MINUTES OF THE MEETING OF THE ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS

Seventy-Seventh Session March 4, 2013

The Committee on Government Affairs called was to order Chairwoman Teresa Benitez-Thompson at 9:04 a.m. on Monday, March 4, 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), Roster (Exhibit B), and other substantive exhibits, the Attendance 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. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: 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 Assemblywoman Peggy Pierce Assemblyman Lynn D. Stewart Assemblywoman Heidi Swank Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

Assemblyman James Oscarson (excused)

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Jennifer Ruedy, Committee Policy Analyst Jim Penrose, Committee Counsel Bonnie Hoffecker, Committee Manager Maysha Watson, Committee Secretary Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Cash A. Minor, Chief Financial Officer, Office of the Comptroller/Financial Officer, Elko County

Keith Munro, Assistant Attorney General, Office of the Attorney General Curtis Calder, City Manager, City of Elko

Gary Milliken, representing Association of General Contractors, Las Vegas Craig Madole, representing Nevada Chapter Associated General Contractors of America

Ted J. Olivas, representing City of Las Vegas

Kathy Ogle, Cochair, Nevada Public Purchasing Study Commission, City of Henderson

Priscilla Maloney, representing American Federation of State, County and Municipal Employees, Local 4041

Lindsay Anderson, representing Washoe County School District

Nicole Rourke, representing Clark County School District

Gustavo Nuñez, P.E., Administrator, Public Works Division

Fred L. Hillerby, representing Regional Transportation Commission of Washoe County

Lee G. Gibson, Executive Director, Regional Transportation Commission Robert Ostrovsky, representing Cox Communications

Constance J. Brooks, representing Nevada System of Higher Education Cadence Matijevich, representing City of Reno

Lisa Foster, representing League of Cities

Laurie Squartsoff, Administrator, Division of Health Care Financing and Policy, State Department of Health and Human Services

Deborah L. Cook, Administrator, Administrative Services Division, Nevada Department of Motor Vehicles

Chairwoman Benitez-Thompson:

[Meeting called to order. Roll was called and protocol reiterated.] We are going to take things a little bit out of order today because Elko County has a time frame that they are up against. We are going to take the presentation from Elko County first, then do our work session, then do the City of Elko, and

finally, move into <u>Assembly Bill 169</u>. With that, I will welcome up Cash Minor, who is the Assistant County Manager for Elko County.

Cash A. Minor, Chief Financial Officer, Office of the Comptroller/Financial Officer, Elko County:

It is always a pleasure to be here, and I would certainly like to talk about our county. It seems to be one of the bright spots in the state over the last few years. Elko County was created on March 5th of 1869 [(Exhibit C), slide 2]. We are a little bit unique. We have four incorporated cities in the county, and we also have three unincorporated towns. Elko is the fourth largest county in the continental United States. We have a landmass of 17,182 square miles. We have a population of approximately 51,700 people. Our major industries are mining, ranching, and recreation; probably more heavily on mining than anything else. Just a note of interest: the University of Nevada was established in Elko in 1874 before it moved to Reno.

Without going into a lot of detail, the responsibilities of the County are pretty much as they are in every county and, to some degree, in cities. They include taxes, recorder offices, courts, senior centers, transportation, indigent care, et cetera [(Exhibit C), slide 3]. It is pretty broad-based.

One of the developments that Elko County made in the past was the building of a multimodal railport [(<u>Exhibit C</u>), slide 4]. It is a 60-acre park with 440 acres of industrial property. Some of that land has been developed by large corporations. We are contracted with a private sector operator to run that, and it is starting to move forward. We are hoping that it will expand our economic base in Elko, preferably away from the mining industry.

Our funding sources, which you probably well know, are pretty standard for governments [(Exhibit C), slide 7]. We have property taxes, some licenses and permits, consolidated taxes, which account for 45 percent of general fund revenues, and we have some other intergovernmental funding sources, such as charges for service, fines and forfeitures, and other miscellaneous sources. For fiscal year 2011/2012, funding sources totaled \$26.4 million. I should point out, the only large revenue source for the County is taxes, and that is about 33 percent of the revenue [(Exhibit C), slide 8]. As you well know, there was a gas pipeline that ran through Elko, Humboldt, and Washoe counties. That was a significant boost in centrally assessed properties. We certainly would encourage them to build a second line.

As far as ad valorem tax, the County's current tax rate is 83 cents [(<u>Exhibit C</u>), slide 9]. We do have a tax cap issue with one of the incorporated cities. As far as operating rates, that is always a concern going forward.

Some of our budget challenges really started two years ago [(Exhibit C), slide 10], and that is basically the Governor's budget impacts related to health and social service transfers to the County. We are also in the process of transferring the all-risk fire service to the County, which will probably be completed over the next two years. As you can well imagine, we have some public lands issues. We are 87 percent federally managed. Sage grouse issues right now are at the forefront. They have the potential to shut down all forms of mining and recreation in our county. We have great concerns on how those are moving forward. Certainly, water issues are always a concern. Travel management, grazing issues, and wildfire management are major public lands issues.

As far as coordination of efforts [(Exhibit C), slide 11], all of the local governments in the counties are involved in the Emergency Response and Law Enforcement Radio Dispatch Function. The City of Elko runs a landfill service that county residents utilize, and city residents utilize the County jail. Our juvenile probation services are used by White Pine, Eureka, as well as Elko County, and they have actually moved a little bit more into the medium range of juvenile services. We are trying to keep kids at home for parental involvement. We also coordinate with the school district on supply issues.

I will stop there, and if you have any questions, I will be happy to answer those.

Assemblyman Ellison:

We are hearing different numbers. I heard we had up to \$3.5 million in loss when the sage grouse reared its head and we decided not to utilize the wind generation plants between Idaho and Nevada. I heard recently we lost as much as \$5 million. Do you know what the impact was on Elko County? As for net proceeds of mines, we have the infrastructure, but we do not receive the massive amounts of net proceeds that most counties do. Can you hit on that, too?

Cash Minor:

As far as the wind generation project, the estimate I heard is between \$3 and \$5 million, but I cannot say one way or the other what that actually is. That is just what we have been told. As far as the net proceeds of minerals, most of the mine properties are in Eureka County. The impact to Elko has to do with the employee base. They live in Elko County. There are two or three mining properties in Elko County that we do receive net proceeds from, but most of it is the economic turnover of the payrolls coming back into Elko County from the employees.

Assemblyman Ellison:

I know that people think mines and think of all these monies, but the infrastructure supersedes the ad valorem rate. Is that not correct?

Cash Minor:

I am not sure I understand your question.

Assemblyman Ellison:

In other words, things like the cost of the roads, infrastructure, and road maintenance supersede the ad valorem rate.

Cash Minor:

Certainly, over the years there has been an extremely large infrastructure cost to growth, both in the city and in the county. The mines have certainly contributed to some of that. They have been major supporters of the school district expansions. To answer your question in broad base, yes. There is always an infrastructure cost to growth that we are not receiving tax dollars for.

Assemblywoman Bustamante Adams:

Could you go back to your Northeastern Nevada Regional Railport and expand a little bit on that? Is it already in existence? If it is not, when is the estimated completion? What does it mean for businesses?

Cash Minor:

The railport is constructed and operating. It opened for operations two and a half years ago. There are three large corporations that front it right now. One is related to recycling steel. Another one is a contractor that lines haul truck beds with specialized material so that they last longer. They do more than that, but they are also involved in pollution control devices that are used worldwide. The last one is involved with a barite mine. They are putting a mill in to rail product out to different places in the country. The whole purpose of a railport is for people to be able to rail in product. It could be local businesses. It could be, for example, the natural gas pipeline. They offloaded about 160 miles of 90-foot pipe, which they used in that project. Whatever you want to rail in for product, you can do it, whether you are an individual, a small business, or a large corporation. It is available for transportation distribution.

Assemblywoman Bustamante Adams:

What is your occupancy rate for the industrial park? Is it completely full?

Cash Minor:

No. The frontage part of the industrial park has been sold off. We are currently in the process of doing a project related to marketing and master planning

between County-owned property and private sector property to try to expand and develop the balance of the railport. One hundred seventy acres have been sold. The balance of the property is undeveloped at this point in time.

Assemblyman Ellison:

For the record, I left the room on every discussion there ever was involving the railport. I used to be part owner of the ranch. However, the 1,000 acres purchased for that railport were actually my family's. I had no financial connections whatsoever with that. The railport was not part of the Ellison Ranching Company.

Chairwoman Benitez-Thompson:

Any additional questions? [There were none.] In that case, we are going to move to our work session documents. I am going to ask our Committee Policy Analyst Jennifer Ruedy to begin walking us through the work session document.

Jennifer Ruedy, Committee Policy Analyst:

First, I would like to point out that I am nonpartisan staff of the Legislative Counsel Bureau, so I cannot advocate for or against any measure. For the Committee's benefit, there are hard copies of the work session, which is also available on the Nevada Electronic Legislative Information System (NELIS).

Assembly Bill 13 is the first bill on the work session.

