

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

**Seventy-Eighth Session
February 27, 2015**

The Senate Committee on Government Affairs was called to order by Chair Pete Goicoechea at 11:03 a.m. on Friday, February 27, 2015, 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 Pete Goicoechea, Chair
Senator Joe P. Hardy, Vice Chair
Senator Mark Lipparelli
Senator David R. Parks
Senator Kelvin Atkinson

GUEST LEGISLATORS PRESENT:

Senator James A. Settelmeyer, Senatorial District No. 17

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Policy Analyst
Heidi Chlarson, Counsel
Nate Hauger, Committee Secretary

OTHERS PRESENT:

Paul Moradkhan, Las Vegas Metro Chamber of Commerce
John Fudenberg, Clark County
Jacob Snow, City Manager, City of Henderson
John Wagner, State Chairman, Independent American Party
Tray Abney, The Chamber
Bryan Wachter, Retail Association of Nevada
Victor Joecks, Nevada Policy Research Institute

David Jensen, Superintendent, Humboldt County School District; Member, Leadership Team, Nevada Association of School Superintendents
Brian McAnallen, City of Las Vegas
Barry Smith, Executive Director, Nevada Press Association
Rusty McAllister, Professional Firefighters of Nevada
Chris Collins, Las Vegas Police Protective Association Metro Inc.; Combined Law Enforcement Associations of Nevada
Ron Dreher, Combined Law Enforcement Associations of Nevada; Washoe School Principals Association; Washoe County Public Attorneys Association; Peace Officers Research Association of Nevada
Marlene Lockard, Service Employees International Union Nevada Local 1107
Leonard Cardinale, North Las Vegas Police Supervisors Association; International Union of Police Associations Local 56; We Are Nevada
Ryan Beaman, Clark County Firefighters Local 1908
Carla Fells, Executive Director, Washoe County Employees Association
James Nunn, Water Employees Association of Nevada
Priscilla Maloney, American Federation of State, County and Municipal Employees Local 4041
Teresa Twitchell
Jeff Church
Mike McLamore, Nevada State Education Association
Mary Walker, Carson City; Douglas County; Lyon County; Storey County
Andy Hafen, Mayor, City of Henderson
Adam Mayberry, City of Sparks
Chris Reich, Washoe County School District
Wes Henderson, Nevada League of Cities and Municipalities
Wilson Crespo, North Las Vegas Police Supervisors Association
Georgette Stormo

Chair Goicoechea:

I will open the meeting and introduce Senate Bill (S.B.) 158.

SENATE BILL 158: Revises provisions relating to collective bargaining by local governments. (BDR 23-704)

Chair Goicoechea:

This bill was brought forward at the request of the Las Vegas Metro Chamber of Commerce. The bill would mandate a practice that many local jurisdictions already use. It is appropriate to notify the public of agreements reached in

arbitration before they are ratified. We want to make sure that the final agreement and all the materials used in the proceedings are available to the public. The bill requires that notice must be given to the public 10 days prior to a meeting and before a labor agreement is struck.

Senator Lipparelli:

Senate Bill 158 section 1, subsection 2, paragraph (c) requires the governing body to release to the public: "Any supporting material prepared for the governing body and relating to the fiscal impact of the agreement." The public should have insight into the negotiations of the parties. That language does not make that clear. If the agreement has been reached, it is already too late.

Chair Goicoechea:

The intent of the bill is to release information to the public before the agreement has been reached. We should clarify the language in the bill.

Paul Moradkhan (Las Vegas Metro Chamber of Commerce):

The Metro Chamber of Commerce offers its support of S.B. 158. This legislation would bring greater clarification to changes made to *Nevada Revised Statutes* (NRS) 288 by the Legislature in 2009. *Nevada Revised Statutes* 288 addresses the relations between governments, public employees and their respective organizations. *Nevada Revised Statute* 288.153 specifically requires any collective bargaining agreements or modifications to public employee contracts to be approved at a public hearing. These public hearings are essential to the process and have been a great addition to the public dialogue.

The intention of the changes to NRS 288 is to create additional transparency to the collective bargaining agreements between government entities and public employee organizations. This bill would provide for the types of documents that need to be provided to the public regarding collective bargaining agreements. We uploaded a white paper ([Exhibit C](#)) to the legislative Website several years ago to give direction and resources to local governments in terms of fiscal impact summaries, summary of change of action and type of contract summaries. This bill provides the general public with the opportunity to have a greater understanding of the collective bargaining process and its final outcome. More transparency includes making the public aware of the specific agreements, giving the public the opportunity to understand the short- and long-term fiscal impacts and to access the necessary documents. This open process allows

Nevada residents to evaluate whether the terms and conditions of these agreements are good for their communities.

