

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

**Seventy-Seventh Session  
June 1, 2013**

The Committee on Government Affairs was called to order by Chairwoman Teresa Benitez-Thompson at 8:13 a.m. on Saturday, June 1, 2013, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [nelis.leg.state.nv.us/77th2013](http://nelis.leg.state.nv.us/77th2013). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Teresa Benitez-Thompson, Chairwoman  
Assemblywoman Dina Neal, Vice Chairwoman  
Assemblyman Elliot T. Anderson  
Assemblywoman Irene Bustamante Adams  
Assemblyman Skip Daly  
Assemblyman John Ellison  
Assemblyman James W. Healey  
Assemblyman Pete Livermore  
Assemblyman Harvey J. Munford  
Assemblyman James Oscarson  
Assemblyman Lynn D. Stewart  
Assemblywoman Heidi Swank  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Peggy Pierce

**GUEST LEGISLATORS PRESENT:**

None

Minutes ID: 1350



**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Committee Policy Analyst  
Jim Penrose, Committee Counsel  
Bonnie Hoeffcker, Committee Manager  
Lori McCleary, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

Tim Bedwell, Director, Intergovernmental Services, City of North Las Vegas  
Timothy R. Hacker, City Manager, City of North Las Vegas  
Gerald "Al" Zochowski, Finance Director, City of North Las Vegas  
Dan Musgrove, representing City of North Las Vegas  
Rusty McAllister, representing Professional Fire Fighters of Nevada  
Leonard Cardinale, representing North Las Vegas Police Supervisors Association  
Yolanda T. King, representing Clark County  
Carole Vilardo, representing Nevada Taxpayers Association  
Wes Henderson, representing Nevada League of Cities and Municipalities  
Wilson Crespo, representing North Las Vegas Police Supervisors Association  
Ronald P. Dreher, representing Peace Officers Research Association of Nevada  
James Nunn, representing Water Employees Association of Nevada  
Kim R. Wallin, State Controller, Office of the State Controller  
Jennifer Chisel, Deputy Attorney General, Office of the Attorney General  
Paul McKenzie, representing Building & Construction Trades Council of Northern Nevada  
Brooke A. Nielsen, Esq., Vice Chancellor for Legal Affairs, Nevada System of Higher Education

**Chairwoman Benitez-Thompson:**

[Roll was called. Rules and protocol were explained.]

We have a nice agenda for this Saturday morning. We are going to be continuing the hearing on Assembly Bill 503. After that hearing, we will move to Senate Bill 21 (2nd Reprint). We have one bill on the agenda for a work session.

If you recall, on the last meeting we took a recess on A.B. 503. The City of North Las Vegas is back and they have the documentation and numbers

Committee members were asking for. I will call Mr. Musgrove and Mr. Bedwell to the witness table. Committee members, we do have some additional amendments coming. The Nevada Electronic Legislative Information System (NELIS) is a little slow this morning. We have the hard copies coming as well. We will work through the documents the City of North Las Vegas has submitted to NELIS, then we will go to the amendments and revisit the language of the bill.

**Assembly Bill 503: Revises temporarily provisions governing the use by a local government of money in an enterprise fund. (BDR 31-1226)**

**Tim Bedwell, Director, Intergovernmental Services, City of North Las Vegas:**

Hopefully, we come before you with the documentation you were looking for with regard to our plan and supporting documentation with regard to the financial situation the city is in at this time.

I uploaded four documents to the Nevada Electronic Legislative Information System (NELIS): a spreadsheet that shows our plan, entitled Analysis of Projected Revenues and Expenditures ([Exhibit C](#)); another spreadsheet, Water and Wastewater Utility Fund revenues status ([Exhibit D](#)); a spreadsheet for overtime by department ([Exhibit E](#)); and a copy of the PowerPoint presentation to the city council that was made May 21, 2013 with our fiscal year 2014 budget ([Exhibit F](#)).

I have also brought a lot of other supporting material. Mr. Zochowski has brought additional supporting material should you ask questions, and I believe you will, that pertain to some of the documents I have here. I will have them printed and distributed when I refer to those. Any additional items you need, we will get as promptly as possible. I would like to introduce Mr. Hacker, our city manager.

**Timothy R. Hacker, City Manager, City of North Las Vegas:**

We appreciate being back before you to discuss this opportunity that Assemblywoman Kirkpatrick has put forth, which is an opportunity for the City of North Las Vegas to access additional funds from our utilities to help put us forward, not only this year, but I believe the sunset on this bill is for a four-year period. What it will provide is access to additional revenues. It has to be taken by the mayor and city council in open deliberation as far as how they want to access it, when they want to access it, and for what purposes.

Hopefully, what we have provided to you are answers to some of the questions that have been raised since the introduction of Assemblywoman Kirkpatrick's bill. We would definitely want to entertain and address any of the questions

you have. If there is something Madam Chairwoman would like me to address, I would be happy to do that. I know you have this information before you, so maybe it would be best to entertain questions.

**Chairwoman Benitez-Thompson:**

We have the PowerPoint presentation to the city council ([Exhibit F](#)) that you folks just gave about your fiscal year 2014 budget. I am thinking we should walk through the presentation so the Committee has a clear understanding of exactly where the starting point is for the City of North Las Vegas so we can get that on the legislative record.

**Tim Bedwell:**

I will only hit the highlights in the presentation. Fundamentally, what we did was we presented a budget to the city council this year. The budget is about \$14.8 million short of what it was last year, which presents our primary dilemma. Page 5 ([Exhibit F](#)) of the document lists funds that are not supported by adequate resources, which include the general fund, which is \$14.5 million short, the public safety tax fund, which is \$3.2 million short, and the library district budget, which is \$1 million short.

Page 6 ([Exhibit F](#)) of the document shows our general fund revenues. That is one area I think is really important because I have already been asked a couple of questions on it. In particular, the Transfers-In block, which is the top block, reflects the \$32 million that is currently being transferred from the enterprise fund to the general fund. As you can see, that is a significant part of the revenue we use to support our budget each year. Our consolidated tax (CTX) distribution was included because, as you can see, it shows an increase based on the last CTX distribution change that was done this year.

There is a lot of documentation I hope you will have time to look at. It has to do with why the city's finances are in the situation that they are, which include the changes in assessed value [([Exhibit F](#)), Page 9] and the radical decrease in property tax revenue [([Exhibit F](#)), Page 10].

Page 11 ([Exhibit F](#)) shows the general fund expenditures by department. I am not going to go into that, but as you can see, police and fire are obviously the two largest expenditures in our budget every year.

Page 12 ([Exhibit F](#)) shows the numbers. Page 13 ([Exhibit F](#)) shows salaries and wages as our biggest expenditure, along with employee benefits. When you see our expenditures by department on page 14 ([Exhibit F](#)), it also reflects the same thing with regard to salaries and so forth. Police and fire are still our largest expenditures.

Page 15 ([Exhibit F](#)) basically shows the same information.

For the purposes of just explaining our current situation, that is all we really need to look at with regard to the PowerPoint presentation. What it comes down to is, due to the current situation in the economy, we are in a situation where we would have to provide fewer services this year than we did last year unless we make changes. One of the things I really want to point out is that in order to balance our budget this year, we would be required to do a couple of things we do not want to do. One of those things is we would have to have another emergency measure, which would prevent us from having to pay the pay raises that are in the current collective bargaining agreements. That is something we did last year, and there is ongoing litigation about that. We would also not be able to open Craig Ranch Park, which is about a \$2 million liability that we would not be able to afford. Lastly, we would probably defund the majority of our currently unfilled organizational positions. Many of those we would like to try to return as a way to restore services.

If we could answer questions first about the state of the current budget, maybe this is a good time for that.

**Chairwoman Benitez-Thompson:**

Committee members, we have the PowerPoint presentation in front of you ([Exhibit F](#)). For clarification, on page 6 ([Exhibit F](#)) where we are looking at the transfer-ins, is the city currently transferring money from the enterprise fund into the general fund?

**Tim Bedwell:**

Yes. The city has been transferring \$32 million per year from the enterprise fund to the general fund for several years. We are in an agreement with the state, under a statute that was written two years ago, as you know, so we are weaning ourselves off of that. As we get into the plan later, I will show you how we are continue to wean ourselves off.

**Chairwoman Benitez-Thompson:**

With the presentation to the city council, was your budget for next year adopted?

**Tim Bedwell:**

I would like Mr. Hacker to explain exactly what that process is.

**Tim Hacker:**

Yes. The mayor and city council adopted the budget based on this presentation on May 21, 2013. The intent of that adopted budget is to have a balanced

budget, so it does reflect, as Mr. Bedwell pointed out, the necessary reductions in the general fund alone of over \$14 million.

**Chairwoman Benitez-Thompson:**

Are there any questions on these documents?

**Assemblywoman Neal:**

Yesterday, I think there was document that had 34 pages that was initially uploaded. I know I specifically sent it to Senator Spearman and there was a page that laid out, for the library specifically, that there was \$965,000 that would be needed in order to maintain for 2013. If you did not get the \$965,000, there would be a 34 percent reduction. I do not see that page in the PowerPoint presentation.

**Tim Bedwell:**

I am going to answer your question in two parts. The first answer is it is a \$900,000-plus deficit. We rounded that to \$1 million in the library fund. As for the PowerPoint we originally uploaded, that was not the PowerPoint that was presented on May 21, 2013. That was a working document that was done prior. I believe 14 of those pages were taken out because they were redundant.

Specifically, with regard to the deficit in the library, it does exist and it is reflected on page 5 at \$1 million.

**Assemblywoman Neal:**

Why I took note of it was because when we were in our meeting and talking about what you would need year to year, it was very specific for 2013 that \$965,000 would be additional dollars. Would that be the amount, come July 1 or August 1, that you would take out of the enterprise fund specifically for the library?

**Tim Bedwell:**

I believe that is exactly correct. What we were trying to reflect when we spoke the other day was that in order to get to the 2013 level, it would cost us that \$1 million more. We would do that first with money from the enterprise fund, and then we would want to use additional monies from the enterprise fund to add an additional day of service to the library. I want to make sure that is correct, so I will ask Mr. Zochowski.

**Assemblywoman Neal:**

When he answers that, can he also tell us the cost for an additional day?

**Tim Bedwell:**

Yes, he will be able to do that.

**Gerald "Al" Zochowski, Finance Director, City of North Las Vegas:**

I am not exactly sure where the \$965,000 figure comes from. The figure I was looking at was \$1,003,000, which was the shortfall. We would draw down the cash as we needed during the year. We would not take the whole \$1 million at the start of the fiscal year. We would try to rely on revenues as they were coming in. We would make the transfers as we needed to subsidize the cash flow in the library fund. By the end of the year, we would have to transfer the \$1 million figure.

The additional cost for keeping one library open one additional day per week is about \$160,000 per year.

