

**BOULDER CITY BALLOT QUESTION NO. 2**  
**City of Boulder City**

Shall the City of Boulder City be authorized to sell approximately 29 acres of City-owned land located on the southeast corner of Bristlecone Drive and Adams Boulevard for the purpose of making much needed repairs and improvements to the City’s utility infrastructure?

**Yes** .....

**No** .....

**EXPLANATION**

Section 140.1(A) of the Boulder City Charter provides that the sale of more than one acre of City-owned land must be approved by the registered voters of the City at an election held in conjunction and in accordance with the election as required by Article XV, Section 143 of the Boulder City Charter.

Section 143 of the Charter requires that “all expenditures from the Capital Improvement Fund must be approved by a simple majority of the votes cast by the registered voters of the City on a proposition placed before them in a special election or primary or general Municipal election or primary or general State election.”

The City Council of Boulder City is asking, through this Ballot Question, if the voters would authorize the sale of approximately 29 acres of City-owned land located on the southeast corner of Bristlecone Drive and Adams Boulevard. Our Charter requires voter approval on all land sales of more than one acre and this approval must be given in conjunction with and in accordance with a related voter approval allowing the proceeds from the land sale to be used for the purpose of making much needed repairs and improvements to the City’s utility infrastructure. The voters are being asked to do two things: 1) approve the sale of City-owned land for a specific purpose, and 2) allow the proceeds from the land sale to be expended from the Capital Improvement Fund for that purpose.

A “YES” vote would allow the City to sell approximately 29 acres of City-owned land located on the southeast corner of Bristlecone Drive and Adams Boulevard and expend the proceeds of the land sale from the Capital Improvement Fund for the purpose of making much needed repairs and improvements to the City’s utility infrastructure.

A “NO” vote would not allow the City to sell approximately 29 acres of City-owned land located on the southeast corner of Bristlecone Drive and Adams Boulevard and would not allow the expenditure of funds from the Capital Improvement Fund for the purpose of making much needed repairs and improvements to the City’s utility fund.

## DIGEST

(NRS 295.230.2(a)(1)(II))

This measure will create or generate public revenue in the form of proceeds from the sale of City-owned land.

### A. Summary of Existing Laws Related to the Measure Proposed by the Question:

Boulder City Charter Article XV, Real Estate:

- a. Section 140. Disposition of City-Owned Lands: General Regulations, Subsection A.
- b. Section 142. Proceeds From Real Estate Transactions
- c. Section 143. Expenditures From Capital Improvement Fund

### B. Summary of how the measure proposed by the question:

1. Adds to Existing Laws – This ballot measure does not add to existing laws. It authorizes the sale of City-owned land for a specific purpose.
2. Changes Existing Laws – This ballot measure does not change existing laws.
3. Repeals Existing Laws – This ballot measure does not repeal any existing laws.

### Effect of the Charter on Capital Improvement Fund disbursements.

It is clear in our Charter since the amendment in 1997, that a sale or other disposition of City-owned lands of more than one acre must be approved by the registered voters of the City at an election held in conjunction and accordance with the election required by Article XV, Section 143 of the Boulder City Charter. (See Boulder City Charter, Article XV, Section 140)

Boulder City Charter Article XV, Section 143, Subsection 1, addresses how expenditures from the Capital Improvement Fund are authorized. Section 143, Subsection 1 states that all expenditures from the Capital Improvement Fund must be approved by a simple majority of the votes cast by the registered voters of the City on a proposition placed before them in an election.

So, taken together, Article XV Sections 140 and 143 tell us that if City-owned land is being sold, it is being done to provide funds for specific expenditures from the Capital Improvement Fund. The sale of City-owned land must always be associated with an expenditure from the Capital Improvement Fund.

However, this does not mean that all expenditures from the Capital Improvement Fund must be connected in some way with a sale of City-owned property. There are other sources that generate revenue to the Capital Improvement Fund. Therefore it is entirely possible that an expenditure from the Capital Improvement Fund could be approved by the voters that is not related to or connected with a sale of City-owned land.

Nevertheless, every expenditure from the Capital Improvement Fund must be voted on and approved by the registered voters of Boulder City. Passage of this new measure would allow the City Council to use money from the Capital Improvement Fund for City utility infrastructure needs without getting voter approval for each expenditure as long as funds are available and the expenditure is for a utility need.

### **ARGUMENT FOR PASSAGE**

There is an urgent need for the City to acquire additional money for the Capital Improvement Fund in order to commence necessary improvements to our community's utility infrastructure. Voter approval of this ballot question and the companion ballot question to authorize expenditure from that fund will enable the City to take steps to preserve the integrity of these crucial utility services in a cost-effective and timely manner. This can be achieved only if both ballot measures are approved at this election.

The City's Capital Improvement Fund receives its funding from any proceeds of the sale of City land. The Fund also receives a percentage of payments received from leases of City land. Currently, \$1.8 million per year must be transferred from the Capital Improvement Fund to pay for the City's share of the cost for a new intake system at Lake Mead. Without the approval of this measure, there will be insufficient money in the Capital Improvement Fund to make the necessary improvements to our electrical utility network in a timely manner unless utility rates are significantly increased or substantial debt is incurred by the City.