Local jurisdictions in southern Nevada, such as Clark County and the City of Las Vegas, have set good examples by complying with these requirements. This legislation would create consistency across all local jurisdictions in the State in the way the content of these meetings is promulgated. We support the amendment brought forward by Clark County to reduce the time frame from 10 days to 3 days. The intent of the proposed amendment is to ensure that the contract and the fiscal summary are available, not to put additional burden on the governing body before or after the meeting.

Our focus is on increasing transparency. We want to make sure the fiscal summary, the change of articles and the entire contract are made available to the public.

Senator Lipparelli:

Is the purpose of the amendment to shorten the time frame from 10 to 3 days?

Mr. Moradkhan:

Yes. Right now the posting requirement based on the Nevada Open Meeting Law is 3 business days, and that is appropriate.

Senator Lipparelli:

Three days seems like a short period of time for the public to understand the content of negotiations that often last months.

Mr. Moradkhan:

Our intent is not to create additional burden, so we are ensuring consistency with other statutes. Under statute, these have to be posted within 3 days. Changing that to 10 days may cause some conflict, and that is why we are open to the change to 3 days.

Senator Atkinson:

Would this bill require the contract to be posted before or after it is ratified by the collective bargaining groups?

Chair Goicoechea:

It does not do much good to post the documents for the public if the contract has not been ratified. They would be posted when the parties have reached agreement and the agreement is moving forward to be ratified by the body.

Senator Atkinson:

Who is requesting this change? I have never heard an outcry from the public or anybody else. Who is this for?

Chair Goicoechea:

It makes sense to make these documents available to the public. In some of the smaller jurisdictions, if the agreements were public, the public might prevent the parties from ratifying the contract.

Senator Atkinson:

There is already an agenda. The change from 10 days to 3 days reflects what already occurs in practice. If citizens want to be involved, they would probably want to have information about the agreements a lot more than 3 days in advance. Some contracts are negotiated for a year, and giving 3 days' notice does not do anybody any good.

Chair Goicoechea:

It is all about transparency. The public has a right to know. The change from 10 days to 3 days is for this Committee to decide. If the Committee is not comfortable with the 3 days and would prefer 10 days, we can leave it at 10. It is fair to allow the public to see how the parties reached the agreement. Nothing in statute requires it to be made public.

Senator Atkinson:

That may be true, but some of these contracts have 30 or 40 articles. The only thing the Metro Chamber of Commerce is worried about is compensation. That is the whole purpose of this bill. We should be discussing that today. They do not care about uniforms or drug policy. The Chamber is concerned about compensation. That has always been a part of The Chamber's agenda, so that is what this debate is about.

Chair Goicoechea:

This bill was requested by the Las Vegas Metro Chamber of Commerce, but I brought it to the Committee. It provides for a good transparent policy. Whether

the contract is about compensation, uniforms or benefit packages, it should be public record.

Senator Atkinson:

If we talk about transparency, we should not single out collective bargaining contracts and compensation; all action items should have a longer posting date.

Chair Goicoechea:

There are bills in this body about consent agendas. They do not necessarily contain the 3-day posting requirement.

John Fudenberg (Clark County):

We have been in contact with the Las Vegas Metro Chamber of Commerce, and we submitted the friendly amendment ([Exhibit D](#)), which makes the change from 10 to 3 days. The purpose for the change is when we negotiate a contract, generally we want to get it on the agenda for the next meeting. That 1- or 2-week timeframe allows the union to ratify the contract. If we took 10 days to do that, it would go to a later meeting, which could be 3 or 4 more weeks. That would delay providing the cost-of-living increase to union members.

Senator Parks:

Does statute have a period of time longer than 10 days required?

Heidi Chlarson (Counsel):

Senate Bill 158, section 2, subsection 6 relates to NRS 241.020, which is part of the Open Meeting Law. It says if the supporting material is provided to members of the public body before the meeting, it must be made available to the requestor at the time the material is provided to members of the public body. Depending on the timing of when supporting material would be provided to the members, that could be more or less than the 3 days now required for the posting of agendas.

Senator Hardy:

When we say 3 days, does that mean 3 business days?