**Assemblywoman Neal:**

Is that all libraries or each library?

**Al Zochowski:**

It would bring every library up to being open five days per week. Currently, the plan is that two of the libraries would be open five days a week and one library would be open four days a week. We would need the additional \$160,000 so that all three libraries could be open five days per week.

**Assemblywoman Bustamante Adams:**

In your presentation, we looked at the projections of what your potential revenue will be. Obviously, you were probably very conservative. What happens if the projections are met and there is actually more revenue coming in? Would you still have to tap into the enterprise fund? Where are the checks and balances for that?

**Tim Hacker:**

As you all deal with your state budgets, you know that if revenues exceed expectations, you do have the opportunity to redirect those funds to either your fund balance or to programming. We would hope, if we exceed expectations, that would allow us to rely less on transfers from the utilities. Hopefully, that is the response you are requesting.

**Assemblywoman Bustamante Adams:**

I am hoping that is the direction; that you would not tap into the enterprise fund if revenue did meet expectations.

My other question is regarding page 10 ([Exhibit F](#)), property tax revenue from 2008 to 2014. What do the different colors on the bars mean?

**Al Zochowski:**

Up until 2010, there was an additional revenue source, which was moved over to the special revenue fund in 2011. It was a portion of a tax override, which, for some reason, was recorded as a general fund revenue source. In 2011, we moved that revenue source over to the public safety tax fund. The maroon portion of that bar indicates the revenues that we did receive during those years that probably overstated the revenues in the general fund. The beige bars at the bottom indicate the actual property tax revenues that were receivable by the general fund that were used by the general fund.

**Chairwoman Benitez-Thompson:**

Are there any additional questions from Committee members?

**Assemblyman Livermore:**

I am looking at the general fund revenues by type on page 6 ([Exhibit F](#)). You have transfer-in. I do not have a percent breakdown, but looking at the bar, it tells me it is somewhere between 35 to 40 percent transferred in. Where does that transfer-in source come from, besides what we have been discussing today?

**Tim Bedwell:**

The transfer-in is \$32 million from the enterprise fund.

**Assemblyman Livermore:**

That is sewer and water. Is there anything else besides that?

**Tim Bedwell:**

I do not believe so, but there may be some others. I will ask Mr. Zochowski to answer that.

**Al Zochowski:**

It is entirely from the Water and Wastewater Funds.

**Assemblyman Livermore:**

Going forth in the budget, in 2015 there will be increased costs. Where are you going to get additional transfer-in money? You sent me two components. You sent a PowerPoint presentation that was presented to council, and you sent me a bunch of calculations and numbers of where you spend the money, department by department. I was looking at your costs for the collective bargaining agreement, which totals \$4,581,700. I do not think it is an



emergency; I think it is a management issue. I think you need to deal with your collective bargaining units. I do not know how you can continue to pay this going forward. Evidently, you have no more utilities that you can draw money from.

**Tim Bedwell:**

One of the papers we gave you shows the wastewater utility fund net pledged revenues ([Exhibit D](#)). That shows the health of that revenue over time. When we get into the plan, you will see that we are asking to transfer far less money than the media is saying we are trying to transfer.

With regard to the issues of collective bargaining, one of the situations we absolutely understand, and it is why we had a financial emergency declaration last year in order to hold those payments to the union members stable, is instead of paying pay increases, it is something we would have to do again this year if we do not come to an agreement with them. I will say that we are in a far better situation with regard to negotiations with the unions than we have been in the past. Actually, they were on record Wednesday, when this was introduced, that the city and the unions are negotiating these things. They came to the meeting we had two nights ago. I think you are going to see much better cooperation in that regard. At least we believe there is going to be, and I think the unions believe there is going to be.

**Dan Musgrove, representing City of North Las Vegas:**

One thing you have to understand is that because these are existing agreements that are in effect through 2015, we have to essentially book that as a liability. There is no reason for the union to come to the table and renegotiate, other than the fact that every one of these unions is interested in making sure that North Las Vegas remains sustainable. To their credit, they have come to the table and we are working with them. When you actually look at the budget we have to submit to the state, those are numbers we are using, because those raises, those cost-of-living adjustments, and all the other benefits, are in the contract. Those are liabilities that we will have if nothing changes. Right now, we have an excellent working relationship with those collective bargaining unions. They are willing to sit down and work with us to try to address that. Our hope is that we come to a resolution, those liabilities that are in the contracts get mitigated, and, therefore, we will have additional revenues to go back to services and not just liabilities that are already in a collective bargaining agreement that is in effect at this moment.

**Chairwoman Benitez-Thompson:**

We will be hearing from the collective bargaining units later. They are very much a key piece in the solvency issue.

**Assemblyman Livermore:**

I would like to go in a different direction here. You make a rate model for your wastewater and utilities. The rate model includes the commodity charges for gas, chemicals, electrical costs, equipment replacement, et cetera. Is there a part of that model that calls for subsidy to the general fund?

**Dan Musgrove:**

Technically, yes. One of the things we did last session in the bill that this Committee heard and passed was allow an enterprise fund to pay the general fund for services rendered, such as the work of the city attorney, the human resources department, and those sorts of things. Those are legitimate expenses. Granted, we do have a reserve in that fund. Much of it is there to make sure we cover the bond covenants, but there is an excess. We are going to be good stewards and utilize some of that to make up for all these revenue sources that have crashed. While our sewer rates have stayed stable, that has been one revenue source that has actually also stayed stable. North Las Vegas continues to see growth. We are still a vibrant community with people moving in. As they use wastewater, it continues. Where the worth of their home crashed and caused our property tax values and income to reduce, that has been a stable point. Granted, we have used it probably more than we would like. We are weaning ourselves off of that. It goes right to the question from Assemblywoman Bustamante Adams, as revenue sources come in, we certainly do not want to rely on the wastewater, because that is an enterprise fund and it has a specific purpose. Those ratepayers expect that it should not be used for the general fund.

**Assemblyman Livermore:**

I think what you are talking about is a cost allocation charge. Cost allocation charges call for a subsidy to collective bargaining agreements.

**Dan Musgrove:**

We all know that a part of handling our wastewater treatment is those employees and those individuals who service those facilities get a salary. The biggest cost that a local government has is their employee costs. I am trying to answer you, Assemblyman Livermore.

**Chairwoman Benitez-Thompson:**

Assemblyman Livermore, if you have more questions, let me know so we can get them on the record. Are there additional questions from Committee members?

**Assemblyman Ellison:**

I have a lot of problems with this. I am trying to figure out ways that I can help, but I also see problems here. When you did the presentation the other day, you showed the layoffs that occurred prior. I do not see that in here now. Where is it in the graphs? Did you not say the other day that you had layoffs and downturn in police and fire?

**Tim Bedwell:**

It is not in here because those are past issues. We are hoping not to lay off anyone this year. We are hoping to cover the budget deficit through other means. I believe we have almost 50 fewer firefighters than we did in the past, and we have 60 fewer police officers.

**Assemblyman Ellison:**

This does not show that.

**Tim Bedwell:**

That is correct, because that did not happen this fiscal year. Much of that happened through attrition, but it was all prior to the past year. We are going back one year, so that is why it is not reflected here in this presentation.

**Assemblyman Ellison:**

The money you want to take out of the enterprise fund, is it going to be a loan? I do not see a way to pay this back. Money that the taxpayers pay into an enterprise fund is supposed to be for a certain reason. That enterprise fund is not to be taken unless it is for repairs, maintenance, expansion, et cetera. This does not say it is a loan. This is a transfer out and not to be put back in, is that correct?

**Tim Bedwell:**

To help answer Assemblyman Livermore's question and your question, I am going to answer in a broad way. We are asking for permission to do this because we need the help to do things that are unusual. When we get into the plan, you will see how much we are going to ask for. At this point, we are just covering why we are in the situation we are in now and what caused the deficit. When you see the plan, you will see we are asking for a transfer. This is an emergency measure. We are asking to be able to do it to cover liabilities that will help us get through the next couple of years so we can be stable. We presented it a couple of days ago as an infusion or to put us at a base. I am not going to go into a lot about where we think we are going to go or what we project we are going to do. We think we are getting better, we think we are getting healthier, and this is something we need. When I show you the numbers, I think you will be a little less reluctant. We are not asking for the

\$20 million or \$30 million that has been thrown around. That is not what we are going to ask for or try to transfer.

**Assemblyman Ellison:**

This does not have a sunset. Has anyone talked about a population cap?

**Tim Bedwell:**

I know there are some amendment requests and we are certainly open to discussing that. This is Assemblywoman Kirkpatrick's bill and I did speak to her today about it. I think we can come to resolutions that will alleviate any of those problems.

**Chairwoman Benitez-Thompson:**

We will move to the next document we have, which is the net pledged revenues for water and wastewater utility funds ([Exhibit D](#)).

**Dan Musgrove:**

Madam Chairwoman, those are probably just additional documents that would hopefully alleviate any discomfort you have as to the stability of the fund. I think what is the most important for this Committee is to go through the plan for A.B. 503.

**Chairwoman Benitez-Thompson:**

I do have questions on that document.

**Assemblywoman Neal:**

I am going to need assistance with this document. Total operating revenue for 2013 is \$86 million. Then we have your total operating expenditures, which are \$45 million. Then we get down to the operating income, which is \$41 million. I did go all the way to the bottom of this spreadsheet, but what I do not understand is where the \$32 million is that has already been taken from the enterprise fund.

**Tim Bedwell:**

If you look at the non-operating revenue (expenses) section, the last line before the total is PILT (payment in lieu of taxes) and shows a \$32 million decrease for 2012, 2013, and 2014, then it drops to \$30.5 million in 2015, \$30 million in 2016, and \$29.5 million in 2017. We are projecting that to get back on our weaning-off plan in 2015.

**Assemblywoman Neal:**

Should I be subtracting the \$32 million from the \$41 million to try to get what you have left over in the fund?

**Tim Bedwell:**

It becomes a total expenditure for the year 2012 of \$67.6 million.

**Assemblywoman Neal:**

Would I then subtract \$67 million from \$86 million to get what is left, which is \$19 million? Could someone please explain this spreadsheet?

**Al Zochowski:**

The nonoperating revenue expense section of this spreadsheet shows that there are two additional revenues coming in. There is a sales tax revenue, which is nonoperating revenue; and there is a subsidy for our bonds from the federal government of about \$3.2 million. Those are actual increases to available resources. The next several items are bond payments before we get to the PILT. Those items are nonoperating costs of the utility fund. If I took the \$41.8 million dollars from the operating income line and I subtract the total of all those pluses and minuses in the nonoperating section, you see that we have \$66.7 million worth of costs over revenues. If I subtract that number from the \$41.8 million, I then come up to the change in cash equivalents of a decrease of \$24.8 million. I began the year with net assets of \$67.5 million. If I subtract the \$24.8 million from the \$67.5 million, I have an ending year balance of \$42.6 million.

