

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

**Seventy-Seventh Session
April 8, 2013**

The Senate Committee on Government Affairs was called to order by Chair David R. Parks at 2:07 p.m. on Monday, April 8, 2013, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator David R. Parks, Chair
Senator Pat Spearman, Vice Chair
Senator Mark A. Manendo
Senator Pete Goicoechea
Senator Scott Hammond

GUEST LEGISLATORS PRESENT:

Senator Mark A. Hutchison, Senatorial District No. 6
Senator James A. Settelmeyer, Senatorial District No. 17
Senator Debbie Smith, Senatorial District No. 13

STAFF MEMBERS PRESENT:

Patrick Guinan, Policy Analyst
Heidi Chlarson, Counsel
Suzanne Efford, Committee Secretary

OTHERS PRESENT:

Kay Scherer, Deputy Director, Department of Conservation and Natural Resources
David K. Morrow, Administrator, Division of State Parks, Department of Conservation and Natural Resources
Rebecca L. Palmer, Acting State Historic Preservation Officer, Office of Historic Preservation, Department of Conservation and Natural Resources

Senate Committee on Government Affairs
April 8, 2013
Page 2

Evan Dale, Administrator, Administrative Services Division, Department of Administration
Sheralynn Kern, Vice President, American Federation of State, County and Municipal Employees Local 4041, AFL-CIO
Paul J. Enos, CEO, Nevada Trucking Association
Carole Vilardo, Nevada Taxpayers Association
Ray Bacon, Nevada Manufacturers Association

Chair Parks:

We will open the hearing on Senate Bill (S.B.) 436.

SENATE BILL 436: Creates the Nevada State Parks and Cultural Resources Endowment Fund. (BDR 19-1154)

Kay Scherer (Deputy Director, Department of Conservation and Natural Resource):

I have submitted written testimony explaining S.B. 436 ([Exhibit C](#)), and a Proposed Amendment ([Exhibit D](#)) whereas "only the interest earned on the principal may be used" to enhance State parks and preserve cultural resources.

Senator Goicoechea:

The principal cannot be expended.

Ms. Scherer:

That is correct.

Senator Goicoechea:

In the past, other trusts were depleted and no longer exist.

Ms. Scherer:

We want to set up the Nevada State Parks and Cultural Resources Endowment Fund as an endowment trust fund and have that language mirror the other fund in *Nevada Revised Statutes* (NRS) 235.

David K. Morrow (Administrator, Division of State Parks, Department of Conservation and Natural Resources):

I have submitted written testimony supporting S.B. 436 ([Exhibit E](#)).

Senator Hammond:

I like this bill. Would you please elaborate on the matching funds you just mentioned? You said we can obtain matching funds which will help us, or are you just highlighting the fact of matching funds?

Mr. Morrow:

There are specific funds. In particular, the Land and Water Conservation Fund is a viable federal funding program; however, it requires a 50 percent match. The National Recreation Trails program would be another example of a federal program, and it requires a 25 percent match.

Those existing programs require matches that we could obtain with the trust fund created by S.B. 436. We could use this Fund and increase its value by matching it against other funds.

Senator Hammond:

I want to understand how this works. The only money that can be used for projects comes from the interest earned from the trust fund, which is the amount to be matched.

Mr. Morrow:

That would be one of the methods. We would use those funds to match federal funds.

Senator Hammond:

Are the feds looking at the principal?

Mr. Morrow:

No, not at all.

Chair Parks:

Do you have an estimate of the prospects for receiving contributions into this Fund?

Mr. Morrow:

I do not have a specific idea. We have had interest in the Fund. One of the concerns has been that any donation would be used in conjunction or commingled with the General Fund. Given our record, there are potential funding sources if this Fund is established.

Chair Parks:

Donors do not want to donate if it may supplant the money that would normally come to the agency.

Rebecca L. Palmer (Acting State Historic Preservation Officer, Office of Historic Preservation, Department of Conservation and Natural Resources):

If enacted, this bill will create a powerful tool for the rehabilitation, restoration and interpretation of cultural resources around the State. Individuals or corporations that donate to this fund will know their donations will contribute to the preservation and public enjoyment of such resources.