Assembly Bill 13: Revises provisions relating to hearings conducted by the Local Government Employee-Management Relations Board. (BDR 23-353)

This bill was heard on February 11th by the Committee (Exhibit D). It was requested by the Local Government Employee-Management Relations Board. It removes the requirement that the Local Government Employee-Management Relations Board conduct a hearing within 90 days after the Board decides to hear a complaint. That is, as introduced, what the bill does. At the hearing, Ronald Dreher, representing the Peace Officers Research Association of Nevada, proposed an amendment to increase from 90 days to 180 days the time in current statute for the Board to conduct a hearing after deciding to conduct a hearing. You will see, following the work session document, a statement from Brian Scroggins, the commissioner for Local Government Employee-Management Relations Board, wherein he essentially agrees with that proposed amendment to change it from 90 to 180 days, doubling it instead of eliminating the day limit.

Chairwoman Benitez-Thompson:

Are there any questions for staff? Seeing none, I will take a motion.

ASSEMBLYWOMAN WOODBURY MOVED TO AMEND AND DO PASS ASSEMBLY BILL 13.

ASSEMBLYMAN STEWART SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN OSCARSON WAS ABSENT FOR THE VOTE.)

We will now move into Assembly Bill 16.

Assembly Bill 16: Provides for the adoption, compilation and publication of policies of operation for state agencies by the State Board of Examiners. (BDR 18-212)

Jennifer Ruedy, Committee Policy Analyst:

This is one of the three Attorney General (AG) bills heard on February 7, 2013. Assembly Bill 16 requires the Department of Administration to compile and publish an administrative manual consisting of the policies adopted or amended by the State Board of Examiners (BOE), and the manual must be posted to the Internet. [Continued to read from prepared text (Exhibit E).]

There was quite a bit of testimony on this bill. There were quite a few boards under Title 54 of the *Nevada Revised Statutes* that came forward because they were concerned that section 7 would require them to discard their current policies and operate within the State Administrative Manual (SAM). An amendment was provided to the Committee subsequent to the hearing by the Office of the Attorney General, which is on the next page [(Exhibit E), page 2]. It essentially deletes all existing sections of the bill and replaces them with what you see on this page. It eliminates section 7, which raised so much of the concerns at the hearing. The SAM currently exists, and it is available on the website of the Department of Administration, for those of you who were interested in seeing what those current policies are.

Another issue of concern that the Committee had, as I recall, was the use of the terms "rules and regulations." There was quite a bit of confusion as to the use of the word "regulations." If you look at the amendment the Office of the Attorney General provided, they are amending that to change it to "policies and procedures" [(Exhibit E), page 2].

Assemblyman Elliot Anderson:

Can we clarify, for the record, that we are talking about internal Executive Branch policies? I want to make that record very clear.

Keith Munro, Assistant Attorney General, Office of the Attorney General:

Yes, these are all policies and procedures related to the Executive Branch. There is no impact or effect on the Legislative Branch.

Jim Penrose, Legal Counsel:

Is it my understanding, then, that the boards and commissions under Title 54 are not to be covered by the SAM?

Keith Munro:

There is no direct authority of the Board of Examiners to enact policies and procedures for the boards and commissions. However, the State Board of Examiners is a constitutional body, and in that constitutional provision, it gives the Legislature the ability to assign duties to the Board of Examiners. If the Legislature has assigned duties to the Board of Examiners, those duties apply throughout the Executive Branch because this body, the Legislature, has made that decision.

Assemblyman Daly:

I just want to make sure that I am understanding. When I look at the original bill and then I look at the amendment, I am not clear on what overlaps. What are we keeping from the original bill? Is the entire bill replaced by this amendment? That is not clear to me. From what I understand, the entire bill goes away, and this work session document will be the new changes.

Keith Munro:

In the work session document that your staff has drafted, it says at the very beginning that it is amending the bill by deleting all sections. There is the addition of section 1. In section 2, the Legislature had previously set forth that anything the Board of Examiners comes up with to effect its governance was a rule or regulation. There was a concern and a request that "rules and regulations" be changed to "policies and procedures." There was no objection from us as to that.

Chairwoman Benitez-Thompson:

Seeing no other questions, I will take a motion. For clarification, this will be on the first amendment that you see on the work session document [(<u>Exhibit E</u>), page 1]. The other two amendments were part of sections that were deleted by the bill and are no longer relevant.

ASSEMBLYMAN DALY MOVED TO AMEND AND DO PASS ASSEMBLY BILL 16.

ASSEMBLYMAN ELLIOT ANDERSON SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN OSCARSON WAS ABSENT FOR THE VOTE.)

I will ask Ms. Ruedy to move into Assembly Bill 45.

Assembly Bill 45: Revises various provisions relating to the Department of Administration. (BDR 33-306)

Jennifer Ruedy, Committee Policy Analyst:

Assembly Bill 45 was heard by the Committee on February 6. This is the first bill we have today that had a fiscal note. If you will notice, there were two fiscal notes provided by the Department of Administration and the Secretary of State, but they both have zero in the fiscal note. Assembly Bill 45 eliminates the requirement that the State Library and Archives Administrator must maintain custody of and carefully preserve the description of the State Seal and other such seals and expired official bonds approved by the Governor. [Continued to read from prepared text (Exhibit F).]

Subsequent to the hearing, three amendments were received. Please see the attachments. The first was received from Jeffrey Kintop, State Archivist, Nevada State Library and Archives [(Exhibit F), page 2]. I would like to point out that there was only one difference between Jeff Kintop's amendment and the Clark County amendment [(Exhibit F), page 4], from what I could see, and that was in subsection 8. Jeff Kintop's amendment says "or the information in," and Clark County's amendment says "and the information in." Also, in subsection 9, they have essentially the same language. It is just somewhat reordered. I should point out that our legal bill drafters may change the order of the final language in the bills. Anyway, that was the only difference I could find between Jeff Kintop's amendment and Clark County's amendment.

The second amendment was received from the Las Vegas Metropolitan Police Department, which had additional language that the other two amendments did not in subsection 8. They amend the bill to say:

...including, without limitation, information in Governmental records which are confidential or privileged unless such inspection is: (a) Precluded by federal statute or federal regulation; or, (b) is part of an ongoing criminal investigation; or, (c) is an open file regarding law enforcement confidential informants.

There is some additional language in (b) and (c) that I do not believe you see in the other two amendments.

Chairwoman Benitez-Thompson:

I am going to take a motion to amend and do pass <u>A.B. 45</u> with the amendment from Mr. Kintop and Clark County only.

Assemblyman Stewart:

May I make a statement? I am still uncomfortable with some of the language here as far as the confidentiality of certain agencies.

Assemblyman Ellison:

I have the same problem. There is a lot in this bill, and I think that the amendments did not address them all.

Chairwoman Benitez-Thompson:

For clarification for the record, we will do a roll call vote.

ASSEMBLYWOMAN NEAL MOVED TO AMEND AND DO PASS ASSEMBLY BILL 45.

ASSEMBLYMAN DALY SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN ELLISON, LIVERMORE, STEWART, AND WOODBURY VOTED NO. ASSEMBLYMAN OSCARSON WAS ABSENT FOR THE VOTE.)

We will move onto Assembly Bill 57.

Assembly Bill 57: Revises provision governing the biennial report of the activities of the Nevada Equal Rights Commission. (BDR 18-373)

Jennifer Ruedy, Committee Policy Analyst:

This is the only bill that does not have an amendment. <u>Assembly Bill 57</u> was heard on February 12. It requires the Administrator of the Nevada Equal Rights Commission to prepare and submit a biennial report instead of the Commission. [Continued to read from prepared text (Exhibit G).]

You will recall when this bill was heard in committee, somebody remarked that it was about the shortest bill hearing the Committee had received.

Chairwoman Benitez-Thompson:

Any questions for Ms. Ruedy about the bill? Seeing none, I will take a motion to do pass.

ASSEMBLYMAN ELLIOT ANDERSON MOVED TO DO PASS ASSEMBLY BILL 57.

ASSEMBLYMAN STEWART SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN OSCARSON WAS ABSENT FOR THE VOTE.)

We will move to Assembly Bill 85.

Assembly Bill 85: Revises provisions governing certain purchasing contracts and consolidation agreements. (BDR 27-277)

Jennifer Ruedy, Committee Policy Analyst:

This bill was heard on February 18 by the Committee. As introduced, it prohibits local governments and school districts from joining contracts for which a contractor's license is required to perform the work. The bill sponsor, Assemblyman Daly, provided the attached amendment [(Exhibit H), page 2]. The proposed amendment deletes the new subsection 3 of section 1 and inserts:

A governing body or its authorized representative or the State of Nevada shall not join or use a contract pursuant to this section if a contractor's license issued pursuant to chapter 624 of NRS is required for any portion of the work to be performed under the contract.

[Continued to read from prepared text [(Exhibit H), page 2].

Assemblyman Ellison:

There was some discussion about one of the letters in opposition to the Nevada State Contractors Board. I see nothing in here to address that.

Chairwoman Benitez-Thompson:

Was that submitted to the Committee?

Assemblyman Ellison:

I thought it was, and some of the concerns that were in there were some of the questions brought up by the State Contractors Board. It addressed item 7.