The next line is setting aside the 25 percent reserve. According to our bond covenants, we need to set aside 25 percent of our operating costs to make sure we have the ability to make our debt service payments. When I subtract the \$11 million figure, which is 25 percent of operating costs, from the ending net assets, the \$42.6 million figure, I have an unrestricted ending fund balance of \$31.3 million. That is the figure we need to keep an eye on. Those are available for what we are trying to do with A.B. 503. I hope that answers your question, Assemblywoman Neal.

**Assemblywoman Neal:**

What I did not understand was, to me, the \$31 million that you ended up with seemed to be inclusive of the \$11 million that you are supposed to maintain in the bond agreement. You are saying your ending net asset of \$42 million was due to subtracting the \$11 million to get to the \$31 million.

**Al Zochowski:**

Yes.

**Assemblywoman Neal:**

This \$31 million is what you are going to be trying to plan around for 2013. In the plan that you have laid out, which is what you wanted to jump to, have you itemized this \$31 million so we know how it is going to play out?

**Tim Bedwell:**

When we get into the plan, we are not going to spend \$31 million.

**Assemblywoman Neal:**

How much are you going to spend?

**Tim Bedwell:**

We will show you when we get into the plan, if that is okay. It is by year.

**Assemblywoman Neal:**

I want to know something else. Since I am a homeowner, and I pay my water fees and my wastewater fees, are we going to see a rate increase?

**Chairwoman Benitez-Thompson:**

I believe there are two scheduled rate increases, currently. Is that where we see the difference in charges for services between 2015 and 2016?

**Assemblywoman Neal:**

I mean above that now that we are hearing the bill.

**Tim Hacker:**

What we are showing today is based on bond information and rate schedules that are part of the bond information. We are not showing any increase at this time. We believe the unrestricted net assets will allow us to implement this plan during the period of this bill.

**Tim Bedwell:**

I do want to illustrate one thing. With regard to that bottom line, it may be a little bit misleading that you thought that bottom line, the unrestricted net assets, was what we intended to spend. It is not. There is always an unrestricted fund balance that will always be there, no matter how this bill turns out. We are not going to ask for anything close to that.

**Chairwoman Benitez-Thompson:**

The intent of the legislation is to restore. We see the restoration language in section 1, subsection 2, paragraphs (a), (b), and (c). We have the document in front of us ([Exhibit C](#)) which provides the numbers and your tentative plan from now until 2017. We will start working through that. Please walk the

Committee through how the numbers tell us you are going to restore, what pieces, and where we are going to restore for each one of those.

**Tim Bedwell:**

I am going to ask that the personnel in Las Vegas go through this spreadsheet.

**Tim Hacker:**

I am going to jump to the second page of the spreadsheet you have referenced ([Exhibit C](#)) because that is the plan to restore and enhance services. If you look at the number of items we have listed, for example, Craig Ranch Park, bringing that online and operational for 2014 is \$1.7 million. If you look at 2015, 2016, and 2017, we have projected an increase of \$2 million each year. The reason for this is because Craig Ranch Park is not going to open to the public until September. That is why there is a change in that.

**Chairwoman Benitez-Thompson:**

I want to make sure we are all on the same page. Committee members are pulling up the document on NELIS, but it is running a little slow this morning.

**Tim Hacker:**

The first page of the document ([Exhibit C](#)) is the general fund expenditures, known and anticipated, going forward. If you look at page 2, bringing on Craig Ranch Park is something we have discussed. I appreciate that Assemblywoman Kirkpatrick came back and corrected everyone's understanding of how that park was funded. It was definitely funded by outside sources. It is there now and we need to get it operational for our community and the region. In 2014, we anticipate about \$1.7 million in expenses. In 2015, 2016, and 2017, you will see we show some enhanced revenues needed there because it would be a full year. We are not looking at a full year in 2014.

We have a fourth pool that is managed by the YMCA. We are bringing that pool back with additional hours in all pools for weekend free and open swim. It would be about a \$225,000 need.

To keep libraries functional at the current levels of staffing and functionality, we show \$1 million. In a footnote on another page, you will note that if we do have access to these dollars, the mayor and council could also consider opening another day for each facility at an additional \$160,000.

We have talked a bit about fire staffing. You will notice in the initial year, we address some of the concerns about browning out stations and making sure the stations are open and operational. With the apparatus, the fire and emergency management services would be able to respond to not only fires, but emergency

medical needs. That would be an increase of 15 percent of available service, which would be about \$620,000. The next year would show that increasing to \$850,000, again, to try to adjust the continuity of rescue response. We show not only having stations staffed and open, which is an increase of service delivery, but we are trying to work toward having more rescue availability. The fire chief has cautioned me not to pledge or promise too much at this time because of so many variables that challenge him on a daily basis to show that staffing level. I believe I mentioned in a conversation previous to this that what we are trying to do is maintain currently, and with this augmentation hopefully add two additional rescues, and then start to build from there incrementally. For the PILT in 2015, the additional growth would hopefully allow us to add two additional rescues to those station augmentations, as we have mentioned.

There are 13 police officers who are currently grant funded. That grant expires December 2013. This fiscal year we want to pick up the remainder of the fiscal year at \$780,000 to keep those additional 13 officers on staff and serving our community. You have probably heard the figure of 14 officers, but the reason I am only looking at 13 officers here is because one of those officers is part of the existing "More Cops" funding in Assembly Bill 496 and that is where they will be transferred. Next year, if you flip back to page 1 of this document, we show in the expenditures by function section, you will see footnotes for public safety in 2015 and 2016. The good news is, and it will hopefully show our commitment to our community and this legislative body, that the additional transfer from utilities will get us to a position where we, hopefully, in 2015 bring those 13 officers back in to the general fund.

As we look forward, remember, we have a mayor and a council that have to approve these documents and plans. What we are showing you from a staff perspective is what we would like to do: see those positions continue without relying on additional transfers from the utilities, and get back to our ongoing budgetary responsibilities.

In 2016, we are looking at potentially bringing on 12 additional firefighters. As you have heard from our unions in the past regarding public safety, we do not go to an unemployment agency to hire someone and put them on the street or in a truck. In public safety, there is a lot of preparation, training, and steps to go through. That is why you see reliance on additional monies from PILT in 2014 and 2015 for fire, specifically, and then transferring to more of a general fund approach for those additional positions. Why 12 firefighters? If you want to have an impact and you want to get those rescue units back online, you need three platoons that work to provide the 24/7 coverage. You divide 12 by 3 and you have 4. What does four get us? Two in each rescue unit. That is two additional rescue units. That is to help you understand



why we use those numbers, the commitment of community and the recommendation from staff.

Again, there are a lot of variables here that we do not control. If those variables and expectations come to reality, this is what we would be recommending to the mayor and council for acceptance and approval.

**Chairwoman Benitez-Thompson:**

Are there any questions from the Committee?

**Assemblyman Oscarson:**

Your situation is very challenging for us to look at and try to make these difficult decisions. I have to tell you, for me it is absolutely imperative that your fire and police services are restored first. While I agree the other ancillary services such as pools and libraries are important to the community, the public safety for the residents of North Las Vegas is paramount. I think those are the services we should be focusing on. I understand the parks and all the other things.

The other thing I have a concern with, is I would like to see this process reevaluated at the next legislative session, as opposed to going for four years, to see where you are with the funds, if they are approved. Because this process is very new and very fresh, it is very critical that it be evaluated. You have come to this body to assist with that and I think you will be able to show good results. I have no doubt. However, an initial review in the middle of the four years is prudent.

**Dan Musgrove:**

I could not agree with you more. I would ask that we leave the four-year language in and just give the flexibility. Obviously, at any time, you can call us in front of you in any way, shape, or form, whether it is Interim Finance or the Legislative Commission. More importantly, we are going to be working hand in hand with the Committee on Local Government Finance. That is one of the things Ms. Vilardo has asked for and we are in complete agreement with, to make sure there are quarterly responses as to the directions we are going and the manner in which we are getting there. Specifically, police and fire are our absolute, number one concern.

**Chairwoman Benitez-Thompson:**

Are there any additional questions from Committee members? [There were none.]

Just so we make it clear as to what the public's expectation is, you are going to open Craig Ranch Park and you will continue to fund it at about \$2 million per year so there is maintenance for the park; add additional pool hours each summer for the next four summers; increase library services; in 2015, add two additional rescue units to your fire department; in 2016, add 12 additional firefighters from current levels; and with police, add no additional officers, just fund the 13 officers from your general fund that are now paid for from the grant.

Talk to me more about the police issue. In each of those sections, I think we see some restoration and additions. Talk to me more about why we would stay status quo with police officers.

**Tim Hacker:**

We were really focused on the general fund, of course, and additional utilization of a transfer from our utilities. What you see in some of those broader documents you were going through earlier is that there are a couple of different funding sources, such as the "More Cops" bill, which you are all intimately aware of, and, of course, the citizens of North Las Vegas have, on several occasions and for decades, have self-imposed property tax overrides. There is additional funding.

**Chairwoman Benitez-Thompson:**

Talk to me more about the property tax overrides. The thing we have been careful about in online and offline conversations is not to count our chickens before they are hatched. We should not build a budget on other pieces of legislation that may or may not make it out of this building. Is the property tax overrides where you are including additional officers?

**Tim Hacker:**

We are not counting our chickens before they are hatched. The property tax overrides that have been self-imposed by citizens of North Las Vegas for a great number of years would continue. That is all property tax driven. Any growth in valuations, with existing homes, will only create a 3 percent growth in any new revenue streams in those property tax sources. Those dollars would be used to hire additional officers. That may not be clear before you because we are focused on the general fund and the additional transfer from the enterprise fund, but it is a good point to make. As that fund grows, it will be used.

**Chairwoman Benitez-Thompson:**

You are projecting over the next couple of years for property tax to remain flat. You are not budgeting any increase in police staffing from the enterprise transfers. That will eventually come when property tax revenues increase or are

no longer flat. You feel that is the intention of the restoration language and you feel the public will feel like they are getting a benefit from this enterprise transfer in that area. Are those statements correct?

**Tim Hacker:**

Yes. I believe the language before you has several options as far as police and fire restoration and services, parks, recreation, libraries, and of course, the litigation component of it. What we are showing is that the restoration and continuity, albeit not what we would like to be able to tell you as far as additional staffing today in all elements, it is what we believe can be supported, as far as keeping those 13 officers working and then looking at other sources to augment that particular component.

We believe that the way Assemblywoman Kirkpatrick introduced this bill put an emphasis on restoring services, so we are, to the best of our ability within a very limited resource, addressing as many of those components as we can.

**Chairwoman Benitez-Thompson:**

For the legislative record, when we are looking at the dollars you are proposing for recreation, pools, et cetera, you feel that is the best use of the enterprise dollars over additional officers, correct?