Ms. Chlarson:

Under Open Meeting Law, agendas are required 3 business days in advance. Did Clark County intend the proposed amendment to mean 3 business days or 3 calendar days?

Mr. Fudenberg:

We meant 3 business days.

Senator Atkinson:

Typically, the county puts it on the consent agenda after ratification. Would this language require these public entities to put it on their agendas before that?

Mr. Fudenberg:

I do not know. That depends on when the union ratifies it. I do not know if our amendment addresses whether the contract is ratified before placement on the agenda.

Senator Atkinson:

Is it going to be on the agenda before the contract is ratified by the union or after? Doing it after does not do anything.

Chair Goicoechea:

My intent in the bill is that the contract would have been ratified by the union, and it would be up for final ratification by the local governing board. The negotiations between the governing jurisdiction and the labor groups would be an ongoing process, and only at the point of acceptance by the organization would it then be brought forward for a final action by the board.

Senator Atkinson:

Is the agenda released before or after ratification? Most of the time, especially in Clark County, it does not end up on the consent agenda until after the union board members have ratified it in their own voting process. After that, it comes to the County Commission or the city. I still do not understand whether it is ratified before or after release of the agenda.

Mr. Moradkhan:

The way it works now is that these public hearing items are not on the consent agenda. Depending on when the contract is ratified, it will go to the agenda item, stating this is the draft contract pending ratification from the collective

bargaining group, with intent for it to be ratified by the time it goes to the Commission. Our intent is not to obstruct the process. Our intent is to ensure that the three main documents are available for the public. Some jurisdictions do that well, some are confused about what needs to be provided. The purpose of this bill is to provide clarification of what has to be provided at the public hearing. That includes the contract, the article of change and the fiscal impact summary.

Senator Atkinson:

I do not understand anything you just said. Is your intent for this to occur before or after the agreement has been ratified by the unions? If it occurs after the members have voted, that is a problem.

Mr. Moradkhan:

When the contract has been voted on by the parties and comes to approval, and we want those final documents available for the public.

Mr. Fudenberg:

We would not bring contracts to our board until ratification by the unions.

Jacob Snow (City Manager, City of Henderson):

We support S.B. 158. This commonsense measure would add additional time for the public to view new, extended or modified collective bargaining agreements prior the public hearing or ratification by the City Council. This information is a part of the City of Henderson protocols for all collective bargaining agreement modifications. Like Clark County, we wait for the union to ratify the agreement before we place it on the agenda. I have submitted written testimony ([Exhibit E](#)).

John Wagner (State Chairman, Independent American Party):

We support this bill. Transparency is important, the public has a right to know how public money is being spent.

Tray Abney (The Chamber):

We support S.B. 158. Given the amount of tax dollars involved in these contracts, it makes sense to have transparency.

Bryan Wachter (Retail Association of Nevada):

We support S.B. 158. However, we agree with the comments from Senator Atkinson. We are less interested in the thought process of the unions and more interested in the thought process of the elected officials. We want to apply this to more areas rather than only the collective bargaining groups.

Senator Hardy:

Do you have a list of other statutes to which you would like to add transparency?

Mr. Wachter:

All of them. We can get you a more succinct list.

Victor Joecks (Nevada Policy Research Institute):

We strongly support S.B. 158. Taxpayers pay these bills, and they should have the right to see the bill and how it was arrived at before they pay for it.

David Jensen (Superintendent, Humboldt County School District; Member, Leadership Team, Nevada Association of School Superintendents):

On behalf of the Nevada Association of School Superintendents, we support the amended bill. Negotiations are often tedious and time-consuming. Upon reaching a settlement agreement, it is imperative for both parties to quickly reach ratification and finalization. For many districts, including Humboldt, as we come close to reaching an agreement, we begin to put in on the agenda. If we are unable to come to a settlement agreement, it is removed.

We support transparency. It is important for our constituents to understand the costs associated with negotiated agreements. We agree with what has been stated, that an agreement would be ratified by the collective bargaining groups prior to moving forward to the governing body for ratification.

Brian McAnallen (City of Las Vegas):

We support this bill. We already follow these guidelines. We appreciate that the bill delineates the documents sought to maintain transparency for the public.

Barry Smith (Executive Director, Nevada Press Association):

We support this bill and believe transparency is important.