Chairwoman Benitez-Thompson:

I am wondering if you might be referring to <u>Assembly Bill 16</u>. There was some concern from the State Contractors about Title 54, and we did strike all that language. Let me give you a second to look through your correspondence.

Assemblyman Stewart:

I want to clarify that this will not have any effect on contracts that have already joined prior to the effective date of this bill. Is that correct?

Chairwoman Benitez-Thompson:

The bill sponsor is nodding his head. Yes, that is his intent for the bill moving forward.

Assemblyman Stewart:

Thank you, Madam Chairwoman. I will be voting yes and will also reserve my right to change on the floor of the Assembly.

Chairwoman Benitez-Thompson:

I will take a motion to amend and do pass.

ASSEMBLYMAN ELLIOT ANDERSON MOVED TO AMEND AND DO PASS ASSEMBLY BILL 85.

ASSEMBLYWOMAN NEAL SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN OSCARSON WAS ABSENT FOR THE VOTE.)

I will assign the floor remarks to Assemblyman Daly. We will move into the presentation from City of Elko.

Curtis Calder, City Manager, City of Elko:

It is always a pleasure to come down to meet our representatives and explain a little bit about the City of Elko. We are pretty isolated out in the eastern part of the state. We certainly appreciate any opportunity we have to let people know what we are about.

We are a full service city [(<u>Exhibit I</u>), slide 3]. We are the county seat and the largest city in Elko County. We were incorporated in 1917. We have a

population of slightly over 20,000 residents, but we service a regional population of about 40,000 in the unincorporated area around us. We are geographically isolated. We are about four hours from Reno, three hours from Salt Lake City, four hours from Boise, and seven hours from Las Vegas. We are pretty much the largest community in that portion of the state. That requires us to be self-sufficient, especially with regard to public safety. We are home to various State and federal offices, as well as Great Basin College.

Our services are much like most cities [(Exhibit I), slide 4]. We may even have a little more with respect to some of the regionalized services we provide. We, of course, provide public safety, such as police, fire, and animal control. We provide utilities. We own and operate the water and sewer systems in Elko. We provide public works, such as streets, regional landfill, facilities maintenance, and fleet maintenance departments. We also own and operate Elko Regional Airport, which is a *Code of Federal Regulations*, Title 14, Chapter 1, Part 139, commercial airport as well as a general aviation airport. We have community development, which includes planning, engineering, development, building, and our environmental department. We have a parks and recreation department, as well, which covers our parks, cemetery, recreation programs, latchkey programs, swimming pool, and golf course.

We are structured as a charter city [(Exhibit I), slide 5]. We have a council-manager form of government. We also have a redevelopment agency, and the City Council serves as that agency. We have a planning commission. We have seven appointed officials: myself, the police chief, fire chief, city clerk, city attorney, municipal judge, and the city sexton. We also have various volunteer citizen advisory boards, such as our Airport Advisory Board, Redevelopment Advisory Council, Arts and Culture Committee, Parks and Recreation Advisory Board, Golf Course Financial Advisory Board, and the California Trail Center Advisory Board. We also have 165 full-time equivalent employees.

I have an organizational chart here [(Exhibit I), slides 6 and 7]. I will not go through this, but this shows how we are structured throughout the City. We have a vision statement [(Exhibit I), slide 8]. We aspire to be a destination city that offers an excellent quality of life and a community focused on positive and responsible growth, quality development, economic expansion and diversification, and recreational opportunity. [Continued to read from slide 8 (Exhibit I).] That leads to our mission statement [(Exhibit I), slide 9]. The mission of the City of Elko is to provide its citizens with a clean and safe community through a responsive, transparent, and financially sound municipal government. [Continued to read from slide 9 (Exhibit I).]

These next charts are based on our fiscal year 2011/2012 audit [(Exhibit I), slides 10 through 12]. As you can see, consolidated sales tax makes up the lion's share of our revenues at 66 percent for that given year [(Exhibit I), slide 10]. It is approximately the same for this current fiscal year. The next chart shows that history over ten years [(Exhibit I), slide 11]. You can see, based on the rust-colored bar chart, how important consolidated sales tax is to our community. Our expenses are much like a lot of other cities [(Exhibit I), slide 12]. Fifty-six percent of our expense is in public safety, which includes police and fire services. Twenty percent is in public works for our streets and our roads. General government is 13 percent, recreation is 6 percent, health is 3 percent, and judicial is 2 percent.

Elko County presented some of their challenges earlier, and we have much of the same issues [(Exhibit I), slide 13]. However, ours are more in an urban setting. Economic diversification is always a concern for our community because we are in a natural resource-based economy. Mining, agriculture, and recreation are our predominant industries, with mining being the most prevalent. We have a growing population, which increases demand for our public safety services and our utility and transportation infrastructure. Currently, we have a multifamily housing shortage. We are the regional economic hub, and we provide regional services with a limited municipal tax base. We operate the regional commercial airport, the regional solid waste landfill, the regional animal shelter, and we have various public safety mutual aid and interlocal agreements. Of course, our reliance upon consolidated sales tax is a concern because when things are great we have plenty of revenue, but when things slow down we have a lack of revenue.

Here we have some of our accomplishments over the last decade [(Exhibit I), slide 14]. For conservative fiscal policies, we are 15 cents below the ad valorem cap in our county. We established a revenue stabilization account in 1998. Our budget surplus is reinvested in infrastructure rather than our staffing. We also partner with nonprofit foundations for capital improvements. Local Animal Shelter Support Organization helps us with the animal shelter, and we have another park foundation that helps us with one of our local parks. We established a redevelopment agency about five years ago. That has helped with some tax increment targeted for improving blighted areas in our downtown.

We also, over the years, have cooperated with local, state, and federal governments on various projects [(Exhibit I), slide 15]. A lot of people are unaware that the City of Elko funded \$5 million toward the construction of the South Fork Dam. We also participated with the Bureau of Land Management (BLM), the State of Nevada, and Elko County in the construction of the National Historic California Trails Interpretive Center. That was a \$2 million

contribution. We also participated with the County in the construction of the Elko County Senior Citizen Center. We participated with the BLM and the State of Nevada in the construction of the Elko Interagency Dispatch Center. We participated with the Elko Convention and Visitors Authority through our transient lodging taxes. We participated with the City of Carlin, Elko County, and the Nevada National Guard in the extension of water services to the Carlin Readiness Center, formerly the Fire Science Academy. We also have various mutual aid and interlocal agreements for fire protection, emergency dispatch, and regional economic development services.

In closing, consolidation and privatization are something of a hallmark in Elko. We have tried to maximize our efficiencies by consolidated and not duplicating services [(Exhibit I), slide 16]. Our municipal court has been consolidated with the Elko County Justice Court. Our dispatch services are consolidated through regional interlocal agreement. Municipal solid waste collection is privatized. City attorney services are privatized. Our municipal golf course concessions and golf professional services are privatized.

That will conclude my presentation. We would love for you to come out to Elko if you have not been there.

Assemblyman Ellison:

I see the City voted the other night not to extend the 2 a.m. last call. Apparently, you have been having some problems during the weekends. Could you expand on that? I am sure that a lot of small towns have the same problem. Also, is the City getting ready to do another expansion on the sewer treatment plant? I heard that was getting ready to come back up. Finally, you helped the Committee come up with some answers during the mid-session regarding consolidated tax, and I wanted to say thank you. You did a great job. You always had somebody there to testify and to give us the information we needed. I wanted to thank you for all your help on that because it was so important to get that bill out.

Curtis Calder:

We do have an issue, currently, with a lot of transient contractors in the Elko area due to the influx of mining activity. That has caused some issues in the public safety arena for our community. We have tried to deal with some of the alcohol-related violence in our downtown area through amendments to our liquor control code, which we are currently trying to do. One of the ideas was to limit alcohol between the hours of 2 a.m. and 8 a.m. We have held several public meetings with regard to this, and that was not a popular part of our proposed ordinance. At our last City Council meeting, the City Council did withdraw that portion of the amendment.

With regard to the water reclamation facility, again, it is another sign of a growing community. We are undergoing a \$7 million project at that facility, not so much to expand the capacity but to improve the effluent quality so the effluent can be used in our park system and other places where we currently cannot reuse the water. That will help us cut down on the amount of potable water we are having to pump from our aquifer.

Assemblyman Ellison:

Over the weekend I got to meet with Congressman Mark Amodei and discuss the expansion of the west end of Elko. We are going to meet on Friday. I am hoping we will get some answers on where we are going and what they are doing in Washington, D.C. I will let you know on Friday once I have that meeting.

Assemblywoman Bustamante Adams:

My question is on consolidation and privatization. What is the process that the group determines on when to privatize a certain service? How does that work?

Curtis Calder:

We do a financial analysis to see if it can be done less expensively in-house versus privatizing it. We are still a pretty small city, and because of our size we do not receive a lot of economies of scale. We are very selective in what services we bring in-house versus what can be done more efficiently outside. As we grow larger, if the numbers tip the other way, we would certainly look at doing that. For now, with things such as our municipal court, contracting with Elko County to provide those services is much more efficient than if we had a separate municipal court in the city.

Assemblywoman Bustamante Adams:

Do you do any analysis or follow-up regarding customer service and the feedback you receive on if it is actually working for the citizens or not?