**Tim Hacker:**

I hesitate to try to put a value of one element of a community service over another. We do know there are other revenue streams that are unique to the police department, and we do believe there will be growth in those other elements. That is why we are going to put more emphasis on maintaining and restoring our police department services in those areas. We are showing an attempt to be good stewards of these additional utility dollars. Again, I am not putting value on one element of community service over another, we are just trying to address the elements the best we can for our community, what we think our community desires and deserves, and what we hope the mayor and city council would approve. That is what you have before you.

**Tim Bedwell:**

There are a couple of things I would like to add to that. You can see we are not taking much compared to what some of the extravagant claims were of what we were going to ask for. We want to limit what we are taking from the enterprise fund because it is not a recurring fund. We know it is going to be limited to two or four years. We do not want to hire personnel, particularly police officers because it takes us about a year and a half to get them on the street, and then have that funding source end for those personnel. One of the things I want to make sure is absolutely clear is the citizens of North Las Vegas

give direction on where they want the city council to spend money. They do that through the elected city council and mayor and through the legislators who are here. We have met with those legislators and one of the things that has been a consistent theme, both from Assemblywoman Kirkpatrick and from our elected officials, is this needs to be broader than just police and fire. Ultimately, the decisions are up to the mayor and council. They are the ones who are going to vote on where this money goes based on staff input. The input you see here is what we believe reflects what the citizens want, as we have been told through the elected representatives we have talked to, both local and state.

**Chairwoman Benitez-Thompson:**

I understand that, but when you are really in trouble, what are you going to do, call a librarian? I think we have Committee members here who have questions about the priorities that are listed. We very much value libraries, increased pool areas, and parks, but we have Sophie's Choice here. Which one do we value more? Which one can we pick if we have limited resources and limited funds? That is where these tough choices are being made. I think it is absolutely appropriate for the Committee to at least be contemplating this to help them get to the right comfort level.

**Assemblyman Healey:**

Mr. Bedwell, I would like to talk a little more about "More Cops." It was mentioned about the one officer being transferred over. With the pending "More Cops" bill that is here with us now, have you factored that in to this at all and how many officers that could potentially bring in if this bill were to pass as it is now?

**Tim Bedwell:**

I do not know if we want to get into "More Cops." We were asked to keep that out of it because they are two separate pieces of legislation. Would you like me to go ahead and cover that?

**Chairwoman Benitez-Thompson:**

I want to make sure we stay focused on what this Committee can control, at least at this time, which is A.B. 503. I think we have been very careful with conversations not to encourage anyone to build budgets on money that may or may not come. We did not want to head down that road too much.

**Assemblywoman Neal:**

Chairwoman Benitez-Thompson was trying to get some priorities and she was talking about the pool hours. I know you were planning on three pools that were going to be open, Silver Mesa Pool, Hartke Pool, and Walker Pool, I believe. If you increase the pool hours, my concern is that in the summer we

have a lot of kids out of school. They need somewhere to go, and they need something to do. I know you are opening later. I think the first day for Silver Mesa is June 16, which is a later date than normal. If the pool hours went down to 250 additional hours, what would that look like? I do not know what the relationship is to the YMCA. Is that the YMCA on Centennial Parkway and Statz Street?

**Tim Hacker:**

Madam Chairwoman, if I may, the Assemblywoman has had conversations with one of our elected officials, and that discussion included bringing Walker back on. Walker recently underwent a reconstruction, for lack of a better term. Walker is a new pool that is being added this coming year. We are showing funding to add that pool. SkyView YMCA on Centennial Parkway is run as a joint operation with YMCA. We are only dealing with bringing on a new pool that the city controls and maintains itself, then adding free swim over the weekend period at the recommendation of our parks and recreation staff. That is what you see before you.

**Assemblywoman Neal:**

Maybe that is where I was confused. I thought you mentioned YMCA as one of the pools. For the anticipation of the three pools, if the hours were reduced to 250 hours, what would that look like or what would that free up in order to do something else?

**Tim Hacker:**

If we look at what is being recommended, we would not be able to bring that third pool back online. There would not be a way to do that. The city would then be operating two pools and the YMCA would be operating the SkyView facility. If we cannot bring that third pool online, it would be hard to justify additional hours at the other facilities, although we could. It gets down to \$11,000 for a swim season per pool to augment those hours. The majority of this cost is bringing the third pool back online.

**Assemblywoman Neal:**

That is what I think needs to be clarified. Walker Pool is the anticipated third pool with 500 additional hours, correct?

**Tim Hacker:**

No. The 500 hours are across all three pools. We are anticipating bringing Walker Pool back and then all three pools having elevated service delivery over the weekends, which is the additional 500 hours.

**Assemblywoman Neal:**

I wanted to be clear on that. There really is no wiggle room to go back and forth. Walker Pool is in my district. Someone, I do not know who, renovated the park behind that pool. To not have that one open would definitely be a problem. That pool is very close to the new apartments that were built and the older houses in that area. I want to make sure, because I was being asked the question if there was some wiggle room there. I do not see it.

I do want to add a statement. This has been a very interesting past couple of days. What is probably driving my tone today is because I heard some interesting comments about me possibly being a troublemaker because I asked certain questions about the city. I did not appreciate hearing those comments and I did not appreciate the fact that I somehow have no right to ask certain questions regarding certain things. I do not like that if I am elected and I am equal, just like everyone else who is elected, that I somehow have a limitation because of who I am and what I can and cannot say that may or may not be offensive. I took it because of the fact that I may or may not be another color.

It really hurt me because when I advocate for constituents, I do not see color. I see the constituents in my district. I do not ask any questions—I do what they want me to do. When I hear that kind of stuff, it angers me. I feel like I stepped into the 1940s—if she asks those kinds of questions, she is a troublemaker. I do not appreciate it and if I ever, ever in my life while I serve, hear a comment like that again about me, there will be hell to pay. I am young enough and I have enough energy to deliver it. I do not appreciate it at all. I want respect.

Every time I have come to this dais, I have asked legitimate questions. Whether or not you wanted to hear the truth or not, that is not my problem. I have asked the truth and I have never disrespected a single person. I dealt with the bill that was in front of me. I have never delivered anything other than the truth and tried to serve someone. If someone is confused or someone needs to check their conscience in terms of what they feel is embarrassing or what they feel is not appropriate to come from this dais, then you need to recognize and understand that I have an equal right to serve in this building, just like everyone else—white, black, orange, gray, whatever. I have the right to ask whatever I want. If I am asking something that is the truth, I have the right to do it. I will not be placed in a box because someone cannot handle it.

I just want to put this on the record because it was the City of North Las Vegas who I heard said it. I do not know who it was and I do not care who it was that said that about me. You want me to be your ally? Then you respect the fact that I have a voice and I am going to use it. That is what I have to say.

I heard that last night and I could not sleep. I have a problem with that because this is 2013 and I am being told I do not have the right to ask a question for someone in my district. I will be hot-damned if I ever get those limitations in this life. I just needed to say that because it was driving the tone of my questions. I need everyone to be clear; I will never have those limitations. If a white woman can do it, I can do it.

**Chairwoman Benitez-Thompson:**

We should be conscious of the fact that at the end of session, we are all sleep deprived and we are all working hard. This is a big conversation with many questions to be asked.

Are there any additional questions on the chart ([Exhibit C](#))? [There were none.] We have some proposed amendments and I would like to walk through what those would look like and how it would change the language. After that, I would like to hear from the collective bargaining units because they have been, and are, a big part of this conversation. We want to get comments on the record from them. We will then move to support, opposition, and neutral.

At this time, we will take a short recess [at 9:25 a.m.]

**Chairwoman Benitez-Thompson:**

The meeting is called to order [at 10:02 a.m.] I would like Mr. Musgrove and Mr. Bedwell to return to the witness table. I think we have most of the questions about the budget answered. Are there any additional questions from Committee members regarding the budget? [There were none.]

I have one question for clarification of legislative intent. When you talk about the 12 additional firefighters in 2016, Mr. Bedwell, those are not just filling vacancies that might occur between now and 2016, but that is above and beyond what current staffing levels are, is that correct?

**Tim Bedwell:**

I believe that is true, but I will ask that the city manager address that question, as well.

**Tim Hacker:**

Yes. We hope to bring on new firefighters.

**Chairwoman Benitez-Thompson:**

You will be able to maintain your current staffing levels if you have any attrition, and then those 12 additional positions will be above and beyond. You will be filling vacancies in the meantime, correct?

**Tim Hacker:**

That is definitely our intent. As we have explained, and I believe you have heard from the professional firefighters themselves, it does take some time to hire, train, and replace. I believe we are at 151 positions in suppression and we want to grow that by 12. That is our intent.

**Chairwoman Benitez-Thompson:**

Would that be true for police, as well? Are you filling vacancies as they occur?

**Tim Hacker:**

We are absolutely intending to fill positions as the budget goes forward. Again, it is not an easy task with police. I have been told by my police chief that it takes about 18 months to get through the process from announcement through getting them trained. It takes more time, but it is our intent going forward in the budget that as the positions become vacant and as we can run an academy, we will fill those positions.

**Chairwoman Benitez-Thompson:**

When I look at 2015, it would be a \$4.8 million transfer from the enterprise fund into your general fund. Do you imagine that being a one-time transfer or do you imagine those transfers happening quarterly?

**Tim Hacker:**

We are very judicious in how we transfer those funds. I do not believe it would be a lump sum. If you require more detail, Mr. Zochowski could provide that. We do not currently do a lump sum. It is done throughout the year periodically. It may not be quarterly—it may sometimes be monthly or it may depend on the time of the year. We are very cautious and deliberate with how we transfer those funds.

**Chairwoman Benitez-Thompson:**

In 2016, you are projecting just over \$3 million, and just shy of \$4 million in 2017. For the legislative record, is that what we can expect to see at the close of your 2015 audited budget? We should see a ballpark figure of \$4 million without much give or take, correct?

**Tim Hacker:**

That is the plan we have put before you. Of course, that plan has not been approved by the mayor or the city council. I need to reiterate that. It is our intent to transfer as little as possible. However, as you well know, we are not addressing one component of the proposed amendment, which is settlement of litigation. That is so hard to define or give any kind of numbers to. I would hope this Committee would understand that if the mayor or the city council



have the ability to settle outstanding litigation as far as it relates to our unions, these numbers may change. Of course, we would be very transparent in those approvals and processes and we would definitely report them to the Committee on Local Government Finance, as we do on a quarterly basis. It would also be audited on an annual basis.

**Chairwoman Benitez-Thompson:**

Thank you for mentioning that. We know a big piece of this puzzle is what happens with pending litigation. With the transfer from the enterprise fund, you will have an additional \$4 million, and you will be able to have some restoration enhancements in parks and recreation and, down the road, police and fire. I would not imagine that your city would be in an emergency financial situation still with this legislation. Could you clarify whether or not that would be true?