Rusty McAllister (Professional Firefighters of Nevada):

We proposed an amendment ([Exhibit F](#)), and we support the bill with our amendment. Mr. Moradkhan stated that this bill is not meant to be antiunion. However, S.B. 158 only discusses collective bargaining agreements for unions. We support transparency, but if we create more transparency, we should do it across the board. We would like to add transparency for the leaders of local governments; a lot of contracts for local leaders never see the light of day.

We should increase transparency for administrative employees, supervisory employees and other nonunion employees. When certain people are appointed to positions, they can negotiate a contract with their employer and those contracts are never released to the public. Depending on which local governmental entity's meeting you go to, the consent agenda could contain anywhere from 20 to 75 approved items with very little to no supporting documentation. Marlene Lockard's submitted testimony ([Exhibit G](#)) gives examples of contracts that were approved on consent agendas. Mr. Moradkhan represents many of those businesses.

Why do we not have all the documentation for those? How did those negotiations happen, and what was exchanged across the table to agree to those? If Mr. Abney and Mr. Moradkhan favor transparency and are not antiunion as they claim, why not require everybody to post documentation? Based on his testimony, I would assume that Mr. Joecks would support this proposed amendment to support transparency across the board.

Senator Atkinson:

I agree.

Mr. McAllister:

To clarify, the intent of our amendment is not to put our collective bargaining agreement ratifications on the consent agenda. We want to put the supporting documentation of all negotiations that led to agreements on the consent agenda.

Chris Collins (Las Vegas Police Protective Association Metro, Inc.; Combined Law Enforcement Associations of Nevada):

We support Mr. McAllister's proposed amendment. The men and women of law enforcement who I represent support transparency in the way tax dollars are

spent. We agree with Mr. McAllister that this should apply to all contracts. The supporting documents should be provided so the taxpayers can see them.

I have two examples of documentation provided to the public during contract negotiations. Last year, the City of Las Vegas gave City Manager Betsy Fretwell a 10 percent raise that equaled \$20,000 of taxpayer money per year. The City provided a 27-page document that included her educational background, the financial status of the City of Las Vegas and an explanation of why she was underpaid based on the median market. Anybody who read this document would have supported her raise. On the other hand, a few months ago, Clark County gave County Manager Don Burnette a \$50,000 raise, which is a 23.5 percent increase to his salary. I will read the entire supporting documentation:

Clark County Manager's performance review: Don Burnette, County Manager. The Board of County Commissioners will review the performance of the County Manager for a period covering January 14 through January 15 and take any action deemed appropriate. Fiscal impact: fund: NA; fund center: NA; description: NA; added comments: NA; fund name: NA; fund program grant: NA; amount: NA; added comments: NA.

The County Manager, who was appointed to the Board of County Commissioners on January 18, 2011, decides who calls for an annual review of his performance and is specified in Mr. Burnette's employment contract.

I do not read anything in that document concerning a raise, and yet he got a \$50,000, 23.5 percent increase to his salary. The residents of the County should have known where their money went.

Chair Goicoechea:

This proposed amendment addresses those items on the consent agenda. Rather than saying everything you do has to be posted, if this action item is being heard and considered, you clearly do not have a problem.

Mr. Collins:

Mr. Burnette's item was an action item; it was not on the consent agenda. I do not know if I would have supported the raise based on this document that the County posted as the supporting evidence for giving him a raise. Not only the

consent agenda items that have fiscal impact for the taxpayers, but also the action items and everything else should have supporting documents to justify the expenditure of taxpayer dollars.

Chair Goicoechea:

Your proposed amendment talks about what appears on the consent agenda.

Mr. McAllister:

Adding other names to the top part of [Exhibit F](#) falls in line with what the Las Vegas Metro Chamber of Commerce asks for regarding collective bargaining agreements. It clarifies that everybody's contract needs supporting documentation posted for the meeting. There would have to be supporting documentation for the decision reached by the parties. Contracts on the consent agenda would have to have supporting documentation. It should answer the question of how the parties came to their agreement.

Chair Goicoechea:

These are two different issues. One issue is transparency, the other is what kind of business government bodies are doing with their consent agendas. I heard there was a bill in the other House dealing with consent agendas. I agree. Consent agendas are often misused.

Senator Atkinson:

A debate about having open and transparent contract negotiations should include having a conversation with any other bills regarding this issue. I am not totally against this bill because we do have a need for more transparency. Some people here are arguing that collective bargaining agreements should be transparent while other things are not. Everything should be transparent. If people make the argument for transparency, then they should not confine it to collective bargaining groups. They should include all government activities.