Curtis Calder:

That really has not been an issue. We have had some of these services consolidated for so long that I think folks are used to that level of service, and we do not receive many complaints with regard to that service. Certainly, in issues such as garbage collection, there will be complaints from time to time, but the private contractor who is providing those services is very good at providing that customer service on our behalf.

Assemblyman Livermore:

You started your presentation with the statement that Elko is a charter community. Can you tell me a little bit about how the charter functions? Do you have a charter review committee or some citizens who overview that? How frequently might they meet and look at whether the charter needs amendments, changes, or things of that nature?

Curtis Calder:

The City of Elko does not have a charter review committee. However, we have come to the Legislature in the past to have our charter amended. There are times when there are functional issues that have to be resolved, such as elections. That was a bill that we were successful in getting passed in the last legislative session. By passing that bill, that streamlined our elections and allowed us to move our election date in conjunction with Elko County. You can imagine the savings of us not having to hold a separate election every election cycle.

Assemblyman Livermore:

What public participation was there when you made that presentation to the Legislature? Was that done by the electorates of the County? Was the public invited to make recommendations?

Curtis Calder:

We actually went through our council process, which requires us to take it before our city council regular meeting. The City Council receives public comment at that point regarding any charter changes. We show the proposed changes. We also provide that information back to the Legislature through the legislative process so they can see the level of public participation. Because it is so infrequent that we have changes to our charter, it is not something that receives a lot of public input. That is because people are not interested. However, we do receive some citizen comments, and we forward those through the legislative process for consideration.

Assemblyman Elliot Anderson:

I want to ask about your city attorney services. It says here it is privatized [(<u>Exhibit I</u>), slide 16]. Can you discuss that arrangement and how that works in the day-to-day? It seems odd to be outsourcing prosecution, does it not?

Curtis Calder:

We have had a contracted city attorney arrangement for probably as long as the city has been in existence. We break it out by municipal court prosecution. One attorney handles that. The other attorney who is appointed handles our civil representation. Between the two, structurally in the contract, we have two

different rates of pay. The municipal court prosecution is lower than the civil representation. On average, we pay probably about \$15,000 a month for both of those services. When we have done our financial analysis, it is far more expensive to bring that inside the city. You have to provide administrative support, office space, and all of those other ancillary things, as well as revisit the municipal court issue with Elko County.

Chairwoman Benitez-Thompson:

Additional questions? [There were none.] It is great to get this information. We always have to be mindful that when we are making policy it is not just about one end of the state or the other, but it is about all these great rural areas and communities out there. Thank you for your time.

I wanted to clarify something for the record. Assemblyman Ellison's questions regarding one of the bills we workshopped—Assemblyman Daly's bill about concerns with letters from the Nevada State Contractors Board—was attributed to a different bill.

I will bring back to the witness table Assemblywoman Neal, and we will reopen the hearing on Assembly Bill 169.

Assembly Bill 169: Revises provisions relating to contracts with a governmental entity. (BDR 23-793)

As you will recall, this is the hearing that got interrupted by our fire drill. I will go ahead and have Assemblywoman Neal recap her opening statements quickly before we move into testimony.

Assemblywoman Dina Neal, Clark County Assembly District No. 7:

I am going to make this simple, as Friday we were left with some pause. I am going to break the bill up into two parts. The information that I am going to give you right now will help you to understand sections 1 through 15. The second part of the discussion will be on section 16 through 18, which is gathering the data. What you need to understand are the contracts that brought this into existence. It was not clear who was impacted and how many people were impacted so that you can really understand the cost and that this was an issue of transparency and good government.

I am going to start off with the first contract, the Temporary Assistance for Needy Families (TANF) grant, which came into existence through JPMorgan Chase & Company. Parents who receive child support or a free cash withdrawal every month through their Electronic Benefit Transfer (EBT) card were charged a \$1 fee every time they used their EBT card in order to get cash.

In addition, there was a surcharge of \$1 to \$3 every time the person used their ATM card through JPMorgan Chase. I looked up the number, and in fiscal year 2011 there were 30,000 recipients of the TANF grant who were affected. It was large, and it was broad. When you think about the \$1 to \$3 fee, you have to understand the impact to the group and how large the group was in order to deal with the issue of transparency. Part of the problem was that it was such a large group, and it was written into the contract that the fee be charged.

The second contract that gave pause to the Senate Finance Committee, who heard this bill first, was Unemployment Insurance (UI) benefits that the State receives. In this particular transaction, ACS Benefit Services, Inc. was the contractor to the Nevada Department of Employment, Training and Rehabilitation (DETR). The subcontractor was Wells Fargo. ACS, in their contract with DETR, said that they would earn \$1.75 per ATM transaction. This affected 110,000 Nevadans. This is significant because we are paying unemployment benefits to people who are not working and yet ACS is making \$1.75 per ATM transaction.

To give context, I was reading through minutes on Senate Bill No. 359 of the 76th Session (Exhibit J), and I found out that there were approximately 399,000 ATM transactions that occurred with persons who had their unemployment benefits. That is \$1.75 times 399,000 transactions. It was an issue because ACS had the subcontractor agreement with Wells Fargo, and they had an interest rate split of 0.25 percent on \$160 million. This gave pause to Congressman Horsford, who wondered how they even came up with this agreement. He wanted to see the agreement between ACS and Wells Fargo. He wanted to know why they were earning money off of people who were out of work. The contractors said that it was part of the agreement. You had one free transaction, one free cash withdrawal every month, but every other withdrawal after that had a \$1.75 fee. If you wanted to do an ATM balance inquiry, that was 50 cents. You got two free ATM denials each month, but each denial after that, you were charged 50 cents. Why do government contractors get to make money off of these people? There were a total of 1.7 million transactions throughout the entire state, and that was just for October 2010. Contracting affected a large amount.

There are a total of four issues that brought about this bill. The third issue of contracting was with the Department of Taxation, which had a contract with JPMorgan Chase. JPMorgan Chase provided lockbox services to process tax payments. This originally was housed through the Office of the State Treasurer, but Bank of America decided they no longer wanted to do lockbox transactions. That is how JPMorgan Chase got into the framework. Department of Taxation,

from my understanding when I read the minutes on S.B. No. 359 of the 76th Session (Exhibit J), did not go out to bid. A \$5.85 million contract with JPMorgan Chase was negotiated with an option to extend the contract until mid-2013 at an annual cost of \$1.75 million. There was no competitive bidding.

The issue that came up was in regard to why the Department of Taxation did not feel the need to competitively bid in a private market to determine if that was a good rate. The response was that it works. JPMorgan Chase is efficient. Well, how do you know they are efficient if you never compared them to any other bank? That brought up another issue, which you will see when you read through A.B. 169 and you try to understand why they have all these caveats in sections 2 through 15. It was because of these different types of scenarios.

Now, what I need you to understand is that in the 26th Special Session of the Nevada Legislature, state agencies were directed to renegotiate contracts as a part of budget reductions. It was understood that renegotiations had some kind of budget efficiency and benefit. In the Department of Taxation example where they did not competitively bid, it gives question to their flexibility. The contract was not renegotiated, it was not competitively bid, and yet it was a \$5.85 million contract.

The fourth issue, which was the genesis of this bill, was in regard to Department of Health and Human Services contracts. There were actually 15 contracts, and they totaled \$51 million. They were a mixed bag of service, management, and consulting contracts. The issue that came up in Senate Finance Committee in 2011 was that the funding source was not included in the contracts. There was a question of how to create a contract where the funding source is not listed and instead is to be determined by each agency. How do I know, as a legislator, who is paying for it and whether or not it is grant funds or taxpayer dollars? That question was left unanswered, yet that contract was approved.

When you think about those four examples, two are the same in terms of the fees that were charged; fees that may not have been understood by the end user. Those fees affected a large number of people. There were also two examples where you had a lack of competitive bidding, the last one not having a funding source listed. In any contract with State dollars, you should know where the money is coming from if we are paying for it.

I wanted to set the record straight because in the Committee meeting on Friday I really did not know how to get to that point. I had invited someone to the

table, but then I thought that it is really my job to help you understand this bill and to frame it. Friday's fire drill gave me a chance to sit and read Senate Finance meetings from 2011. Today I am coming to the table, and I am going to deliver information to help you understand that contracting is a real issue and there is a problem.

The second part of <u>A.B. 169</u>, which is sections 16 through 18, deals with gathering data. I have had the benefit of listening to political history and the adaptation of political will as different people come through the process of trying to figure out whether or not there is economic equity in state contracting. How do you know whether or not there is economic equity in state contracting? Well, you have to gather data to find out what is going on. Sometimes you have to get into the pot of the cities, counties, and state agencies in order to determine whether or not discrimination exists within contracting. You also have to gather data because you have to try to determine if there are color-blind or gender-blind policies when it comes to making the decision of who gets a contract. I know that there are many people who feel they are burdened, but it is a temporary burden.

At the end of the day, we need to at least be able to state the case. If you cannot get data to state the case, then where does that leave everyone else in the state? Where does that leave the women, the people of color, or the elderly? Where does that leave us in our plight to determine whether or not discrimination exists and whether or not economic equity exists? Are we supposed to take their word for it? Are we supposed to find the data and then prove that they are either correct or incorrect and that there are issues going on that need to be dealt with?