**Tim Hacker:**

There is an item pending at the first city council meeting in June, which is to evaluate our fiscal emergency status. That may continue, as you are well aware. In the general fund alone, it is a \$14 million challenge. This helps move us along toward restoring services. That is an entirely separate issue and I would hate to muddy these proceedings with that. The intent of the mayor and the city council is if they believe the fiscal emergency criteria still exists, they may have to take that very action.

**Chairwoman Benitez-Thompson:**

I just want to make sure we at least have that on the record. I think the impression for some of these Committee members is that this is in and of itself an emergency measure that would help get the city to a place where it is at least a step back from the edge of having an emergency financial situation. What you are telling me is this does not really change that, correct?

**Tim Hacker:**

It is a continued challenge. This helps restore and deliver services to the community and, hopefully, that is our focus today. The other issue is very complex and is something the mayor and the city council will have to evaluate each and every year.

**Assemblyman Ellison:**

Maybe I am looking at this wrong, and maybe the city manager or legal staff can help. Are we creating a precedent by allowing the enterprise fund to be open like this to collective bargaining sometime in the future? That is one of my biggest fears. A lot of this is going to go to salaries. Are we opening Pandora's box?

**Chairwoman Benitez-Thompson:**

We see language in the bill that directs money to go to certain areas. I think the topic of conversation has been about restoring services and getting clarification from the city about whether that is restoration of equipment, operational costs, additional personnel, or holding the line on personnel. I think the question you are asking is begging exactly these type of questions we are asking the city, which is if you are able to move this money, what are you going to use it for?

**Assemblyman Ellison:**

Madam Chairwoman, it shows the breakdown of salaries to restore that. My question is, by doing this, are we opening the door for other cities or towns? Once you go in and take the \$4 million that is going to fill the gap in salaries, can collective bargaining come back and say you have done it? I would rather say I authorized the city to take a \$4 million non-payback loan versus something that might create another problem down the road. Collective bargaining opened the door and it could come back. What we do today is going to create a precedent.

**Chairwoman Benitez-Thompson:**

We will transition into that conversation with the collective bargaining units at this time. If Mr. McAllister and Mr. Cardinale would come to the witness table. We want to make sure we have this on the record. There have been many conversations knowing that collective bargaining is a big piece of this. Would you talk about your role and your goal in this? I will say, I have been pleased about the types of conversations and language I have been hearing from these folks. We will give them the opportunity to put it on the record and then we will take questions.

**Rusty McAllister, representing Professional Fire Fighters of Nevada:**

I am also representing North Las Vegas firefighters. Our president, Mr. Hurley, asked me to express his apologies for not being able to attend. He is attending the funeral of one of his firefighters who died of occupational cancer.

We are in support of the bill, as long as it does what we have been told it is meant for. Through some of the information I have seen in these charts and presentations that have been laid out, it does that to a certain degree. One of the questions that popped into our minds when we looked at this was in 2014 they proposed \$620,000 for additional overtime. They stated that would be to keep fire stations open. We are all in support of that, absolutely. Our question is, currently, through three-quarters of the year, they have only used 57 percent of their overtime budget. There is still 43 percent of the overtime budget available after three-quarters of the year, and they have still been closing fire stations. The question is, why? They have the money available to keep them

open, but they have chosen not to. We would want to make sure that there is a commitment that if they are going to add an additional \$620,000 on top of the current overtime budget, they will commit to not closing fire stations. I do not think that is too much to ask and it is a fair question.

The next thing that popped into our minds is we see \$850,000 and the commitment was in 2015 to staff two additional rescue units. To do that, it takes 12 people, 2 per shift, with 3 different shifts. They are going to use overtime to staff rescue units in 2015, which is 12 people. In 2016, they have committed to hiring 12 additional people, but they lose the \$850,000 in overtime. The 12 people they were staffing with overtime, they are essentially going to hire them as permanent, but there is no increase in staffing numbers. All you are really going to get is two additional rescue unit staff, based on the numbers they have provided today.

The other question we have is three years to go forth with no additional firefighters. There are probably going to be two to three firefighters per year who leave the jobs through attrition over the next three years. I am very thankful that the Chairwoman asked if these were going to be 12 additional positions on top of attrition. Our concern is that if they have 12 through attrition and only hire 12, then we are back right where we were. They also took the overtime of \$850,000 out of the budget, so they would not be able to staff those two additional rescue units.

We would like to see that moved up, if possible. The \$850,000 in overtime could hire seven or eight firefighters permanently. Mr. Hacker has suggested that it does take some time, which it does, to do a recruiting process. Once you hire people and start them in rookie school, you can run a rookie school in three to four months. I would have to say, it would be difficult to find people who would want to work under these circumstances because they are unsure of their future. However, if you could do a lateral hire, you could bring those people up to speed in about a month and put them on the floor. They would be full-time employees on the floor serving, as opposed to staffing with overtime.

President Hurley of North Las Vegas firefighters made it very clear that his intention is not seeking raises. His intention is to come to some agreement with the City of North Las Vegas over their current pending litigation because the contracts were set aside. It appears they are going to be set aside again. He is committed to trying to work for a fruitful solution to solving that issue. Without looking for raises, he made it very clear that his intention was to increase services. This bill is meant to restore services, and as long as the effort is to restore the services of the fire department, he is in full support. I would be happy to answer any questions.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members?

**Assemblyman Livermore:**

Did you say you would prefer the City of North Las Vegas take the money in the overtime budget and hire permanent personnel, thereby eliminating the overtime fund that is available?

**Rusty McAllister:**

Based on the numbers they have provided, there is \$850,000 in additional overtime for staffing. They mentioned two additional rescue units in 2015. That is two years from now. The North Las Vegas Fire Department is already down, just in suppression, 33 to 35 people on staff. If they are going to staff all of these new positions with overtime, they are going to kill employees because they will be working more and more hours. I think the president of the local union was very clear the other day in that he would like to see restoration of services. If overtime is the only way you can do it, then I guess that would be the way to do it, but is certainly taxing on manpower. The primary goal would ultimately be to hire new additional firefighters to fill those roles so they take the burden of work off the existing staff.

**Assemblyman Livermore:**

Do I understand you to say that the City of North Las Vegas should use the overtime money to permanently hire people? I know how they want to do it, at least the \$850,000. When I was a local county official, that was a debate we had. Instead of paying all this overtime to people, we could go out and hire personnel in order to staff it. As you described it, they are killing employees. At that time, the bargaining unit was not supporting that kind of move. They would rather have the overtime rather than putting new people in the positions.

**Rusty McAllister:**

I understand what you are saying. The right to staff is the exclusive right of management. Basically, management has made the decision that they would rather staff with overtime. To keep the staffing level they currently have, they have to utilize some overtime. I am not sure they can keep their staffing current without using some overtime. My instruction from the leader of the North Las Vegas firefighters is they absolutely would like to restore their services, and they would like to get more people hired to increase the level of service they currently provide. The crazy part about it is, if they staff rescue units on a regular basis, those rescue units have the ability to transport patients. They could thereby recover some of the costs of their operation through the billing process. They would actually be generating revenue.

**Assemblyman Ellison:**

My issue is making sure we do not open Pandora's box. We need to make sure we are not, with this law, creating a problem with collective bargaining being able to go back and file against enterprise funds from this day forward. How many firemen are on staff right now in North Las Vegas?

**Rusty McAllister:**

It is my understanding that there are 160 members of the North Las Vegas firefighters union. Some of those personnel are not line staff. I do not know the exact number of line staff. I do know they are staffing, on average, approximately 35 to 37 people per day. To fully staff their department, it takes 50 people per day on the line in suppression.

**Assemblyman Ellison:**

Madam Chairwoman, I think we are getting too far off. I do not think this body should be determining management. That is not the intent of this bill. We are getting into the details. I know they have to justify, but we are getting too far away from what this bill is about. I think we need to be focused. What I do not want to see us do is open something that is going to create a problem throughout the state in the future. That is why I want some kind of guarantee that no collective bargaining unit can ever attack an enterprise fund for salaries or anything else.

**Chairwoman Benitez-Thompson:**

We will have Mr. Penrose work on getting you a response. This is not something that is going to move this morning, and potentially, not even today. When we reconvene on this bill, we will have something from him.

I have two Committee members who need to leave at 11 a.m., so I am going to start moving things along at a faster pace.

**Assemblywoman Bustamante Adams:**

I would like to know if there is a component of people who have applied for the department and are on a reserve list. This has to do with the ability to recruit and go through an academy. Are there individuals who have already gone through an academy and are just on a waiting list?

**Rusty McAllister:**

I do not know that there is an eligibility list already established for the City of North Las Vegas. I do not think there is. In the past, they have worked off the same eligibility list as the City of Las Vegas. I do not know if they still have that cooperative agreement between them. I know the City of Las Vegas does not currently have an eligibility list for firefighters. They are in the process

of establishing one. I do not know if there is a list or if there would have to be a recruitment that takes place with testing.

**Chairwoman Benitez-Thompson:**

Are there any further questions from Committee members? [There were none.] Mr. Cardinale, we will take your comments.

**Leonard Cardinale, representing North Las Vegas Police Supervisors Association:**

I am here representing the sergeant and lieutenants of the police department, of which we have roughly 46 or 47. I have heard some people say as low as 32, but we have about 46 or 47 for the record.

At some point, I heard Mr. Bedwell say that there might be a possibility they are going to use the enterprise fund for raises. Later, the city said they would not be using it for raises. What I am really hearing is if they get this money transfer, we are not going to get any police. What I was told is they are trying to save 13 police officers. We also have a federal grant that would save 14 police officers. I am not sure what they are doing with the grant money.

I believe Mr. Hacker also mentioned an additional funding source from the Public Safety Tax fund, which I believe on their spreadsheet is showing a negative \$3 million. That additional funding source does not seem to be something that could help. We have asked the city on numerous occasions just exactly who and what is in the Public Safety Tax fund. Is it just police, is it police supervisors, is it security technicians, or is it dispatchers? On a number of occasions, we have tried to find out if that fund is overloaded. It was supposed to be mostly for police and police equipment, but we have not been able to get an answer.

In addition, it looks like they cut police department funding by \$7 million, according to the spreadsheet. Maybe they can correct me on this, if I am wrong. If they cut \$7 million from the police department budget, I would like to know what that looks like and what exactly is being cut.

The police department budget has three tax overrides based on property taxes. It has the "More Cops" bill and it also has money from the general fund through CTX distribution, from my understanding. If possible, I would like to know what that looks like. How many officers are we talking about in those funds? It would make it easier for us to see where that is going.

With reference to the parks and pools, I agree 100 percent you need quality of life. The people in North Las Vegas need to have those services. You have to remember, without a police department, you cannot get the CTX distribution.