In addition, these funds could be matched with federal funds through several existing programs managed by the Division of State Parks and my office, thereby doubling, and in some cases tripling, the impact of the contributions on cultural resources.

This Fund could be used to restore or stabilize precious and vulnerable cabins along popular trails in the Lake Tahoe State Park, structures in the much-visited Berlin-Ichthyosaur State Park or in Spring Mountain Ranch. Structures still standing could benefit from intensive stabilization and rehabilitation efforts. However, that cannot be completed with the limited General Fund revenues.

Previous archaeological excavation of historic and prehistoric sites, such as the African-American Boston Saloon in Virginia City and the Washoe Indian village site at the Warm Springs site in Carson City, have tapped into the burgeoning heritage tourism market. Numerous tourists and residents alike who come to these historic locations are provided with a broader understanding of the daily lives of individuals that are not adequately documented in any history book. An example of such an educational element can be found today in the lobby of the Richard H. Bryan Building in Carson City.

For example, this Fund could be used to conduct professional archaeological excavations in Berlin. The public would be invited to participate and learn about archaeological methods while the artifacts and features uncovered would be employed by professional curators and interpreters to illustrate a complete picture of the lives of the early Nevadans who inhabited Berlin in its heyday. Numerous tourists and residents come to this significant resource now. Imagine the experience they would have if the daily diet of miners or the entertainment activities of local children were highlighted in state-of-the-art displays.

The potential for cutting-edge interpretation, archaeological excavation of historic sites and the preservation of our significant cultural resources is limitless. The public and generous citizens of Nevada deserve this opportunity to contribute to the preservation of our important cultural resources.

Chair Parks:

We will close the hearing on S.B. 436.

SENATOR SPEARMAN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 436.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Parks:

We will open the hearing on S.B. 473.

SENATE BILL 473: Revises provisions relating to certain internal service funds.
(BDR 18-1128)

Evan Dale (Administrator, Administrative Services Division, Department of Administration):

Senate Bill 473 would allow internal service funds of the State to receive interest on their reserves. I have submitted a written statement ([Exhibit F](#)) and a presentation ([Exhibit G](#)) explaining the background of S.B. 473.

Internal service funds are subject to the scrutiny of the federal Division of Cost Allocation (DCA) at the U.S. Department of Health and Human Services. Every year, the operations of our internal service funds are reviewed. The review includes an analysis of revenues, expenditures and reserve balances, with a focus on reserve balances. If the federal government deems the reserves excessive, it requires the State to pay back the federal share of the reserves.

For example, the Motor Pool Division rents vehicles to many operations throughout the State. Some of those operations are federally funded and rent Motor Pool Division vehicles with federal dollars. Therefore, federal dollars make

their way into the Motor Pool Division's reserve balance. If the federal government reviewers deem that reserve is getting excessive, they will want their share back. That is the background for this bill.

The DCA requires the State to prepare financial statements for each internal service fund in accordance with the Code of Federal Regulations (CFR), 2 CFR Part 225—also known as the Office of Management and Budget (OMB) Circular A-87. These regulations stipulate a set of accounting principles based on generally accepted accounting principles (GAAP), with a few modifications. One of those modifications is the requirement to recognize interest earnings on reserve balances. This bill will allow internal service funds, including the State Printing Office, to realize the required interest, thus eliminating an unmanageable difference between the two systems. This will help to eliminate the potential for assessments by the federal government in the future.

Slide 2 of the presentation, [Exhibit G](#), lists the differences in accounting methods. The budgeting and budget management system of the State uses a cash basis accounting method. That system recognizes expenses and revenues as cash is received and spent. This method produces different results than those under GAAP or CFRs, which accrue and defer revenues and expenses regardless of when cash actually trades hands. Passing this bill will help minimize discrepancies between the two systems and, therefore, the opportunity for the federal government to impose settlement payments.