Ron Dreher (Combined Law Enforcement Associations of Nevada; Washoe School Principals Association; Washoe County Public Attorneys Association; Peace Officers Research Association of Nevada):

We are opposed to the bill as written, but we support Mr. McAllister's proposed amendment. We are in favor of transparency.

I have been negotiating collective bargaining agreements for 30 years. Many of the negotiations begin by establishing ground rules. I have tried repeatedly to

add open negotiations to the ground rules, and the governing bodies have never agreed. However, the collective bargaining groups always cooperate in my efforts to increase transparency. If we want transparency, it needs to apply to everybody.

In most of the ground rules I have helped establish, I have added a provision that the agreement first goes to the collective bargaining group for ratification, and once ratified, it then goes to the governing body for ratification. In Mr. McAllister's proposed amendment, [Exhibit F](#), if we change the green text at the bottom of the page, we can satisfy Chair Goicoechea's concerns. The text in the amendment says: "... the local government and any public or private entity that appears on a consent agenda should also have to follow the same provisions as would be required for employee contracts." If we change it from "a consent agenda" to "an agenda," that will better reflect our intent.

In 2011, we discussed having NRS 288.153 expose what happens during these negotiations. The consent agendas, which were used by a number of local governments at that time, were similar to the document that Mr. Collins read from. They typically contained language that stated we had a ratification by the union, staff recommended approval and the contract would be put on the consent agenda. Then when the meeting convened, it would be voted on. I thought we got rid of the consent agenda in 2011. I agreed with Senator Atkinson when he said that was already in the law. Senate Bill 158 adds language about our proposals. I have no problem releasing all proposals that we go through during the negotiation process. If the intent of this bill is to focus on compensation as Senator Atkinson said, that is not a problem for us.

Humboldt County and Elko County Commissioners attend negotiations. Three city council members from Winnemucca attend. This is becoming common practice. I tried to get them to the table and was repeatedly denied. I wanted to show them how well this process works. If we come to the table, we are there to answer their questions. They do not normally ask those questions. I want to go on record,

kind of educating this Committee too, because like I said, collective bargaining has been something that I've been part of for 31 years. I've watched the evolution of this process go. And as Dr. Hardy knows, last time we spent a great deal of time—Rusty and I—on one of the bills he had in 2011, bringing him up to par as to what

constituted bargaining, how it worked. And that's what I think's missing here is a lot of people don't understand the process.

The bottom line is we do not have a problem with transparency. We're just asking that—like in this agenda item for the county manager down ... what Chris talked about—that that's transparency. You have to have total transparency if you're going to do that. Why just pick on one body?

Senator Atkinson:

Betsy Fretwell's contract was an agenda item because the Commissioners were talking about her raise. Don Burnette's was different because the Board of County Commissioners were talking about his performance. His raise was not an agenda item because they decided on the spot to give him a raise. This discussion is larger than certain people are making it because it really has to do with compensation and benefits. That is the discussion we should have. If we are going to do this, we should do it across the board. Otherwise it looks like the collective bargaining groups are being singled out.

Marlene Lockard (Service Employees International Union Nevada Local 1107):

I oppose the bill as written, but I support transparency. I submitted [Exhibit G](#) which includes Clark County's ten most recent meetings with many examples of important contracts that should follow the same scrutiny as S.B. 158 would put on unions. Some of these meetings included negotiated contracts. Many of these items go before government bodies and should be posted online.

Chair Goicoechea:

I agree. These contracts should be more transparent. This is not a big list, and maybe it would not be as burdensome as I expected. I was concerned that including all interactions between the private sector and boards could make a long list. This exhibit does not seem excessively long.

Leonard Cardinale (North Las Vegas Police Supervisors Association; International Union of Police Associations Local 56; We Are Nevada):

I am opposed to S.B. 158 as introduced, but I support the amendment proposed by Mr. McAllister.

Ryan Beaman (Clark County Firefighters Local 1908):

I support Mr. McAllister's proposed amendment to S.B. 158. Clark County has done a great job of posting our contracts with the information that this Committee discussed earlier. We should be talking about all contracts. Just a few weeks ago, our county chief was appointed and ratified by the Board of County Commissioners, and there was no background in regard to his compensation. We would like all of that information to be released to the public.