By the very existence of a police department, you get CTX distribution, which means you get more cops and you get tax overrides based on having police. I know the city says they do not. However, there is a component that would allow them to pay for themselves. I know the city testified that their constituents talked to their elected officials and said they want these park services, pools, and recreation centers. I do not disagree with that, but I can tell you I have knocked on many doors when we were supporting John Lee for mayor and Isaac Barron for one of the council seats. I can tell you that I talked to an overwhelming number of citizens and just about every single one of them said police was the number one, most important thing on their mind. We have to have more police.

If we do this and we transfer this money, I would say we definitely need to include some police. The last I heard a couple of months ago, the police department sits at about .88 officers per thousand residents. From what I understand, there are about 155 to 160 on patrol. If you account for the growth in the population, the City of North Las Vegas is looking somewhere at 230,000 to 240,000 citizens. If you only have 160 police officers on the streets every night, that is not even close to even 1 per 1,000 protecting the citizens of North Las Vegas. We have asked the city and the chief of police to use the overtime fund to supplement sergeants and lieutenants when there are none available, but they have not done that. If you look at their overtime budget ([Exhibit E](#)), one of the things I heard the city say was they want to give additional overtime out of the enterprise fund. As it looks right now, they still have \$1.1 million left in the police department overtime budget and they have only used \$932,000. I know it was proposed that they would use some of the money to supplement the overtime budget. I can tell you, there is not much overtime right now. They keep us very strict and very low on the overtime.

I would like to say that a proposed amendment to sunset this agreement within A.B. 503 within two years, is a very good idea. I think it is prudent and does not serve to hurt anything. In two years, the city can come back. As City Manager Tim Hacker said, they have been good stewards of the money. In two years, it would be very easy for it to continue over and to move on into the future. I do not see it as being a negative thing—I think it is positive. I would have to somewhat agree with Assemblyman Ellison, there is a possibility. When you collectively bargain, you cannot take into account how much money the enterprise fund takes in. You cannot take into account the bond proceeds, as far as I understand, because you are collectively bargaining. When the city claims inability to pay, for instance, we are not allowed to take that into account. I think what you are asking is, if they use this in that manner, can it be used? I have asked, and I am wondering what the money is going to be used for. I know lawsuits are in there, there are pay increases coming, and the

budget needs to be balanced. I do not have a clear answer yet as to what exactly they intend to use the money for.

**Chairwoman Benitez-Thompson:**

Thank you for your testimony. At this time, we are going to move to the different suggested amendments we have on this bill and walk through those. We have the Chair's amendment and a lot of this came from conversations with different folks. If I could have Ms. Vilardo come up, and I think Clark County has an amendment also. Those are the only two amendments I see. We will start with Clark County's amendment ([Exhibit G](#)). Clark County would like to see clarification that this would not apply to an airport, is that correct?

**Yolanda T. King, representing Clark County:**

Yes. Our airport, which is part of the local government of Clark County, is an enterprise fund. They want to basically send a message to the airlines that their money will not be transferred to any funds or general fund. In addition, this also helps with the rating agencies for the airport, knowing they are exempt from these types of loans or transfers.

**Chairwoman Benitez-Thompson:**

Ms. King, have there been any transfers from the enterprise fund within the past three to five years by your local government?

**Yolanda King:**

We have only had one transfer and that was from the Las Vegas Constable's Office, which is an enterprise fund. That was to offset charges for other constables in the general fund. It was not related to our general fund needing a loan or a transfer because our finances were in trouble.

**Chairwoman Benitez-Thompson:**

I think we are interested in narrowing the scope of this language to make sure we are not making enterprise funds available to different local governments statewide. One of my colleagues mentioned that it would be too tempting to have easy access to the money. I understand the concern in limiting the scope and I appreciate that. Are there any questions for Ms. King? [There were none.]

Ms. Vilardo, we have amendments here, a lot of them coming from different thoughts that the Nevada Taxpayers Association and other folks might have, and some of which we have discussed. I just want to put some of that on the record. You will see there is a series of amendments here ([Exhibit H](#)). The first one is starting in subsection 1 of section 1 to add language specifying that instead of just an ending fund balance, we want the city's audited balance at



the end of the year. Could you talk about the difference between what those two documents might look like?

**Carole Vilardo, representing Nevada Taxpayers Association:**

The comprehensive annual financial report (CAFR) is an outside audited report. It is specified in statute, and you are also following the Governmental Accounting Standards Board (GASB) rules with the account as to how the funds have been utilized. It is an independent report, if you will, that is presented to the local governments and the Department of Taxation. We think having that independent analysis as the basis is much better.

**Chairwoman Benitez-Thompson:**

We would be looking at those audited, final numbers, which I think is good. That way, we have something that is set in stone and maybe not a more artistic interpretation of a budget, if you will.

Also within subsection 1 of section 1, line 6, to have consistent language, we are changing "total expenditures" to "general fund." Are there any comments on that? [There were none.]

Also within subsection 1 of section 1, there has been some conversation that the 10 percent figure might be a little too generous. The amendment would bring it down to 8 percent. I have heard suggestions of maybe 9 percent. I think what we are trying to do is get the number down to something that is a little more fitting to the actual situation at hand. Are there any comments regarding 9 percent versus 8 percent versus 10 percent?

**Carole Vilardo:**

In the *Nevada Administrative Code* (NAC), there is a provision that speaks to ending fund balances of general government being 4.8 percent to 8 percent. It is that range that is considered prudent and actual. In fact, the state generally uses 5 percent for the ending fund balance. You are giving them the top range in the NAC and that is authorized by statute. We think the 8 percent is probably a good number.

If I may, Madam Chairwoman, North Las Vegas has just indicated to me they then would not qualify for this.

**Chairwoman Benitez-Thompson:**

Do you think 9 percent might be a better fit?

**Carole Vilardo:**

Yes, you may have to go up for them.

**Chairwoman Benitez-Thompson:**

Also in subsection 1 of section 1, there is language that would make it so the local governments, in order to meet the provisions and criteria of the bill, have to have made transfers from their enterprise fund into their general budget fund in each of the five preceding years. The City of North Las Vegas, to our knowledge, is the only local government that meets those criteria. If there is a local government here that feels this is not true, or knows of another local government that would meet this criteria, make sure this Committee knows that. Is that your understanding, as well, Ms. Vilardo?

**Carole Vilardo:**

North Las Vegas is the only one that I know of. To my knowledge, as the bill was written, there could potentially have been three entities that would have qualified. Although the bill was so open ended, in my opinion, there could actually have been some entities that could run down balances so they would be able to take advantage of this. As far as I know, with the five-year provision, North Las Vegas would be the only entity that would qualify at this point in time. I think that is important.

**Chairwoman Benitez-Thompson:**

In subsection 4 of section 1, we talk about some oversight provisions. I know many members of the Committee would like to see some oversight in terms of how these monies are transferred, when they are transferred, what amount is transferred, and under what conditions they are transferred. This proposed amendment says the Committee on Local Government Finance must approve each and every transaction before money can be transferred from the enterprise fund. That seems to be prudent. I know it places an extra burden on North Las Vegas to have to go before the Committee on Local Government Finance to seek approval to have those dollars moved, but I think it is a way of diligently staying in touch with the city about what is happening. We know they are very much involved and in front of the Committee on Local Government Finance, as it is right now. Do you have any comments on that, Ms. Vilardo?

**Carole Vilardo:**

As I am reading this, I am not sure "transaction" would be the right word. I actually think it should be "transfers" from the enterprise fund.

**Chairwoman Benitez-Thompson:**

Mr. Penrose agrees.

There is probably room for conversation on the last item on the amendment. It states the local government must justify to the Committee on Local Government Finance general fund balances variations of 5 percent, either an increase or a decrease, from their projections. There needs to be some type of conversation or justification about where those swings are coming from. I think part of what we heard Assemblywoman Bustamante Adams talk about was if property taxes come back in a stronger way than anticipated and there is more of a windfall, how and where would those monies be spent. Are there any comments on that section?

**Carole Vilardo:**

When I signed in, I did not sign in as support or opposition. I would have opposed the bill as it was originally written. With these conceptual amendments, I would support it because I think it provides a protection to the ratepayers. My concern would always be that you would wind up increasing rates if you do not have sufficient oversight. I think this provides the levels of oversight that will even require a justification of that. It is not to take anything away from the local officials. Sometimes things just go so far beyond your control that it is difficult, independently, to wrap your arms around them. Some oversight might help and that is what I hope these amendments do.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members?

**Assemblyman Oscarson:**

Ms. Vilardo, welcome and thank you for your wisdom and knowledge, as always. I appreciate it and have experienced it many times.

I discussed earlier about this coming back to the Legislature to review in two years to see if it was still appropriate. What were your thoughts on that?

**Carole Vilardo:**

I have no problem with anything that tightens the provisions. I think the point was made, and it has been done before, where you can always extend something when you prove it is working.

**Chairwoman Benitez-Thompson:**

I had some off-line conversations with Mr. Bedwell and Mr. Musgrove about that issue. I know it is their wish to have this reviewed at the 2017 Legislature. As I said to them, I know if we did move that to 2015, when this body reconvened and we were contemplating the legislation, we would be hearing nothing but good news from the City of North Las Vegas. We would have a Committee that would enthusiastically support an extension, if needed, for

another two years, but it would give us the chance to have that hearing to see where they are and move forward from there.

We will move to testimony in support of A.B. 503.

**Wes Henderson, representing Nevada League of Cities and Municipalities:**

We would like to thank Assemblywoman Kirkpatrick and everyone who has been involved in crafting this bill. We are in full support of A.B. 503. We feel it is a narrowly tailored, limited-purpose tool that is being made available to North Las Vegas to continue to provide services to their residents.

**Wilson Crespo, representing North Las Vegas Police Supervisors Association:**

I am a lieutenant with the North Las Vegas Police Department, I am also the vice president of the North Las Vegas Police Supervisors Association, and, most importantly, I am a resident of North Las Vegas. I am in full support of this bill and, most importantly, the oversight of this bill. I believe it is very important for this to come back to the Committee in two years.

**Ronald P. Dreher, representing Peace Officers Research Association of Nevada:**

We are in support of the concept of A.B. 503.

**James Nunn, representing Water Employees Association of Nevada:**

We are in support of this bill.

**Chairwoman Benitez-Thompson:**

Is there any further testimony in support of the bill? [There was none.] We will move to testimony in opposition. [There was none.] We will move to neutral testimony. [There was none.] I will close the hearing on Assembly Bill 503.

We will now move into the work session for Senate Bill 56 (1st Reprint) because I have two Committee members who need to leave.