Slide 3, [Exhibit G](#), addresses the federal review of internal service funds. The DCA reviews internal service fund operations once a year. The review starts with the GAAP-based financials that appear in the State of Nevada Comprehensive Annual Financial Report (CAFR) and makes a few adjustments. Two adjustments always made involve the Statewide Cost Allocation Plan amount in the internal service fund and interest earnings.

The CFR requires recognition of interest earnings on reserves. These earnings are not recognized in the State's budgeting system or on the CAFR. Slide 4, [Exhibit G](#), shows an example of this effect. This simplified, 2-year operating statement for a hypothetical internal service fund has three columns across the top of the page that represent the different accounting systems in place. Column 1, which is cash basis, lists the Data Warehouse of Nevada—also known as DAWN—that we use when we budget and to control

budgets. It is strictly a cash basis accounting of the operation. Column 2 is the GAAP-based CAFR reporting, and Column 3 is the CFR reporting.

Although this example has no difference between the cash basis and the CAFR, I included it to show that it is an intermediate step for the federal government when reviewers start their analysis.

In Year 1 on the example, revenue is \$600 for both the cash basis and the CAFR; however, the federal government says we recognize your \$600, and we require you to recognize \$5 of interest. That does not show up anywhere in the State books, but the federal government requires us to recognize that. Therefore, there is a difference in total income of \$5.

Expenses in this example are the same across the board. On line 5, where it says "operating income (loss)," the State's books show no operating income or loss; however, the federal government shows a \$5 operating income.

Starting at line 6 is the reserve statement. We started with \$100 of reserves on all three books. There is no operating income or loss on the State books; therefore, at the end of the year we still have \$100 of reserves. However, on the federal government books, which is Column 3, we have a \$5 operating income; therefore, the reserves are \$105 on its books.

Mr. Dale:

In Year 2 on the example, the issue starts to compound. Again, there is \$600 in revenue across the board; however, the federal government requires us to recognize \$6 of interest earnings on the reserves. Therefore, a total income of \$606 is on the federal government books but only \$600 on the State's books, leading to no operating income or loss on the State's books. However, the federal government is forcing the State to recognize a \$6 operating income.

When we look at the reserve statement at line 15, the beginning reserves for the State start at \$100 and are the ending reserves of the prior year. However, notice that on Column 3 for the federal government, the beginning reserves start at \$105 because that is the federal ending reserves for Year 1. Now the federal government adds another \$6; by the time we get to the end of Year 2, the federal government is showing the State's reserves at \$111, while the State is showing \$100.

In only 2 years, there is more than a 10 percent difference in the reported reserve balances. This simplified example points out the problem. The interest, year after year, keeps dropping a little more money into reserves. Eventually, the result is a situation where the State's books—the cash basis for Column 1—show no reserves, and the federal government shows that we are over the limit. This could happen after 10 or 15 years of this interest issue.

Senate Bill 473 is designed to eliminate that problem. Therefore, when the federal government says we have to realize \$5 or \$6 of interest, we actually are. You have to understand that we used the Column 1 numbers to manage things. We research those numbers and determine our rates. Therefore, if we have interest in our reserves, we will decide to lower the rates. Our numbers will be more consistent with the federal government's numbers.

The DCA allows an internal service fund to carry a reserve for 60 days of operating expenses. In the example, [Exhibit G](#), Slide 4, the budgeting system—which is the cash basis in Column 1—shows compliance with the requirement. In both years, we show 60 days expenses in reserves on lines 9 and 18. However, the CFR method in Column 3 shows noncompliance. This is frustrating for the budget office and for the managers of these operations. They appear to be in compliance; however, the federal government determines otherwise and wants a refund check. We want to eliminate this.

Slide 5, [Exhibit G](#), shows many items treated differently in the State's budget system than for CAFR or CFR purposes. The difference for most items occurs when—as opposed to if—an expense or revenue is recognized. In other words, the difference relates to timing.

For example, look at buying a fixed asset with a 10-year life. The full price of the asset is treated as an expense on a cash basis whereas GAAP treats one-tenth of the asset as an expense in the first year. That is called depreciation. That is just one example of another difference.