Here is the linchpin: taxpayer dollars are paid by everybody. They are supposed to be spread equally, and they are not supposed to be applied to just one group. They are not supposed to be sectioned out where one group benefits and another does not, and yet they are paying into the same bucket. They may not be the larger group, but they are still a part of the group. The function of the State is to work within the scope of who the public is, how those taxpayer dollars are spread out, and what defines economic equity. At least, that is what I believe, and some people may differ. However, section 16 really tries to get to that point.

On Friday I was telling you that Legal Counsel Brenda Erdoes had pretty much vetted that section of $\underline{A.B.\ 169}$ and that she was a part of every single aspect of how we got there. She had read those Supreme Court cases and the Nevada Ninth Circuit Court of Appeals cases to determine what should be included and what should be excluded in order to get to the end mean of

economic equity. I wanted to state that because I needed the Committee to be clear and understand that section 16 was not a willy-nilly deal. It had the purpose of finding out some information.

I guess I will leave it there before I get on a soapbox. Now I am going to shift into the bill. I think I am going to deviate from the ask and answer part and leave that for when people come up in opposition. However, if you did not have opposition in 2011, you need to state what circumstances changed in 2013 to make you believe that A.B. 169 no longer functions and no longer does the job that it is supposed to do. A lot of the things that are associated with the fiscal burden comes from section 16, which Mr. Nuñez had worked out, and I would love to keep it in there. If there is something different that needs to be worked out regarding the burden that is being placed on somebody, they need to clarify it so I can be clear on what burden is being imposed versus the need that we are trying to seek and establish.

Chairwoman Benitez-Thompson:

Before you get into sections of the bill, are there any questions for the bill sponsor on her reintroductory comments? Seeing none, we will move through the bill.

Assemblywoman Neal:

Section 2 is basically general language of what is inclusive to the terms that are enacted. Section 3 defines "independent contractor." I am including the old minutes (<u>Exhibit J</u>) in my testimony because I want everyone to understand how much time went into examining and vetting this bill, trying to be inclusive of all participants who may be affected by it.

Section 4 defines "public body." It includes counties, cities, school districts, and state agencies. This is because Legal Counsel Brenda Erdoes had asked who, aside from the school district, we need to gather this information from. Who is responsible for public contracting? Who do we have to ask if there are color-blind policies associated with this? Who is engaged in government contracting where there is a transparency issue? Who is engaged in government contracting where there is a lack of competitive bidding or where there are hidden user fees being charged to a poor person, a TANF recipient, or an unemployed person? In subsection 3 of section 4, "school district" was added because Senator Kieckhefer in the April 1, 2011 Subcommittee on Statewide Contracting had asked why we should exclude school districts [(Exhibit J), page 7]. He just flat out asked the guestion. He said they do multi-million dollar contracts. Why should we not be in their business? Why should we not be trying to find out what they are doing? That is why they were included.

In section 5, we have purchasing division, what it means and who it applies to. Section 6 defines "sole source contract." Sole source needed to be defined because sole source requires a contract between a public body and an independent contractor. The reason this came up was because people were getting exemptions for professional services, and it was turning into a sole source contract. The sponsor or originator of this bill wanted to further clarify or set that apart. Section 7 deems that this apply to any contract for services except if the sale of goods is a part of the negotiated contract. That is the exception. This part of the bill was cleaned up because there was a lot of debate about it in 2011. They had to clarify this language.

Section 8 talks about the purchasing division prescribing a regulation or code of conduct. This came about because they wanted to set a standard for getting in a contract and what behavior you are expected to have. When it came down to why JPMorgan Chase was charging \$1.75 withdrawal fees, their basic argument was that they were not charging the State. They were charging the end user. They were charging the unemployed. The code of conduct was needed because they were charging people who could not afford the fee, and JPMorgan Chase was benefiting from that fee. If you look at the minutes (Exhibit J), they kept coming back saying they would provide a record for the Senate Finance Committee. I can give you that record later. The code of conduct says that they are going to maintain the accurate and internal records of all work done, and they will have it ready if they were ever called to the table to answer any questions.

Section 9 talks about the independent contractor who enters into a contract with a public body. This was the sole issue of disclosing any fees. The intent was to make it clear that the fees charged to parties who were not part of the contract, which at some point could be the consumers, were in fact going to be disclosed. This section deals specifically with the two contract examples of TANF cash recipients and the UI; that there needs to be a disclosure, not a subcontractor agreement where there is an agreement to divide these split interests. You need to be able to disclose if a consumer is going to be affected.

Section 10 states that the independent contractor shall fully disclose to the public body the name of the contractor or subcontractor used to perform the contract. This came about because, in that example, ACS Benefit Services had Wells Fargo as a subcontractor. Now, on the surface, you would have never have known that. Legislative authority gave the ability to go back and state the relationship between the contractor and subcontractor. Why does ACS have this relationship where Wells Fargo gets to charge \$1.75 for ATM withdrawals? Why do they have this relationship where 0.25 percent interest of \$160 million is being split between the two of them? Now, section 10 requires that they

name the subcontractor who is going to perform the work and any fees that are going to be charged. That section speaks directly to the issue of that example.

In subsection 2 of section 10, an independent contractor is required to report annually to the public body the total dollar amount generated by fees disclosed pursuant to paragraph (c) of subsection 1. I know a lot of contractors and subcontractors are not sure if this applies to them, and they do not necessarily want to ante up this information. That is fine, just state the reasons why you cannot do this. State the reasons why you did not bring this up in 2011, and then state the reasons why disclosing this information is going to negatively affect you right now in 2013.

In section 11, there is a limitation on sole source contracts of up to two years, and there is also language in subsection 3 stating a public body may not renew a sole source contract unless the governing body approves by a two-thirds vote. This came up because of the tax discussion where the contract was not competitively bid, and the agency decided to extend the contract for another four years because they said it works fine. There was a need to have some kind of safeguard to prevent any arbitrary decisions in renewing a sole source contract.

In section 12 it states that a public body may enter into a contract with an independent contractor for a period of no more than four years. This was put in here because they wanted to try to deal with the sole source issue of having four-year contracts. My understanding is that, in regard to public policy, most contracts are renewed—or have the ability to continue to be renegotiated—every four years and there is an exception for professional services. Professional services fall into the sole source category and not into the four-year category. My understanding was that this was put in A.B. 169 to make sure that if a public body has a contract where they want to renew or extend, there is the safeguard of approving the renewal by a two-thirds vote.

I have heard a lot of complaints about that, saying contracts are this or that and in the county it is different. I understand all of those things, but I needed to present this bill and frame it first rather than have it framed for me by someone else based on what they believe was the problem with the bill. I took the bill as is with the amendment from the Subcommittee, and I will work with it from there.

Section 13 states that the public body shall transmit information relating to the sole source contract but not limited to what is related to the independent contractor. This to me was just another safeguard. We need to know who is involved. It needs to be reported.

The State of Nevada Purchasing Division at the time got into this discussion regarding how to manage when a person submits information to them. How would they be able to continue to get this information reported? They said that they already report sole source contracts on their website. Therefore, the question was on whether or not this will continue to be a burden to Purchasing. They said it would not be a problem because they could just take that information and submit it through their State intranet website, that it could be easily done. I hope I am referring that to the right section, but I believe that was the discussion around section 13. Let me pause for a minute.

Chairwoman Benitez-Thompson:

While you are pausing, Assemblywoman Neal, I will take the moment to clarify for the record that when we are referencing our legal staff, who are nonpartisan and do not support bills either way, you should only refer to the legal research work that was done and not the staff's support or opposition of a bill.

Assemblywoman Neal:

I believe it was in the April 1 minutes [(Exhibit J), page 16]. The question was asked regarding why nonstate public bodies do not need to report this information that was related to section 13. The Purchasing Division answered that it was a transparency issue and the info was on a central website. Any vendor could see it. It was stated that it was a good check and balance and that the Purchasing Division currently reported the sole source contracts on the website. Purchasing claimed it could be easily done for other public bodies.

Section 14 states a public body that enters into a sole source contract or renegotiates a contract with an independent contractor shall report to the Purchasing Division before August 1 of each year for the preceding fiscal year. It set forth the criteria of what should be included. I have heard some really interesting comments on what renegotiate means. I really do not have an answer for that because, in simple contract terms, I do not think we need to belabor what renegotiate means. Even if you looked it up in the Merriam-Webster Dictionary or the Black's Law Dictionary, you could figure it out. I mean, there are only so many different ways you could renegotiate. Sometimes when people get into the minutia of things, I enter into an alternate universe, honestly. I just think they are getting too deep into something that is really simple and plain language. I wanted to cite that out because they are pretty much setting out the number of competitively bid contracts and the dollar amount of savings, and all of this is still checks and balances and safeguards.

Section 15 says if a contractor violates any provision of sections 8, 9, or 10, they may terminate the contract. That is probably the one portion of the bill

that may be flexible in terms of not having to seriously penalize anybody. However, there needs to be some accountability and transparency.