Senate Bill 56 (1st Reprint): Revises provisions governing state financial administration. (BDR 18-378)

**Jennifer Ruedy, Committee Policy Analyst:**

[Ms. Ruedy read an explanation of the bill from the work session document ([Exhibit I](#)).

**Chairwoman Benitez-Thompson:**

I will accept a motion to do pass.

ASSEMBLYMAN STEWART MOVED TO DO PASS  
SENATE BILL 56 (1ST REPRINT).

ASSEMBLYMAN HEALEY SECONDED THE MOTION.

**Chairwoman Benitez-Thompson:**

Are there any comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYWOMAN PIERCE WAS  
ABSENT FOR THE VOTE.)

**Chairwoman Benitez-Thompson:**

I will assign the floor statement to Assemblywoman Swank. I will open the hearing on Senate Bill 21 (2nd Reprint) and welcome Ms. Kim Wallin, our state controller. You have been so patient. It is a pleasure to see you again before the Committee.

**Senate Bill 21 (2nd Reprint): Revises provisions governing state financial administration. (BDR 31-379)**

**Kim R. Wallin, State Controller, Office of the State Controller:**

I am here today to talk to you about Senate Bill 21 (2nd Reprint). This is a comprehensive bill to improve areas within the Office of the State Controller, particularly in the debt collection area, and also regarding paying vendors electronically. I will go through this section by section. Some sections I will combine because it is the same thing throughout.

Section 2 provides that once a debt has been assigned to the Controller's Office for collection and the debt is subject to the payment of interest, the interest rate will be calculated in accordance with *Nevada Revised Statutes* (NRS) 99.040. Currently, we have several agencies that all have different ways of assessing interest. The statutory rates vary from agency to agency and it is very difficult when the agencies bring their debts to our office to continue the different separations of the interest rates. This would allow the Controller's Office to utilize one standard rate of interest when the debt is assigned to our office.

Section 3 provides that the State Controller is not required to refund an overpayment made by a debtor if the overpayment is less than \$10, unless the debtor requests a refund within one year. The amount of \$10 is the same amount that NRS 680B.120 has, which sets the refund threshold at \$10 or more for premium tax overpayments. This is designed to save the state money, since processing these refunds costs more than the refund itself. To process

a refund and issue the check, we estimate it costs the office between \$25 and \$30 per refund.

Section 4 requires each licensing agency to submit a list of licensees to the Controller's Office, which I will then check against my list of debtors. If I find a licensee who owes a debt to the state, after it has been assigned to my office for collection, I will notify the licensee of the amount of the debt and request payment in full or put them on a payment plan. The notice will also provide the licensee with the opportunity to request a hearing, which will give the licensee their due process.

In the event a licensee refuses to pay or enter into a payment plan after the debt is deemed to be valid, I will notify the licensing agency about the noncompliance and the licensing agency then has the authority to refuse to renew the license the next time it comes up for renewal.

If the bill is approved, I will adopt regulations to outline the hearing process and further refine it, if necessary. Currently, my office has an established hearing process in *Nevada Administrative Code* 353C.150 to 353C.340 regarding debt offset, which could be used for licensees who owe a debt as well.

The other provisions in section 4 relate to the requirement that licensees provide their State Business License number on their license renewal application, if they are required to have one. The State Business License number will be included in the list of licensees provided to me by the licensing agencies. This information will then allow me to verify the business license information with the Office of the Secretary of State to ensure that licensees doing business in the state are properly licensed.

This section also clarifies that information that is shared between the Controller's Office and a licensing agency to carry out the provisions in the sections is not public record. This is to make sure that social security numbers and private information is not public information. The professional licensing provisions in this bill do not apply to the Department of Motor Vehicles (DMV), the Division of Insurance, or local governments.

Section 5 establishes a collection fee that the Controller's Office can recover from a debtor when the debt is handled and collected by the Controller's Office, rather than by a private collection agency. The fee will be five points less than our lowest collection agency fee. Under our current collection agency contracts, the current collection agency fee is 8.5 percent, so my office would be charging the debtor 3.5 percent. The intent of this section is minimizing the burden on debtors.

Since the Controller's Office entered into new contracts with private collection agencies in September 2012, if we were to take the debts from our old collection agencies and transfer them to the new collection agencies, they would be considered a secondary placement and the collection fee would go much higher, from the 8.5 percent to 11 percent they are paying now up to 22 percent. If we keep it in-house, we need a little extra money to cover our additional costs to manage the contract.

*Nevada Revised Statutes* 353C.222 authorized the Controller to sell debts that are more than four years past due and beyond the statute of limitations. Section 6 clarifies that if the Controller collects anything from debts that are sold, the money will be deposited into the Debt Recovery Account. The reason for this is when debts are sold, it is very hard to determine what debts have been collected when you sell them to the agencies. It is also very hard to determine what is State General Fund money versus non-General Fund money.

Section 7 will put a time limit on how long an agency can ask for their money if we have deposited it into the Debt Recovery Account, because we believe it to be General Fund money. Oftentimes, we have agencies coming in asking for their money three years after we have collected it. If an agency believes that the money we have collected is not General Fund money, under this bill they will have 60 days from the time the money is deposited to request it. If for some reason there is some confusion as to whether it is General Fund money or non-General Fund money, the money will go into our recovery account and the agency will need to go to the Interim Finance Committee (IFC) to ask for the money. The IFC will determine if it is General Fund or non-General Fund money.

Sections 7.1 to 7.9, 9.3, 13 to 16, and 22 to 67 put the authority to refuse to renew a license if the licensee owes a debt that has been assigned to our office for collection, in each licensing agency's statutes.

Sections 8.5, 9.1 to 9.2, 16.5, and 68 require that state employees, including those in the Nevada System of Higher Education (NSHE) be paid by direct deposit unless it would cause a hardship to the employee. It is estimated for the state that we would save over \$288,000 in the biennium, which does not include what NSHE would save.

Section 9 authorizes the Controller to establish in regulation a fee that may be charged to any vendor who refuses to accept payment electronically. In the last session, the Legislature required the Controller to pay the accounts payable electronically. This section will provide an incentive for these vendors to accept electronic payments. Based on a banking study, it costs \$4.19 to issue a check. Currently, we have about 40 percent of our vendors being paid by

electronic payment. By charging a fee to recover our costs, we estimate that we would save \$1.1 million over the biennium.

The final section, section 69, indicates the effective date would be July 1, 2013 for all sections, except for sections 4, 7.1 to 7.9, and 22 to 67. For those sections, it would be effective July 13, 2013, for adopting regulations and preparing to comply. It would become fully effective on January 1, 2014.

That concludes my testimony. I would be happy to take any questions.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members?

**Assemblywoman Bustamante Adams:**

How do you develop these best practices, as they pertain to Nevada? Is there a group that determines if we are maximizing every possible advantage regarding debt for our state? How do you see that these provisions are going to affect us financially? How much of a cost savings? I know you mentioned the cost we would be saving regarding section 9 if we were to issue payment electronically, but is there an overall number?

**Kim Wallin:**

As far as best practices go, a lot of that is what I have learned from other states that have centralized their debt collection efforts, such as Kansas. Maryland has an aggressive debt collection effort as well. That is where we have gotten a lot of these things. Several states do have provisions that if you owe a debt to the state and you have a professional license, they do not renew it. Some states will go as far as not allowing fishing licenses or driver licenses to be renewed. We are not going there; we are just going with the professional licenses at this point in time. That is where the best practices come from. We have learned a lot through the National Association of State Auditors, Comptrollers and Treasurers, as well. We spend a lot of time talking about how to collect debts and get more of our dollars back.

As far as dollar savings goes, NSHE has a program called Western Interstate Commission for Higher Education (WICHE). These are people who the State has paid to go to school. We pay for their tuition and they are supposed to pay us back. These are doctors, lawyers, and what have you. If we hold up their professional license because they owe the state, there is probably \$500,000 or \$600,000 we could get right away.

I cannot give you a total dollar figure on these licensees, but I believe it is going to be substantial.



**Assemblywoman Bustamante Adams:**

My second question has to do with section 4 and the coordination with the Secretary of State regarding notification of the individuals who have the outstanding debt and not being able to renew their license. You said you are going to be developing regulations for that process. Is there coordination between the Secretary of State and your office regarding this? I would love to be able to see the information to understand what kind of impact there would be. We are trying to move forward in the direction of making sure that if you want to be in Nevada, then you must be licensed to do business in Nevada.

**Kim Wallin:**

There are a couple of things in play in section 4. One is the list of licensees that the licensing agencies are going to submit to my office. That information will include name, social security number, address, and if it is a business, it will have the Nevada State Business License number. Once I get that information, I will run the list of those individuals who do not submit a Nevada State Business License. If it is an individual, chances are they do not have to have a Nevada State Business License. If it is a business name, it will be run against the Secretary of State's business portal. In our office, we already run our vendor registration against the Secretary of State's site, so when we are registering a vendor to do business here in the state, and if the vendor does not give us a business license number, we cannot register them. We are already coordinating with the Secretary of State with their business portal and already have that system in place.

**Assemblyman Livermore:**

Why would the Public Employees Retirement System have a \$920,000 fiscal note on this bill?

**Kim Wallin:**

There are no fiscal notes left on this bill. It has already gone through the Senate Finance Committee and there are no fiscal notes left on this bill.

**Chairwoman Benitez-Thompson:**

I see we have documents that say there is a fiscal note, but they are probably just a step behind us. Most of them do reflect zero. The Board of Examiners for Social Workers said there was a \$50 fee, but that may have been removed or is negligible. Is it your understanding that the Division of Insurance's fiscal note has been lifted?

**Kim Wallin:**

The Division of Insurance is exempt, so it has been lifted. There are no fiscal notes at all. Riley Sutton and the Senate Finance manager have all the notices

from the committees. They could not get into the Nevada Electronic Legislative Information System (NELIS) to take them off.

**Chairwoman Benitez-Thompson:**

We can clarify that. Are there any additional questions?

**Assemblyman Daly:**

On page 4, section 4, subsection 6, regarding information shared is not a public record, is "public record" defined in your statute, or are you referring to a public record as defined in NRS Chapter 239?

**Kim Wallin:**

I would like to bring Deputy Attorney General Jennifer Chisel to the table to answer that question.

**Jennifer Chisel, Deputy Attorney General, Office of the Attorney General:**

Public record is not defined in NRS Chapter 353C, the Controller's statutes, or in NRS Chapter 227, which is the general office statutes. I would have to look, but I do believe it is defined in NRS Chapter 239. I know the intent is basically so any confidential information is not to be released to the public.

**Assemblyman Daly:**

Any information requests that come from you are going to be under NRS Chapter 239 because that is our public records statute, and that would be the authority people could ask for records under. I think you should state that it is not a public record pursuant to NRS Chapter 239 so they cannot ask you for it. That is the exemption you need to make. You can draft it out, but I think it makes a cleaner bill if you refer to a statute that has the definition so people know what we are talking about. That is my comment on that and I am sure you will take care of it.