Those differences are temporary because they generally reverse out over time. However, two items may appear on one set of records and never appear on the other. In other words, those differences are permanent. Those two items are Statewide Cost Allocation Plan (SWCAP) adjustments and the treatment of interest earnings. The permanent nature of these differences makes it impossible to manage from a manager's point of view.

The Budget Division changed the method for budgeting SWCAP amounts in the State's budgets, which takes care of the adjustment issue. This bill resolves the other permanent difference, which is the treatment of interest earnings.

Chair Parks:

Internal services funds are much like enterprise funds. Many of the same accounting rules apply. The difference is that internal services funds are internal to the organization—to the operation of the agency—as opposed to enterprise funds which are services provided to members of the community at large.

As you can see from reading the bill, it is a simple set of wording applied to various sections of the bill.

We will close the hearing on S.B. 473.

SENATOR GOICOECHEA MOVED TO DO PASS S.B. 473.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Parks:

We will open the hearing on S.B. 408.

SENATE BILL 408: Revises provisions governing state financial administration.
(BDR 31-828)

Senator Debbie Smith (Senatorial District No. 13):

Senate Bill 408 is about privatizing government services. I have been an advocate for transparency and openness in state government. For example, in the 75th Session, I sponsored a bill that requires the State to scrutinize the hiring of former and recently retired State employees as consultants. We revisited that and revised it in the 76th Session with the support of the Department of Administration. We have a good process in place dealing with the use of consultants. This bill is one more effort to evaluate how we contract and how to privatize services.

For a long time, we lawmakers have granted authority to State agencies to outsource services that might be better handled by the private sector. In many cases, this is the best choice—the most bang for your buck. In addition, we have determined those services that are better for everyone involved if outsourced. For example, in the 76th Session after much discussion, we outsourced medical services in mental health because we could not hire the doctors needed to provide the services. When we outsource through the State, we find that the service providers are contracting with others while trying to run a practice. As a result, the State gets the short end of the stick.

We have to ask ourselves if there are privatization contracts used by agencies that are not in the State's best interest. Furthermore, should we study this for a long time? Are there State contracts not giving the taxpayers of Nevada a good return on their investment?

Sadly, little in State law allows or requires us to review contracts to ensure they accomplish what we intended. From my experience on the money committees over the last several years, I learned there are many contracts we do not review.

Few provisions in law require a thorough analysis of the need for privatization contracts before they are engaged. We need to review State contracts in the beginning and once in place to make sure the State gets what it needs from the privatization contracts. Are we saving money and are contractors providing better services? It is incumbent upon us, as policy makers, to look at that.

Other states have gone so far as to create entire agencies or commissions dedicated solely to reviewing these very same things. Unfortunately, given our economic circumstances, I realize we probably cannot create a new commission or a separate office on efficient government. However, we can begin with incremental approaches set forth in S.B. 408.

The primary concept of this bill came from a conference presentation last summer at The Council of State Governments-*West* by the Pew Center on the States to the fiscal committee that I chaired. The Results First program helps states assess the costs and benefits of policy options and use that data to make decisions based on sound results.

Senator Smith:

The Results First program comes from Washington State. Washington has been using this model for 30 years and has developed a model for the Pew Center to use that helps identify the cost-benefit analysis of certain programs. The state has achieved cost savings by systematically identifying and reviewing programs that work, improving programs that need help and identifying programs that could be targeted for cuts or elimination.

An example is the Scared Straight program. Middle school-aged children were put through the prison experience to scare them so they would not want to commit a crime. Over a long time and a long study, Washington discovered that the program was having the opposite effect. The children thought it was a little bit cool and sexy, and it did not scare them as the program intended. The state eliminated the program after conducting a study and a cost-benefit analysis.

The ultimate goal is to achieve programs with better results for lower costs. Senate Bill 408 also addresses the findings and reviews of two legislative studies of our own. These interim studies—one in 1991 through 1992 on the feasibility of privatizing the provision of governmental services and one in 2001 through 2002 on the competition between local governments and private enterprise—examined the need to better justify and analyze contracted services prior to entering into contracts.

For example, Florida has a robust program under its Council on Efficient Government that evaluates proposals for outsourcing to make sure they meet a set of specific criteria as part of a business case before adoption. Senate Bill 408 uses a similar model in section 8.