The subject land would be sold at the appraised value. It is planned for the development of approximately 85-90 large residential lots over time. In all respects, any such development will be required to be environmentally sound and compatible with the surrounding neighborhood. It will be regulated by the City's controlled growth ordinance, which places strict limits on the number of building permits any developer can obtain in any year. It is therefore likely that the City would obtain full payment up front for the land sale, while the construction of houses will be phased in gradually over a number of years. The fiscal impact will be very beneficial for the City.

Our community's unique quality of life may be jeopardized if we fail to approve the necessary money to increase the Capital Improvement Fund through this modest land sale proposal. We cannot afford to wait to improve our antiquated power system, and we surely do not want either utility rate increases or additional municipal debt.

Approval of Ballot Question No. 2 will allow Boulder City to have a vastly-improved electric utility system without harmful delays.

*Submitted by Ballot Question Committee as provided for in NRS 295.217*

## **REBUTTAL TO ARGUMENT FOR PASSAGE**

One of the City's most valuable resources is its land. We should not sell this resource to pay for capital costs of the Utility Fund, an Enterprise Fund which should generate enough revenue to cover costs, including capital.

As the City's costs to provide utility services increase, it is important to make necessary adjustments to keep the Utility Fund financially self-sustaining by recovering these costs through user charges and fees. Although nobody likes rate increases, it is better to implement small, incremental increases rather than sell our valuable resources and use money from the Capital Improvement Fund to subsidize the Utility Fund.

The City's land is a limited resource. Proceeds from land sales should be used to pay for a project such as a swimming pool which would benefit the community for many years and which could not be funded by user charges and fees. If the City sells its land to pay for utility infrastructure, the City will face the same problem after the land is no longer available. The sale of land to pay for utility infrastructure is a temporary solution to an ongoing, permanent challenge.

Vote NO on Question No. 2.

*Submitted by the City Clerk as provided for in NRS 295.217*

## **ARGUMENTS AGAINST PASSAGE**

The City should not use one of its most valuable finite resources, its land, to pay for utility infrastructure. The Utility Fund is an Enterprise Fund; therefore, costs for services such as improvements to utility infrastructure should be paid for by the revenues collected for the services provided. A rate structure must be established in the Utility Fund which covers the costs for operations, as well as capital. According to a study conducted on the City's electric utility in 2012 by EES Consulting, failure to collect adequate revenues to fully operate the Utility Fund could lead to a system which is more expensive to operate in the long run, and more susceptible to periodic outages and failures. We have already begun to experience this. Currently, the improvements needed in the electric utility alone total more than \$24 million.

The Capital Improvement Fund receives its revenues from only two sources: Land sales and land leases. When land is sold, a specific project must be identified to use the funds, and the funds cannot be used for any other purpose other than the identified project. Using land sale money will NOT solve the problem of properly maintaining the City's utility infrastructure. A project identified today may not be an appropriate project years down the road when the land is sold and the proceeds are available in the Capital Improvement Fund. The City should not use its most valuable resource to subsidize the Utility Fund because once there is no land to sell, the City will be in the same situation without the option of a land sale.

A more appropriate use for Capital Improvement Fund money is General Fund projects or items. The General Fund covers the cost of its operations; however, major capital items such as fire trucks, major building improvements or repairs, or a new swimming pool would be difficult, if not impossible, to fund without incurring debt. Capital improvements in the General Fund total in excess of \$38 million over the next five years. The Capital Improvement Fund should be used for this purpose rather than fund projects for an Enterprise Fund which should have rate structures designed to recover costs, including capital.

Vote NO on Question No. 2.

*Submitted by the City Clerk as provided for in NRS 295.217*

### **REBUTTAL TO ARGUMENT AGAINST PASSAGE**

While agreeing that remedial measures are long overdue, the opposing argument suggests that the only way to pay for improvements to Boulder City's utility systems is through higher power and water rates, even if the necessary increases might be extremely onerous for our people. While it is true that our utility rates may need to be increased in moderate increments over future years, this is not the time to burden our residents and businesses with the kind of massive rate hikes required to pay for these urgently-needed utility upgrades. No one is complaining that utility rates are too low in these challenging economic times.

The City Council has been restrained and judicious in proposing the sale of any city-owned land. However, this is an appropriate occasion for a modest land sale to offset the cost of an essential capital improvement project. The sale of 29 acres hardly makes a dent in the vast inventory of city-owned land in Boulder City. Let's continue to keep strict controls on growth in our city while we also keep strict controls on our power and water bills.

Please vote yes on Question No. 2.

*Submitted by Ballot Question Committee as provided for in NRS 295.217*

### **FISCAL NOTE**

This will not require the levy or imposition of a new tax or fee or the increase of an existing tax or fee. This will generate proceeds to the Capital Improvement Fund for the purpose of making repairs and improvements to the City's electrical utility infrastructure.