**Chairwoman Benitez-Thompson:**

We can do that. We could have Ms. Wallin circle back with the Legal Division. It does not affect her bill, it just keeps it neat.

**Assemblyman Daly:**

In section 4, subsection 9, it states the State Controller shall adopt regulations the State Controller determines necessary or advisable. The language is a little bit different than existing language. I know there is a "shall" and a "may" in the bill. I have seen this language all over the board in different ways. If it is necessary, you should not be able to "determine" it necessary. On page 12, lines 43 and 44 it says the State Controller "may" adopt. You should be able to adopt regulations that are necessary to carry out the provisions of the chapter

and that should be enough. It is a small thing. I am curious as to why it is different in other areas of the bill. There are a couple of different places in the bill about adopting regulations. It has language that the Controller can "determine" it necessary. I am used to seeing, "you shall adopt regulations necessary to carry out duties," not things you "determine" are necessary above and beyond your duty.

**Jennifer Chisel:**

I see what you are talking about. I am not sure why the language is different. Page 12 is existing language, so that was put in some time ago, I am sure. It was drafted that way at that point in time. Regarding the new language on page 4, it could be that is the way it is drafted at this point in time. I think it means essentially the same thing.

**Assemblyman Daly:**

From my point of view, something that a person needs to do, necessary to complete the chapter, is different than something they deem necessary.

My final question is regarding the electronic deposits. Are you not taking away a person's choice? I know you have an exemption if they do not have a bank account. Why are we trying to force people to do it if they do not want to? I have never done it. The Legislative Counsel Bureau asked me if I wanted to have direct deposit and I told them no, give me a check. I prefer a check and under your statute, if I still wanted a check, even though I had a bank account, you would tell me no.

**Kim Wallin:**

Actually, this is the way the world is going now. In order to get your social security, you will have to be paid electronically. You will not have a choice. This is something that I have talked to the American Federation of State, County and Municipal Employees about. They do not have any issues with it. To be quite honest, currently, I think it is something like 91 percent of our employees are being paid electronically now. Why not just get the other ones there? It saves money and it is a much safer way for employees to get their pay rather than a check in the mail.

**Assemblyman Daly:**

I guess I still just believe in gremlins. I know computers generate the check, but if it were me, I would be unhappy about it. I understand things are going that way, but I can even ask the federal government to send me a check rather than electronic deposit on a tax return. People still have choices. If you are okay with it, I am okay.

**Chairwoman Benitez-Thompson:**

I think we have a philosophical debate going on here. I shared with our controller, when we talked about this bill, that my husband is one of those guys that money does not exist unless it is paper—a paper check or paper in your hands. I know that type and they are going to have to come around. Hopefully, we can have more of a transition versus this way or the highway.

**Assemblyman Stewart:**

I would like to go on the record in support of Assemblyman Daly and his quest for the paper check.

**Kim Wallin:**

The Legislature is exempt on this, just so you know. You guys are safe.

**Assemblyman Ellison:**

There are many employees who cannot even open a checking account because of previous banking issues. They have to have a check. One of the questions I would like to bring up is that we have had a lot of complaints come through our office in Elko on trying to get a business license. It is unbelievable. We got on the phone and tried to help them through. About two and a half hours later, we finally got them registered. Are there going to be some changes in the future? There are normal people and small businesses trying to get started, and trying to get a business license is very frustrating for them. Is there any way to make that easier? I can tell you, we get a lot of complaints.

**Kim Wallin:**

Assemblyman Ellison, that is actually in the Secretary of State's area. I know Mr. Miller is doing a lot of things to be able to register a business license online, so that will help a lot. For the people who are not using computers, it is probably a little more difficult, but they can go to libraries to use computers to register. I think the process has gotten better. It is not perfect yet.

To your point about some people not being able to open bank accounts, under this bill, I would be able to give them a waiver for that, or if there is a financial hardship. They would still get a check.

**Assemblyman Ellison:**

The problem is, you are going to have thousands and thousands of people applying for a waiver. Through my business, I do not know how many checks we write out weekly, but half of the employees go straight to the casinos to cash their checks.

**Kim Wallin:**

I do not think we are going to have thousands and thousands. I know, just in our vendor area, I have not been inundated with people asking for a waiver. It is not a hard procedure to perform. I do not see a lot of our state workers unable to have a checking account, but if they do not have a checking account, they will be waived.

**Assemblyman Oscarson:**

I am going to come to your defense. I am one of those who loves the electronic deposit because otherwise, the check always ends up somewhere other than the bank. I like that process, I am very familiar with it, and it was not hard for me to get acclimated to it. At home, everything I do is electronic, pretty much, and I am the least techie person you will ever want to meet. I appreciate the intent here. I know there are some opportunities for people to opt out, as I read.

**Chairwoman Benitez-Thompson:**

I have one question and then we will move into support. My concern is in section 4, subsection 5. If a person owes money to the state, their professional license can be withheld. I am wondering about the type of precedent we are setting. I am trying to think of other ways. If someone owes a debt somewhere, would they not be able to engage in their given practice, which is their livelihood? Could you talk more about the scope of this, what type of professional licenses would be affected, and the level of debt that would rise to having a licensee not having their license reissued?

**Kim Wallin:**

As far as the licensees, it is certified public accountants (CPA), attorneys, psychological examiners, dentists, or anyone with professional licenses. The thing that makes this provision good is the fact that we give the licensee the opportunity to have a hearing to determine if the debt is valid. We give them adequate time, about eight to nine months, before their license is going to come up for renewal, so we have time to work through the process. In the event that they do have a debt, we can work out a payment plan. We are not saying they have to pay the debt in full. We would work something out they could afford. I also have the capability to do an offer in compromise. I can actually tell them that we can settle the debt for 50 cents on the dollar, or something like that. We have the ability to work with the individuals. We could work out a payment plan.

We have some attorneys who have not done their campaign expense reports, so the Secretary of State fines them. They happen to be attorneys, so under this provision, they are going to have to pay their fine for not wanting to file their

campaign expense report. For people who are cosmetologists or in your profession, I do not see those as having debts owed to the state.

**Chairwoman Benitez-Thompson:**

Could you give me an example of the kind of debt and what level of debt? Could someone's license be withheld for \$100 worth of debt, or is it more at the \$5,000 level? I want to establish for the legislative record what we are trying to target.

**Kim Wallin:**

Let me clarify that these debts would only be if the debt were assigned to my office for collection. The universities have payment plans for people to pay their loans back. If the people are making their payments, that debt is not assigned to my office. If someone owed \$100, we have a hearing, they come in, and we work out a payment plan. If they cannot afford to pay \$100, they can pay \$10 a month.

For the types of debt, the biggest ones we would get are the ones under WICHE for higher education. These are doctors who we have sent to school on the state dime and they are refusing to pay back their loans. Those are the bigger ones we are going to be going after. I do not see a lot of the smaller ones being assigned to my office. You might have CPAs who are not paying their modified business tax, or something like that.

**Chairwoman Benitez-Thompson:**

Are there any additional questions from Committee members? [There were none.] We will move to testimony in support of the bill.

**Paul McKenzie, representing Building & Construction Trades Council of Northern Nevada:**

I sit on the Division of Industrial Relations (DIR) Advisory Board for the State of Nevada, which is appointed by the Governor. The first time I was appointed was by Jim Gibbons and the appointment was recently renewed. We have meetings quarterly or semiannually, depending on the burden of things we have to do. One of the main things we do in those meetings is forgive debt.

The first meeting I sat down at, we looked at a list of debt that was owed for people who did not have unemployment insurance for their employees, debt that may have been owed because they had an uninsured worker who was injured and the state had to pay for that worker's medical care, or they had an Occupational Safety and Health Administration citation that they did not pay. The collection process had run out and the agencies were at the end of their timeline to collect the debt because the statute of limitations had run out on the

collection. The first meeting I sat down at, we excused \$4.5 million in debt to the State of Nevada because the process we had in place then was not able to collect that money.

In the last session of the Legislature, this body gave the controller oversight over that collection. The DIR now has a process. They attempt to collect the debt, then it goes through the Department of Business and Industry, who attempts to collect the debt for a short time. It then goes to the Controller's Office. The last meeting that we had, the DIR Advisory Board excused \$294,000 in debt.

I have to praise the Controller's Office in their efforts to collect these debts. One of the issues that bothered me the most about excusing debt was when we sat down one morning and I opened my folder. I had driven through a construction site on the way to the meeting. The first person on the list whose debt we were excusing was working on the road project I had driven through. The idea that we had a person working for the State of Nevada and I am sitting down and excusing a debt to him because we do not have the ability to collect that debt, really bothered me. I greatly appreciate the Controller's efforts in collection of debt. The ability to stop someone from doing business if they refuse to pay their debt is a very good thing for the State of Nevada.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.]

**Brooke A. Nielsen, Esq., Vice Chancellor for Legal Affairs, Nevada System of Higher Education:**

I am here in support of S.B. 21 (R1), in particular with regard to section 16.5, which would allow NSHE to also mandate direct deposit of payroll. We are very much in support of that. That amendment was put in at our request. I would like the record to reflect that we estimate that within NSHE, we would experience about \$150,000 per year annual savings in hard costs or direct costs should we go to the mandatory direct deposit, and approximately another \$150,000 in staff efficiency savings. We think we would be looking at about \$300,000 in savings per year. I would be happy to answer any questions.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.] Is there any additional testimony in support of the bill? [There was none.] Is there any testimony in opposition to the bill? [There was none.] Is there any testimony in neutral? [There was none.] Are there any closing comments from the bill sponsor? [There were none.] I will close the hearing on S.B. 21 (R1).

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I will now open the microphone for public comments, either from Carson City or in Clark County. [There were none.]

[This meeting of the Assembly Committee on Government Affairs was adjourned at 7:20 a.m., June 2, 2013].

RESPECTFULLY SUBMITTED:

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Lori McCleary  
Committee Secretary

APPROVED BY:

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Assemblywoman Teresa Benitez-Thompson, Chairwoman

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



**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** June 1, 2013

**Time of Meeting:** 8:13 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
A.B. 503	C	Tim Bedwell, City of North Las Vegas	Analysis of Projected Revenues and Expenditures
A.B. 503	D	Tim Bedwell, City of North Las Vegas	Water and Wastewater Utility Funds
A.B. 503	E	Tim Bedwell, City of North Las Vegas	Overtime by Department
A.B. 503	F	Tim Bedwell, City of North Las Vegas	Presentation to the North Las Vegas City Council
A.B. 503	G	Yolanda King, Clark County	Proposed amendment
A.B. 503	H	Chairwoman Benitez-Thompson	Conceptual amendment
S.B. 56 (R1)	I	Jennifer Ruedy, Committee Policy Analyst	Work session document