Sometimes, it is hard for us to make decisions based on a study, an analysis or a cost-benefit analysis of a program because many of us have a passion about a program or an idea. However, as we go through processes with our limited resources, we need to become adept at spending them in the best way possible.

Sections 2 through 7 of the bill set forth several important definitions vital to the bill. The term “cost-benefit analysis” brought into chapter 353 of the NRS means “a systematic process of calculating the direct and indirect baseline costs, savings and qualitative and quantitative benefits which are derived from or the result of the implementation of a policy of a state agency.”

Another significant term defined for the purposes of this bill is “governmental service,” which means “any service, program or activity which a state agency is authorized or required to provide and for which the state agency may execute a privatization contract.”

Section 8 provides for the evaluation at the beginning of a process for any proposal to privatize a service with an expected cost of at least \$100,000. That is modeled in part after Florida’s provisions. I want to be clear, I am not talking about any agency contract. I am talking about the decision to take a service now provided by the State and move it to a privatized service. This is a thoughtful, deliberate approach.

Senator Smith:

In part, the privatization plan under section 8 must include:

- a description of the service and an analysis, if applicable, of how well that service is being provided by an existing State agency;
- a statement of the goals of the State agency with respect to the provision of the service and a rationale for such goals;
- a description and cost-benefit analysis of each option available to achieve the stated goals of the agency, including the option to provide the service using State employees;
- a description of the current market as it relates to privatizing the service;
- if applicable, a description of any differences between the policy in this State and the policy in other states relative to the provision of the service;
- a description of the specific minimum performance standards that must be met to ensure adequate performance under a privatization contract;
- a projected schedule for the duration of the contract;
- a transition plan to address any projected changes in the organization, duties, management or personnel of the State agency as a result of privatizing the governmental service;
- and a plan for ensuring access to the governmental service by persons with disabilities in compliance with applicable provisions of State and federal law.

Section 8 covers due diligence of privatization contracts to ensure we have a good reason to believe this will serve the State better. Section 9, page 3, line 26, requires the State agency to analyze contracts retrospectively on or before August 15 of each even-numbered year by conducting performance

reviews of each current or expired privatization contract that exceeds \$100,000. This performance review at the end of the contract would include a cost-benefit analysis; an assessment of the performance of the contractor; a comparison of anticipated service levels to actual service levels; and a comparison of anticipated savings to actual savings.

One of the most important components of this legislation is the ability of the Executive Branch and the Legislature to examine, as part of the budget process, how effective privatization contracts are for the State and whether such contracts are worthwhile enough to continue.

That is why in section 10, both the privatization plan and the performance review must be transmitted to the Chief of the Budget Division for inclusion in the proposed Executive Budget. In addition, the following is submitted to the Budget Division:

- the name of the contractor;
- a description of the services of the contractor;
- information regarding the term of the contract;
- the amount of revenue generated or expected to be generated by the contractor as well as the amount of revenue remitted or expected to be remitted by the contractor;
- the value of capital improvements, if any, on State property which have been funded by the contractor as well as the value of any capital improvements not yet fully repaid;
- and the amount, if any, of State appropriations made to the State agency to pay for any governmental service provided by the contractor.

Section 11 of the bill allows the Budget Division to adopt regulations setting forth additional information that must be included in a privatization plan or a performance review as well as the methodology for performing any cost-benefit analysis that must be included in the plan or review.

Sections 12 and 13 state that the Executive Branch agencies must provide to the Budget Division any privatization plan or performance review as well as the other components required in section 10 of the bill. These items must be included in the Executive Budget.

Finally, it is important for the Legislature to thoroughly examine high-value privatization contracts prior to the next Legislative Session. Therefore,

section 14 provides that a performance review must be conducted on or before August 15, 2014, on any existing or expired privatization contracts in excess of \$5 million during the 2 fiscal years beginning on July 1, 2012.