Section 16 is the section bringing up a lot of issues. It deals with the gathering of data so we can determine through public works who is participating in government contracts and if there is a situation where there is a lack of economic equity. This particular section was offered by the State Public Works Division in order to reduce the fiscal note that was associated with the bill.

Paragraph (d) of subsection 1 of section 16 states that a public body which awards a contract for a public work must enter or cause to be entered through the application on the Internet website of the Division. That amendment (Exhibit K) was offered because, in the testimony, it was going to cost the Public Works Division a lot of time and energy. We offered the Internet solution as a way to submit the information, and it was a voluntary honor system. It would be self-reporting. This was not supposed to include anybody's Social Security number or anything. It was just a matter of including the information on the Internet so that people could have the ability to upload their information without it being an extra expense.

In the 2011 Subcommittee, Associated General Contractors of America (AGC) expressed concern over tracking minorities. There was a direct contractual relationship with the prime contractor, and it goes only to the first tier subcontractor, not the lower. There was an issue with tracking the number of minorities and women working on the job no matter who the contractor is, and a solution was offered by AGC that the unions could supply information as people were assigned to the job. Certified payroll could report that and add it to the record, which is currently collecting and receiving this kind of voluntary information [(Exhibit J), page 47]. Folks could either do it by certified payroll, or they could get the information from the people who were assigned to the job.

I bring that up because there were a lot of people who came in and talked about a lot of different sections of the bill within that three-day subcommittee, but after the three days, it was worked out that the solutions offered were doable. The bill passed through the Senate and then it found its way to the Committee on Ways and Means, but it never made it out on June 6. Now it is here again. I am open for questions.

Assemblyman Elliot Anderson:

I want to ask a question about section 6 regarding the definition of a sole source contract. How do you know someone is the only source capable of providing services? Is there a requirement to bid a contract or project first

before finding out that an entity is the only source capable of providing services?

Assemblywoman Neal:

My understanding is that there is a very clear process. A request for proposal (RFP) is submitted. Purchasing goes through some level of what I would call bidding, but it is an RFP process. The sole source is an exemption that is created for professional services. How one becomes a sole source is an issue of being part of a competitively bid process or being selected. This is not my expertise. If Kimberlee Tarter is here from Purchasing Division, she would be better able to explain what a sole source entails. It is my understanding that a sole source is an exception, and it is for professional services. I do not know how you become sole source and how you get excluded. I just know that you can be sole source, and there is a need to clarify it.

Assemblywoman Bustamante Adams:

Can you talk about the working group and who was included in that?

Assemblywoman Neal:

There were different people who were a part of each day. On April 1 in 2011, there was Gustavo Nuñez with the State Public Works Board (SPWB), David Bowers with the City of Las Vegas, Lisa Foster with Nevada League of Cities, Constance Brooks with Clark County, Kimberlee Tarter with the Renny Ashleman with Purchasing Division, the City of Henderson, Stacey Crowley with the Office of Energy and the Office of the Governor, Randy Brown with AT&T Inc., James Wells with the Board of the Public Employees' Benefits Program, Cadence Matijevich with the City of Reno, and Rudy Malfabon with the Nevada Department of Transportation. On April 11, the new people were Jeffrey Mohlenkamp with the Department of Corrections, Daryl Capurro with Capurro Consulting, and Jack Mallory with the International Union of Painters and Allied Trades. On May 23, there was Steve Holloway with AGC, John Griffin with the American Council of Nevada, Companies of David Goldwater Sierra Nevada Corporation, Jennifer Bauer with the Department of Public Safety, and Mark Froese with the Division of Information Technology, Department of Motor Vehicles. That was it for the Subcommittee because May 25 was the day the bill was brought back to the whole Committee, and the only person who had additional comments—because they felt that the extension of the RFP process was not appropriately dealt with—was Kimberlee Tarter of the Purchasing Division. That was it.

Assemblywoman Bustamante Adams:

These individuals participated in the working group. From my understanding, this was the working group that former Senator Horsford gathered.

Assemblywoman Neal:

Yes, for three days.

Assemblywoman Bustamante Adams:

My takeaway is that they all participated in the working group and they walked away with recommendations of what was doable. Is that correct?

Assemblywoman Neal:

Yes.

Chairwoman Benitez-Thompson:

Are there additional questions? Seeing none, I will open up for testimony in support. Seeing none, I will move into opposition. Please do come up and put your opposition on the record. I know the bill sponsor's intent is to work with each and every one of you once she clearly understands what the concerns are. We want to make sure we have a good record here.

Gary Milliken, representing Association of General Contractors, Las Vegas:

We have already spoken with the sponsor of the bill, and I believe we will be meeting with her again this afternoon. I would like to compliment her for reading Steve Holloway's comments at the third Subcommittee meeting. I had that here, and I was ready to read it into the record. Since she has already read it, we will leave it at that.

I have a statement to begin with, and then I have a question. For those of you who remember, Assemblyman Joseph Hogan had a bill in 2005 or 2007 that tracked the ethnicity, gender, and age of employees, and AGC has always supported that. It is nice if we all agree to collect the information, but at the end of the day, somebody puts a penalty on there. That is one of the issues that we have with this bill because this will, basically, disqualify a contractor for not supplying the information. Again, we have a question with that because here we are looking at a general contractor and a tier-one subcontractor who have a contractual obligation between them. How does that affect this contract between the general contractor and the tier-one subcontractor when one of them is disqualified? I would like a clarification on that. That is about it. I see we still have the word "applicant" in the bill. My comments are simply for the bill itself. I do not know if we are leaving the word "applicant" in or not by an amendment, but I would like to have that clarified.

Chairwoman Benitez-Thompson:

The word "applicant" as it appears in which section?

Gary Milliken:

I think it is in section 16. My question is on section 16.

Assemblywoman Bustamante Adams:

I am grateful that the AGC participated in the working group and offered their comments back in 2011. The way that I understand it, Assemblyman Hogan's work was all on the employment side, not necessarily on contractors as far as work that is given to an employer. I think we are talking apples and oranges. From Assemblyman Hogan, it has to do with helping people of color and women to get into the trade. That is the way that I took it. I do not know if you have a different perspective.

Gary Milliken:

I guess the point I was trying to make here is that we always penalize somewhere. Assemblyman Hogan's original bills in both sessions had nothing to do with penalties. There would be a monthly reporting. Let us say Contractor X won a contract on a public works project. Each month he would simply turn in a report concerning the ethnicities, ages, and genders of whoever was on that job site. The penalty came in later on in an amendment to the bill, stating that we would penalize any of those contractors who did not supply any of that information. After you won a contract, that is when the bill kicked into effect.

Assemblywoman Bustamante Adams:

I just want to make sure that we do not confuse the Committee members because the way that I read the bill, it is about gathering data so that we could look at economic equity and not necessarily penalizing a contractor. If you have a different perspective, I would love to be able to see it. I agree, I would not necessarily support a penalty for the contractor, but I do not think this is what it is referring to.

Gary Milliken:

It is on page 6, section 16, subsection 1, paragraph (e) on the top part there: "Deem a bid that does not contain the information that the public body is required to gather and maintain pursuant to paragraph (a) to be not responsive." Again, we are talking about our definition of "not responsive," but usually that can affect the contractor continuing the job.

Assemblywoman Bustamante Adams:

What you are saying is that to you, "not responsive" would mean that there would be a penalty for the contractor. Is that how you are interpreting it?

Gary Milliken:

Yes.

Assemblywoman Bustamante Adams:

I do not see it that way, but I could understand your interpretation.

Assemblyman Elliot Anderson:

I am looking through *Nevada Revised Statutes* (NRS) Chapter 338 and trying to find where that "not responsive" language comes in because that is what we are amending. Do you have a citation on how that would affect contractors if they are named not responsive?

Gary Milliken:

No, but I will get back to you with that. I will find it for you.

Assemblyman Elliot Anderson:

Thank you. I am just trying to understand your concerns.

Craig Madole, representing Nevada Chapter of Associated General Contractors:

First, I would like to say that I cannot speak to the 2011 piece of this. We are a membership-based organization, and as such, our membership is always in a state of flux. I do know that our current membership reviewed this bill, and they have the same concerns that Gary Milliken just presented from AGC Las Vegas. We would just like to say that we, too, oppose this bill for the same issues that AGC Las Vegas has.

Ted Olivas, representing City of Las Vegas:

We, too, are opposed to this bill. I did have the opportunity to talk with the bill sponsor, and let me say that we certainly agree with the concerns that were raised with the four contract issues that this Committee was provided. That is not good contracting, and we think that they should be fixed. That is what we are here for. That being said, we certainly applaud the efforts of the bill sponsor.

The minutes from Senate Bill No. 359 of the 76th Session (Exhibit J) reflect a lot of discussion in the session. The bill sponsor talked about the three subcommittee meetings. The bill went to Senate Finance and finally to the full Senate. The record also reflects that Kimberlee Tarter was the main representative from the State, and the reason she was the main representative

was because the four issues you heard about were State contracts that the local governments were not privy to. We were working through her to try to identify the opportunities to fix this bill. There are billions of dollars of purchases that happened throughout this state, and you heard four bad ones. Well, let us fix the four bad ones. I mean, do we have to throw the baby out with the bathwater? Let us fix what we have to fix here.

