hard task, but meeting three out ten is much better. Taking some of the affordable housing money for a penalty right off the bat when you are trying to apply things that have never been done before is a difficult thing. It is a small amount, but it is hard to complement the full amount of the funds if you do not have the full amount. We request we be given a

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chance to let this program go and see how it performs so we can do the tests and know how much affordable housing we need to have to do the reports.

SENATOR RAGGIO:

One of the measures to be met is that the city or county must agree to sell land to a developer at 10 percent of appraised value. Is that practical?

MR. JOINER:

It would be very difficult. That is why I was pleased to see the "or" because that is what we would be utilizing. The lands we have available are not practical for affordable housing development.

SENATOR RAGGIO:

Do other cities have the same concern with the measure? If so, it should be adjusted or deleted.

ASSEMBLYMAN CONKLIN:

I am not tied to the provision or number. This bill has been out for three months and no one has come to me and opposed that measure. It was crafted based on similar language from the U.S. Department of the Interior, Bureau of Land Management. I am more than willing to work on the bill.

SENATOR RAGGIO:

No one came to me with concerns either, but I picked up on it. I do not know what the inventory of land would be in a city like Sparks, but they probably do not have a great inventory.

ASSEMBLYMAN CONKLIN:

Las Vegas, which is relatively landlocked, has infill parcels. Their ability to provide something like this would be nil. That is the reason we had "or" and why I am amenable to adding provisions that help the development and give cities options.

KIMBERLY McDONALD (City of North Las Vegas):

We support the amendment presented by the City of Henderson. However, we have concerns regarding the 10 percent on land sold exclusively for affordable housing. We have a concern in section 1 of A.B. 439 regarding impact fees. We would encourage that the cities be able to use federal funding and other grants in order to pay for impact fees. They would not be waived to the qualified

purchasers. Another major concern is with the penalties. We would like to work with Assemblyman Conklin on the enforcement.

MICHAEL D. PENNINGTON (Nevada Housing Coalition/Community Service Agency):  
Late last year, the housing issues in the Truckee Meadows became a high priority for the business community. The Nevada Housing Coalition testified in support of A.B. 439 in the Assembly. Based upon the testimony today, the Coalition has pledged their support to continue working with the sponsor and the stakeholders relative to the amendments proposed and any issues that come forth.

SENATOR RAGGIO:

Section 2 changes the requirements pertaining to median gross income. How many more in Las Vegas would you expect that to accommodate for these purposes?

ASSEMBLYMAN CONKLIN:

The interim study made the recommendation that we define in statute two populations that are common: affordable housing, which is 80 percent and below, and attainable housing, which exceeds 80 percent but does not exceed 120 percent. Those are the generally accepted definitions across the nation for the two populations. Attainable housing is also referred to as workforce housing. That population has a greater propensity to fend for themselves. We recognize that in our economy, the affordability of housing has gone so far away, we needed a definition for workforce housing or there will continue to be a gap that grows larger every year. I intended to deal specifically with affordable housing with A.B. 439. The current planning that cities and counties do, at 110 percent, was not defined that way. The plans generally had little meat in them. As a way to focus our attention on affordable housing, this bill shrinks the population affected. It is also the most affected population by our housing practice, which does little to nothing for that group.

RON TRUNK (Citizens for Affordable Homes, Inc.):

We are the leading builder of self-help homes in Nevada. Nevada is in a difficult situation. This bill is not only necessary, it is years overdue. There are ways to address the land issues. The City of Hawthorne just sold our organization 32 acres for \$3,000 an acre. It was appraised at \$555,000. We will now be able to put affordable housing in Hawthorne. Our organization is about ready to complete 91 units in Carson City. Carson City leased us that land for senior

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apartments for \$1 a year for 99 years. We will be renting out those apartments for \$276 for one bedroom and \$326 for two bedrooms. Because of the tax credit program, we were able to keep the rents low. We are seeing the urbanization of rural Nevada. You are in a tough spot, but if this issue is not addressed today, it will get worse.

LISA A. FOSTER (City of Boulder City):

We are looking forward to working with Assemblyman Conklin and the other local governments on A.B. 439. The amount of land Boulder City owns and certain charter provisions puts Boulder City in a unique situation.

CHAIR HARDY:

We will close the hearing on A.B. 439. This meeting is adjourned at 4:23 p.m.

RESPECTFULLY SUBMITTED:

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Erin Miller,  
Committee Secretary

APPROVED BY:

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Senator Warren B. Hardy II, Chair

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