Senate Bill 408 is a good and necessary step toward better government efficiency and ensuring we use the best practices and most cost-effective contracting methods possible. We can and should do more of these things to spend our money wisely and give members of the public confidence in their government. I expect we will pass this legislation and continue to develop our own best practices in this area and all across our State agencies and government.

When we first started discussing the consultant bill in the 75th Session, it was a new idea. After we had that bill, I attended many national meetings, especially in a couple of groups of which I am on the fiscal committee. The issue of contracting and consulting always came up. I discovered that other states were hesitant to tackle the issue of consultants and contracts because many people are affected by good and bad contracts. However, it is our obligation as stewards of the public's money and as policy makers to ensure that we know why we are doing what we do and that we have a good basis for doing it.

Senator Goicoechea:

Do you know approximately how many contracts we have over \$5 million? Because of the deadlines, how long would it take to review these contracts? What kind of workload will be placed on these State agencies?

Senator Smith:

I do not know, but it is interesting. I have not been contacted by any State agencies because this is not an onerous concept. It does not involve every contract they have, only their privatization contracts. In that sense, it is minimal. We will do research on this to determine the parameters. I spoke with a director of one of the bigger agencies who said it is not too much to ask.

Senator Goicoechea:

I see there is a fiscal note. Will this be handled in the Assembly?

We may need more information. The deadline of September 1, 2014, might be a little soon if this is burdensome to State agencies.

Senator Spearman:

Are agencies thinking about using accounting software? Would most of this be done electronically?

Senator Smith:

Yes, it is. All of this information is readily available because of the budgeting and accountability processes already in place. Our new Priorities and Performance Based Budgeting system plays right into this because our State agencies already have to go through the goal-setting process, the priority-setting process and the performance process. Therefore, we are also heading down that path with some of the new things we are doing from the 76th Session.

Sheralynn Kern (Vice President, American Federation of State, County and Municipal Employees Local 4041, AFL-CIO):

The American Federation of State, County and Municipal Employees (AFSCME) has submitted its testimony supporting S.B. 408 ([Exhibit H](#)), and I have submitted my written testimony also supporting S.B. 408 ([Exhibit I](#)).

Paul J. Enos (CEO, Nevada Trucking Association):

The Nevada Trucking Association supports S. B. 408 because of what we have seen in other states when departments of transportation enter into public-private partnerships for toll roads. In numerous cases, the state often ends up on the losing end of the deal. Moving this bill forward would provide protection by requiring a cost-benefit analysis to be performed both prospectively and retrospectively to ensure that these big companies keep their promises. They come into the State, run our roads and toll them, or take over existing roads and install toll facilities. Having this bill in place would be an additional layer of protection for the taxpayers in Nevada.

Carole Vilardo (Nevada Taxpayers Association):

I support the concept of S.B. 408. I have spoken to Senator Smith briefly about this bill. After rereading the bill, I wonder to what extent it captures privatization. In other words, we have a number of State agencies. For example, the Division of Enterprise Information Technology Services frequently develops software programs or designs but outsources because of insufficient expertise within the State. Would these long-term contracts be privatization contracts?

I appreciate what Mr. Enos said, and I agree with him. A competitive bid on a road is normally referred to as privatization because we do not build it in

house. Is that the same thing we are doing, or is a competitive bid different? I do not know the answers. I am asking the questions.

I am familiar with the two previous privatization studies because I attended every hearing. We adopted a policy that if it can be found in the yellow pages, government should not be doing it. We definitely are supportive, but I want to make sure about how far we are reaching and what we are doing.

A Nevada Department of Transportation contract to resurface a road has nothing to do with tolling. Just to get it resurfaced, I have to go through the initial process. How much time does that add on and is this all-encompassing to require inclusion, or are we doing services provided to the general public?

We support the concept. We have our yellow pages test that should be used. However, in rereading the bill, I had questions and have not had the opportunity to speak to Senator Smith since we conceptually discussed the bill. We support privatization.

Ray Bacon (Nevada Manufacturers Association):

Me too, for whatever Carole said because I missed part of it.

Senator Smith:

Regarding Ms. Vilardo's comments, my intention is that it is not about every contract. It is about the State's conscious decision to move a service provided by State employees to a private entity.