I heard three things—I believe Assemblywoman Neal said there were four, but I only wrote down three—and one had to do with the disclosure and reporting of fees on contracts. Section 9 covers that. We think we can do that. We can figure that out. We talked about sole source contracts and we talked about whether there is a way to structure these such that there is more transparency and accountability. We can absolutely do that. We talked about economic equity. Back in 2003, during the 26th Special Session, there was a group that was put together called the Clark County Regional Business Development Advisory Council to address this very issue. They provide a report every couple They also meet quarterly. That group was put together, and it includes 24 entities from the County to Las Vegas to Henderson to North Las Vegas, et cetera. It is a group of representatives from all walks of life in southern Nevada put together to talk about these social equity issues, and their responsibilities are defined in statute. They meet and talk about how we are doing in terms of employment of the disadvantaged. I would be glad to provide this to the Committee so that you can see the specific statute. They are providing that report. The latest one was dated January 8, 2013, to identify how we are doing as a region. Now, that is southern Nevada only. However, I want you to know that we are collecting this data.

With that said, on behalf of everybody in this room or who is a party to this bill, we are ready, willing, and able to sit down and figure out how we can address each of those issues, but the way that the bill is structured is confusing to everyone. What we do not want to do is pass a bill that no one is carrying out consistently. We need to be crystal clear on what the requirements of this bill are and how it is carried out. As a very generic example, the very first section talks about NRS Chapter 281. That relates to sections 2 through 15 of this bill, a big portion of the bill which relates to the local government purchasing people. It does not relate to public works, so I will set that aside. You are putting a provision in NRS Chapter 281 that no purchasing person in this state looks at. They look at NRS Chapter 332 and NRS Chapter 333. If we want this stuff done, that is where we have to put it. There are some structural things that we need to do. I think that we can meet the intent of the bill sponsor and of Congressman Horsford, but we need to make some structural changes. We are glad to sit down and do that.

Chairwoman Benitez-Thompson:

Questions for Mr. Olivas? [There were none.] For clarification for the record, Mr. Olivas, when you were referring to sections 9 through 11, did you mean support as written for those sections currently?

Ted Olivas:

Those are things that we can easily put in a contract and make a requirement. That is really simple to do, but we need to make sure that it gets into the right place and that Purchasing is looking at to make sure it gets in the contract.

Assemblyman Elliot Anderson:

To follow up on your structural concerns for local government purchasing and the like, would the school districts be looking in NRS Chapter 281?

Ted Olivas:

No. Generally, their purchasing people would be looking in NRS Chapter 332.

Assemblyman Elliot Anderson:

Just to clarify, do you mean the school districts and not the State?

Ted Olivas:

Correct.

Chairwoman Benitez-Thompson:

Additional questions? Seeing none, we will go to testimony from Clark County.

Kathy Ogle, Cochair of the Nevada Public Purchasing Study Commission, City of Henderson:

We wanted to go on record as being opposed to the bill as introduced for the same reasons previously stated by other testimony.

Chairwoman Benitez-Thompson:

Any specific sections of the bill? The other testimony has all been in section 16. For the legislative record, should we clarify that your concerns are section 16?

Kathy Ogle:

Yes, our concerns rest mainly with section 16 and the reporting requirements for both the public bodies and contractors involved.

Assemblywoman Bustamante Adams:

Can you tell me what your entity does? What are they responsible for?

Kathy Ogle:

The Nevada Public Purchasing Study Commission (NPPSC) is required by statute in NRS 332.215 to review and make recommendations to legislative matters concerning public purchasing and contracts.

Assemblywoman Bustamante Adams:

How long has NPPSC been in existence?

Kathy Ogle:

I believe it was created in statute in 1975.

Assemblywoman Bustamante Adams:

When was your last meeting, and what were some of the recommendations that you have made?

Kathy Ogle:

Our Commission meets monthly. Our last meeting was on February 11. The position of the Commission with regard to this bill was taken by electronic vote last week. We had 19 agencies respond, and they were unanimously in opposition to the bill as introduced.

Assemblywoman Bustamante Adams:

Can you tell me who belongs to your purchasing study commission? What groups are you referring to?

Kathy Ogle:

The Commission is made up of counties with populations of over 100,000, local government agencies, school districts, and special agencies.

Assemblywoman Bustamante Adams:

How is that different from the Regional Business Development Advisory Council Mr. Olivas talked about?

Kathy Ogle:

The NPPSC covers the entire state, and I believe the committee that Mr. Olivas referred to only covers Clark County. The State Purchasing Commission looks at all legislation having to do with any type of purchasing or contracts in NRS Chapter 332 and NRS Chapter 338.

Assemblywoman Bustamante Adams:

You are the cochair; who is your other counterpart?

Kathy Ogle:

The cochair for northern Nevada is Andrea Sullivan.

Assemblyman Elliot Anderson:

To follow up on my colleague's questions, could you send us a list of who is in your commission, please?

Kathy Ogle:

Yes, I will send a list to you.

Chairwoman Benitez-Thompson:

Additional questions? [There were none.] Additional comments for the record in opposition?

Priscilla Maloney, representing American Federation of State, County and Municipal Employees, Local 4041:

I was not at the table in 2011, but we did our homework and we got the legislative history and certainly understand what the goal of this bill was. For the record, we are, in many respects, in agreement with Assemblywoman Neal on what is needed in our contracting world with regard to public works. However, American Federation of State, County and Municipal Employees' particular focus is on the services contract in NRS Chapter 281 being amended. Our concern is that there are not enough teeth in the bill as written, and we will be submitting an amendment. We reached out briefly this morning to Assemblywoman Neal and to Assemblyman Daly, who is one of the cosponsors on the bill. In section 8, subsection 1, it says:

The Purchasing Division shall prescribe by regulation a code of conduct for independent contractors. The code of conduct must include, without limitation, provisions stating that the independent contractor: (a) Knows and agrees to abide by all applicable state ethics laws; (b) Agrees to maintain accurate internal records of all work done pursuant to a contract with a public body; and (c) Agrees to make the records kept pursuant to paragraph (b) available for inspection or audit by the Legislative Auditor and the Division of Internal Audits of the Department of Administration.

We would like to add another set of teeth there by suggesting that the State Controller be included in this list. We have consulted briefly with State Controller Kim Wallin, and it is our understanding that she is amenable to being included in this list. Our understanding of her position is that she already has the power in her purview through NRS 227.160 to conduct her own audits when necessary. Again, our concern is that we have been hearing not just in

this legislative history, but already in the building, about contracts for other services where performance indicators are not built into the contracts. What if there are complaints about how public/private partnership provider services are being delivered and we are in the middle of contract time with no recourse? The amendment we will be submitting adds another pair of eyes onto this process.

Lindsay Anderson, representing Washoe County School District:

I also wanted to add for the record that Andrea Sullivan, who is the cochair of the NPPSC, is an employee of Washoe County School District. We wanted to go on the record in opposition to the bill, mostly because of the reporting requirements that have previously been described.

Assemblywoman Bustamante Adams:

Was there anybody in Washoe County participating in the 2011 working group that former Senator Horsford had put together?

Lindsay Anderson:

To my knowledge, nobody from Washoe County School District was there. I cannot speak to whether or not anybody from another local government participated in that or not.

Nicole Rourke, representing Clark County School District:

We also concur with the concerns put forth to the Committee regarding the reporting requirements and the records retention, especially as outlined in section 16.

Chairwoman Benitez-Thompson:

Any questions? [There were none.] Additional testimony or comments in opposition for the legislative record? Seeing none, I will move to neutral.

Gustavo Nuñez, P.E., Administrator, Public Works Division:

Thank you for all the kind comments. As has already been stated, this bill is very similar to what Public Works suggested during the last session in order to avoid a fiscal note from our agency. Therefore, you will not be seeing a fiscal note from our agency with respect to this work that we will be doing as stated in section 16, subsection 3. I would like to, however, put on the record and clarify that we will not be providing any type of analysis. We will be doing what I would classify as gathering the data, doing a data dump, and providing that through the Legislative Counsel Bureau (LCB). We will create the form. We will gather the data and provide the data that has been submitted. We will not have the authority to do any policing or enforcements. Whatever we receive is what we will report.

I see under section 16 that it does mention, specifically, the State Public Works Division of the Department of Administration. In section 16, subsection 3, it uses only the word "Division." I see Purchasing Division is defined in section 5, but "Division" in section 16 is not defined as the Public Works Division. I understand what the intent is, but once the bill comes out, if "Division" is not defined, then it would not be clear that it is the Public Works Division. I could not find that anywhere else. I can be corrected, but I could not find "Division" being defined anywhere like it is in the digest version of the bill. That concludes my remarks.

Assemblyman Elliot Anderson:

I am looking at section 16 and your concern about the definition of "Division." Since it is being amended into NRS Chapter 338, which is separate from the rest of the bill, would the Division not just cite back to whatever is in NRS Chapter 338?

Gustavo Nuñez:

I do not believe that the Division is included in NRS Chapter 338. We are defined in the NRS that creates our Division, which is NRS Chapter 341. That is very specific to Public Works. *Nevada Revised Statutes* Chapter 338 applies to every public works agency in the state of Nevada. However, like I said, I can be corrected because the Purchasing Division is identified in the front, but I do not see the word "Division" being defined in section 16.