I will check with Legal Division if we need further clarification. However, we dealt with many of those issues in my previous legislation on consulting and contracting. We limited long-term contracts. Contractors have to go back to the State Board of Examiners and are limited to 2 years. We restricted how temporary employment agencies are used to exclude a backdoor process. Prior Legislation addressed many of the regular contracting issues. This bill is intended to be about the conscious deliberate process of moving a service from the State to a private entity.

Chair Parks:

From experience of working with contractors in the public sector, it can be quite difficult to renew or terminate service without a way to evaluate how well the service is being provided.

Senator Smith:

We have been looking at one particular agency about privatizing more of the services already partially privatized. However, that is not what brought me here. I have been evaluating this for a long time. We have discussed this issue for a year in the Interim Finance Committee and now the budget process. It would be nice if someone had reviewed this whole plan, laid out the criteria, the need and the cost and determined why it would be better programmatically and fiscally. That would help my decision-making, both prospectively and then retrospectively, to have had that all laid out in such a format.

Chair Parks:

Does this bill have to be referred to the Senate Committee on Finance because of the fiscal note?

Senator Smith:

Yes, it would.

Chair Parks:

We will close the hearing on S.B. 408.

SENATOR GOICOECHEA MOVED TO DO PASS AND REFER S.B. 408 TO THE SENATE COMMITTEE ON FINANCE.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Parks:

We will open the work session on S.B. 236.

SENATE BILL 236: Revises provisions governing state agencies. (BDR 19-769)

Patrick Guinan (Policy Analyst):

I will summarize S.B. 236 and the Proposed Amendment 7921 as contained in the work session document ([Exhibit J](#)).

Senate Committee on Government Affairs
April 8, 2013
Page 18

Senator Spearman:

The amendment addresses all of the concerns expressed in the initial hearing on this bill.

Senator Goicoechea:

I assume you addressed the fiscal note with your amendments because the bill became enabling.

SENATOR MANENDO MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 236.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Parks:

We will move on to the next bill in the work session, S.B. 273.

SENATE BILL 273: Revises provisions relating to deputy sheriffs. (BDR 20-470)

Mr. Guinan:

I will explain S.B. 273 and the Proposed Amendment in the work session document ([Exhibit K](#)).

Senator James A. Settlemeyer (Senatorial District No. 17):

There is always hesitancy on these types of bills. However, if your Committee would entertain this motion, I would appreciate it because this is an issue in small counties.

SENATOR GOICOECHEA MOVED TO AMEND AND DO PASS AS
AMENDED S.B. 273.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Parks:

The next bill is S.B. 304.

SENATE BILL 304: Revises certain provisions of the Charter of the City of Sparks. (BDR S-136)

Mr. Guinan:

I will explain the provisions of S.B. 304 in the work session document ([Exhibit L](#)).

When the bill was initially heard, testimony from the Police Officers Research Association of Nevada drew discussion in the Committee that questioned whether revisions to the Charter of the City of Sparks were to be found elsewhere in the civil service regulations of the City. A letter, the Charter and the civil service regulations from the City are in the work session document, [Exhibit L](#). These sections are being repealed from the Sparks City Charter. A memo from Adam Mayberry from the City of Sparks compares the City Charter provision to the Sparks Civil Service Commission Regulations that were adopted recently, [Exhibit L](#), pages 4 and 5.

All concerned parties have discussed this issue and confirmed that the regulations being removed from the Charter are found in the Civil Service Commission Regulations; therefore, there is no further opposition to the bill.

Chair Parks:

The discussion dealt with the repealed sections of the Charter.

SENATOR GOICOECHEA MOVED TO DO PASS S.B. 304.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Parks:

We were going to consider S.B. 440, which is the Charter of the City of Henderson ([Exhibit M](#)). We have the flexibility of waiting to hear it, since there still seem to be unanswered questions.

Senate Committee on Government Affairs
April 8, 2013
Page 20

SENATE BILL 440: Makes various changes to the Charter of the City of Henderson. (BDR S-870)

Chair Parks:

We will move on to S.B. 174.

SENATE BILL 174: Creates the Citizen Commission on Veterans Memorials. (BDR 27-853)

Mr. Guinan:

I will explain S.B. 174 and the amendment contained in the work session document ([Exhibit N](#)).

Chair Parks:

We have a mock-up of Proposed Amendment 7999 to the bill. There is one suggested clarification, and I would like our legal counsel to explain it.

Heidi Chlarson (Counsel):

A question came up at the hearing on S.B. 174 regarding whether this bill would allow the renaming of any type of park, building, grounds or property. At the hearing, someone pointed out that law prohibits the renaming of an existing park, monument or recreational area unless the Legislature approves the change by statute.

There was a question before we started the work session. If it were the Committee's intent to limit the ability to rename a highway, road, bridge, transportation facility, building, ground or property, we would need to amend the bill further. The limitation on renaming only relates to existing parks, monuments or recreational areas. It is a policy decision of the Committee, but I point that out in case the Committee wants to take action.

Senator Goicoechea:

The bill is drafted to just say "name." Therefore, it would not be "rename" and it should be fine if we proceed that way.

Senator Mark A. Hutchison (Senatorial District No. 6):

I am happy to take your suggestions. I want to pay due respect to our veterans. Whatever makes the most sense, I fully embrace those concepts.

Chair Parks:

In the mock-up in section 6, subsection 1, paragraph (a), it states that names can be made without the approval of the Legislature and changing statute.

A former city park became a State park then reverted to a city park. There still seems to be persons who do not like the names on that park.

Senator Goicoechea:

Because legislative action is required to make a name change, could it be dealt with at that time? A bill could be brought before the Legislature if someone wanted to change a name of a park. Therefore, the bill can remain as drafted and allow the naming of anything not already named. We cannot put something in the bill that says the Legislature shall forever authorize name changes.

Chair Parks:

As I understand this amended bill, it would require the Legislature to approve naming an existing State park, monument or recreational area; however, a road, bridge or some other feature could be named without legislative approval.

Ms. Chlarson:

Section 1 of the bill authorizes naming a building, ground or property. Section 5 authorizes the naming of a State park, monument or recreational area. Section 7 authorizes the naming of a highway, road, and bridge or transportation facility. The bill is broken up. There is distinct authority by place to name different types of property.

To clarify, if the name is to be changed, law prohibits changing the name of an existing State park, monument or recreational area unless the Legislature approves that change by statute. However, there is no requirement that the Legislature approve the change of the name of a highway, road, bridge, transportation facility, building or other property. Therefore, if the Committee took action to amend and do pass this bill as in the mock-up, the only name change requiring approval by the Legislature is for an existing State park, monument or recreational area.

Senate Committee on Government Affairs
April 8, 2013
Page 22

Chair Parks:

I just want to make sure we are all on the same page.

SENATOR SPEARMAN MOVED TO AMEND AND DO PASS AS
AMENDED S.B. 174.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Senate Committee on Government Affairs
April 8, 2013
Page 23

Chair Parks:

Having no further business to come before the Senate Committee on Government Affairs, we are adjourned at 4:03 p.m.

RESPECTFULLY SUBMITTED:

Suzanne Efford,
Committee Secretary

APPROVED BY:

Senator David R. Parks, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	3		Attendance Roster
S.B. 436	C	3	Kay Scherer	Written Testimony
S.B. 436	D	1	Kay Scherer	Proposed Amendment
S.B. 436	E	1	David K. Morrow	Written Testimony
S.B. 473	F	1	Evan Dale	Written Testimony
S.B. 473	G	5	Evan Dale	Presentation
S.B. 408	H	1	Sheralynn Kern	Testimony from AFSCME in support of S.B. 408
S.B. 408	I	1	Sheralynn Kern	Written Testimony
S.B. 236	J	3	Patrick Guinan	Work Session Document
S.B. 273	K	2	Patrick Guinan	Work Session Document
S.B. 304	L	39	Patrick Guinan	Work Session Document
S.B. 440	M	4	Patrick Guinan	Work Session Document
S.B. 174	N	10	Patrick Guinan	Work Session Document