Assemblyman Elliot Anderson:

I wanted to read that off for the record so we are clear about what the NRS Chapter 338 definition is. In NRS 338.010(8), "Division" means the State Public Works Division of the Department of Administration. Would that definition satisfy your concerns?

Gustavo Nuñez:

Absolutely.

Assemblyman Daly:

I read most of the record this weekend. I am just trying to figure out how the State Public Works Division got mixed up in collecting this data and putting it on the website because they only cover State buildings. When they bid those buildings, they bid them under NRS Chapter 338. Certified payroll reports, where a lot of this information comes from, goes to the Nevada Office of the Labor Commissioner or directly to Public Works, but only for buildings. It is the same way with other public bodies. I am curious as to how you ended up being the master of the universe with collecting this data and sending it out. I am

going to be working with the bill sponsor as much as I can to figure out the best way to collect it and where that would be.

Gustavo Nuñez:

That is a good question. That is just the way it came out in the bill the last time. We were not consulted on that matter. When I submitted the fiscal note during the last session, I volunteered to work with the proponents of the bill to try to find a solution that would not include a fiscal note, particularly one of that magnitude. The rest, I guess, is history.

Assemblywoman Bustamante Adams:

I applaud you for your willingness to remove the fiscal note and to understand the importance of collecting the data, but I understand not wanting to do the analysis. I think that is a completely separate thing. I wanted to applaud you for finding a solution and the willingness to try to do that. I did not hear that from the other entities, so thank you.

Chairwoman Benitez-Thompson:

Additional questions? [There were none.]

Fred L. Hillerby, representing Regional Transportation Commission of Washoe County:

With me is Lee Gibson, who is our executive director, and I just wanted the opportunity to introduce him.

Lee G. Gibson, representing Regional Transportation Commission of Washoe County:

We are taking a neutral position on this bill. We certainly think the goals of this bill are worthy. We believe it is important to know how we are performing as a public agency investing in our community and how the economic returns and benefits are being permeated throughout our community. However, we do have a number of concerns with A.B. 169. First off, in reviewing section 4 of the bill, we are not quite sure if this bill and the definition of "public body" applies to us at the Regional Transportation Commission (RTC). We are not quite sure it applies to a special purpose district.

Second, in sections 11 and 12, there seem to be some limitations on the terms of contracts. We are concerned that those contract limitations, especially as it would relate to our activities in managing and operating public transportation services in Washoe County, could be limited. It appears that the limitation is a four-year limit. Federal law, which does govern, guide, and provide regulatory structures for our transit contracts, gives us a five-year time period. It also gives us the opportunity to exercise options for additional years, so long as

those options are priced and evaluated as part of the proposal process. If we are subject to the bill, then we believe a fix to allow for a harmonization between federal procurement practices and local practices would be worthy. Those longer term contracts do provide us the opportunity to offer stable and reliable employment. We get better prices, and at the same time, we do obtain a great deal of demographic information on the work forces that are used.

Third, the concerns about the dollar amount of savings in section 14, paragraph (e) are unclear to us. We would like to see some more definition put on that.

Finally, in section 16, our attorneys raised some questions about the relationship between this proposed bill and NRS 338.125. We would suggest and be willing to work with the Committee to perhaps resolve and harmonize whatever intent is there because we do believe in the overall goals of this bill.

Chairwoman Benitez-Thompson:

I think we will classify your testimony as opposition just so we can make sure we get the bill sponsor working on the sections you referenced and have concerns about. It sounded like a couple of them were just clarification, such as if RTC was included in the definition "public body."

Lee Gibson:

Correct. We are just concerned about these technical issues.

Chairwoman Benitez-Thompson:

I bet we could clarify that one pretty quickly, but for the rest of those sections, I will make sure that we note them and get you working with the bill sponsor.

Assemblyman Daly:

When you have federal contracts, or maybe even when you just have regular RTC-funded contracts, do you have an affirmative action plan that you follow? Is that just on federal matches?

Lee Gibson:

When we are doing our federally funded contracts, we go through the entire range of the Equal Employment Opportunity Commission Board (EEOC). We make sure that all of the required components of a federal initiative are included, such as Disadvantaged Business Enterprise plans and so on. We also apply those to Federal Transit Administration (FTA) and Federal Highway Administration (FHWA). With respect to our local contracting, we comply with all state requirements to those effects.

Robert Ostrovsky, representing Cox Communications:

We have a little technical change. We do not have a position overall on this bill. I just came up as neutral, and I have talked to the bill sponsor about this. I just want to get on the record. In section 7, subsection 2, paragraph (b), talking about franchise agreements, it says "Relating to a franchise entered into by a local government." We have suggested that we add the language "or otherwise subject to the provisions of NRS Chapter 711." Video franchises run through a state process, which is in NRS Chapter 711. They are a little different from other franchise holders. We want to make sure that there is some reference to NRS Chapter 711 in A.B. 169 so there is no confusion about whether this language applies to video service providers or not. I have talked to the bill sponsor about this, and she is reviewing that request.

Constance J. Brooks, representing Nevada System of Higher Education:

It was brought to my attention that the Nevada System of Higher Education (NSHE) was not a participant in the discussions in 2011. While the Board of Regents has not yet taken a position on this bill, we would appreciate the opportunity to work with the sponsor and the other entities that have been represented today as potential changes take place throughout the bill, particularly with section 16 and the reporting requirements. Fairness and equity with respect to government contracts is of paramount importance to the Board of Regents, and we look forward to being a participant going forward.

Cadence Matijevich, representing City of Reno:

I wanted to answer the question that Assemblywoman Bustamante Adams had asked regarding which Washoe County entities were part of the working group in 2011. The City of Reno was indeed one of those. I believe Assemblywoman Neal pointed out earlier this morning that I had testified at one of the subcommittee hearings, and at that time, we had a particular concern about retroactivity; that the provisions with limitations on duration of contracts only go into effect for contracts that are executed after the date. We may have some contracts in place right now that have durations beyond two years. The entity that we entered into a contract may have made financial decisions and may have people employed based on the terms of the contract that were put into place when they were executed. We would just be concerned about transitioning those if this bill is indeed passed.

Lisa Foster, representing League of Cities:

I wanted to make sure that the Committee and the sponsor know that we are here and we want to be involved as we were last session. Some of our members have some strong concerns about the reporting issue, and we just want to make sure that we are present and including them in the discussion. We hope to be in communication with the bill sponsor.

Laurie Squartsoff, Administrator, Division of Health Care Financing and Policy, State Department of Health and Human Services:

I am here to represent the Division of Health Care Financing and Policy and to present agency concern regarding this legislation. This bill does have the potential to require medical network providers to be included and considered as subcontractors. This requirement could have a negative impact on Medicaid's Managed Care Organizations' abilities to negotiate provider contracts and remain competitive.

We are concerned with section 10 in its current form because it would have the potential to increase Medicaid costs by increasing the rates Medicaid pays to our Managed Care Organizations. The monthly capitation-per-member payments Medicaid pays to our managed care organizations by federal regulation must be reset annually to an actuarially sound rate. If the rates the Managed Care Organizations pay to providers go up, the rate Medicaid is paying to our Managed Care Organizations also go up. We are suggesting exempting Medicaid from this requirement or eliminating medical network providers from consideration as a subcontractor.

Chairwoman Benitez-Thompson:

We will reclassify that as opposition to make sure that the bill sponsor is in touch with you about your exemption concerns.

Deborah L. Cook, Administrator, Administrative Services Division, Department of Motor Vehicles:

We have concern with section 12 and the limitations on the four-year contracts. We have been able to get the cost down on existing levels because of long-term contracts. If they are only allowed four-year contracts, there will be significant cost increases that will be passed along to our residents for things like our photo fees for our licenses, driver licenses, and the kiosks.

Chairwoman Benitez-Thompson:

Additional testimony in neutral? Seeing none, I will close this hearing on A.B. 169.

Public comments? [There were none.]

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Meeting adjourned [at 11:29 a.m.].		
	RESPECTFULLY SUBMITTED:	
	Maysha Watson	
	Committee Secretary	
APPROVED BY:		
Assemblywoman Teresa Benitez-Thompson, Chairwoman		
DATE:		

EXHIBITS

Committee Name: Committee on Government Affairs

Date: March 4, 2013 Time of Meeting: 9:04 a.m.

Bill	Exhibit	Witness / Agency	Description
	Α		Agenda
	В		Attendance Roster
	С	Cash A. Minor / Elko County	Presentation handout
A.B. 13	D	Jennifer Ruedy / Research Division, LCB	Work session document
A.B. 16	E	Jennifer Ruedy / Research Division, LCB	Work session document
A.B. 45	F	Jennifer Ruedy / Research Division, LCB	Work session document
A.B. 57	G	Jennifer Ruedy / Research Division, LCB	Work session document
A.B. 85	Н	Jennifer Ruedy / Research Division, LCB	Work session document
		Curtis Calder / City of Elko	Presentation handout
A.B. 169	J	Assemblywoman Neal	Handout
A.B. 169	K	Assemblywoman Neal	Amendment handout