Carla Fells (Executive Director, Washoe County Employees Association):

I support Mr. McAllister's amendment to this bill. I echo Ms. Lockard's statements. During the recession, many of our parks employees were laid off. When we negotiated with Washoe County, the County told us that people were laid off because that work could be outsourced to a landscaping company to save money on salaries and benefits. The contracts with the landscaping company were approved by the Board of County Commissioners. We received information after they were approved that some of the companies did not provide any insurance for their employees. Whereas our employees were laid off, the employees who worked for that company were still supported by taxpayers; this because they would be taken care of with indigent funds in case they were injured on the job. All contracts that local governments negotiate need to be transparent.

Senator Liparelli:

If you are notified 3 days before a public meeting, would you have adequate time to analyze voluminous materials that have led to that decision? Is 3 days enough time for you to prepare your argument? Contract power ebbs and flows, and when we subject the public to a 3-day notice, you might not have adequate time to uncover your concerns.

Ms. Fells:

We did not have adequate time. We did not find out until that contract had been finished. Our problem was that when it was put on the agenda, we had already lost employees.

James Nunn (Water Employees Association of Nevada):

We support Mr. McAllister's proposed amendment.

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

We are for transparency and support Mr. McAllister's amendment.

Teresa Twitchell:

As a public employee, I feel that we are being attacked. It would be more fair to have transparency across the board rather than targeting public employees. During the recession, public employees across the State agreed to take pay cuts because we did not want to see either our colleagues laid off or a decrease in the quality of service provided to the public. I oppose S.B. 158.

Jeff Church:

I am a retired Reno Police sergeant, former Reno Police Protective Association (RPPA) member and a former member of the Reno Police Supervisory and Administrative Employees Association. I am a concerned taxpayer, and I run the Website <<http://renopublicsafety.org>>.

Based on my research, Reno has the highest-compensated police department in the Country. Experience has shown that when cities violate these requirements, there is no enforcement mechanism. I urge you to add a provision to allow attorney fees and penalties. *Nevada Revised Statute* 288.153 has been repeatedly violated by the City of Reno on reporting. When I complain, there is nothing I can do. I am told I can hire an attorney at my own expense, but it does not allow for attorney fees.

Reno and the associations have made an extensive effort to bypass the citizens and the City of Reno Charter Committee and City of Reno Financial Advisory Board to avoid review of labor contracts. This includes misinforming the media, violating the Open Meeting Law and meeting the Open Meeting Law deadline by only 25 minutes. Reno has \$534 million in bond debt, some in forbearance. Reno has \$228 million in other postemployment benefits debt ... The purpose of the bill is to support transparency, and I am giving examples of where Reno has violated that. One time, I wrote a letter asking to attend hearings and arbitration, and I received an email from the Association saying: "Please be advised that our office represents the RPPA. You are not a member of the RPPA, and your constant attempts to interfere with the Association and its business are uncalled for and certainly not appreciated. Devon Reese, Esquire."

My point is that we should have transparency, and the associations and the City of Reno are not adhering to that. They are trying to rush these things through. The last hearing gave the police a 1.3 percent pay raise, which was rushed through with 25 minutes' notice. I received a phone call from a high-ranking Reno official who said the arbitration had been cancelled. I was never told that it had been set for a City Council agenda with 25 minutes' notice.

Mike McLamore (Nevada State Education Association):

We are neutral on this bill, but we support the concept of transparency in all agreements that come before governing bodies as well as the concerns of selectively looking at collective bargaining agreements. I have submitted written testimony from State President Ruben Murillo, Jr. ([Exhibit H](#)). Our main concerns were the selective treatment, the number of days, the types of agreements and the organization ratification. Chair Goicoechea stated that his intention was to give this notice before organizational ratification.

Chair Goicoechea:

No, I said this will occur after ratification by the organization or labor union.

We will close the hearing on S.B. 158 and will now hear S.B. 168.

SENATE BILL 168: Revises provisions relating to collective bargaining by local government employers. (BDR 23-602)

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

After last Session, we added a clause allowing counties to look at the reopening of contracts if we had a fiscal emergency. It was incorrect that we did not also define fiscal emergency at that time. The counties I work with felt it would be wise to have a larger reserve. This bill increases statute from an 8 percent to a 24 percent reserve. This is the difference between a 1-month reserve and a 3-month reserve. Floods and wildfires give reason for having a larger reserve. I submitted written testimony ([Exhibit I](#)).

Senate Bill 168, section 1, subsection 4, defines the term "fiscal emergency." When there is a fiscal emergency, the collective bargaining contract is reopened if the following criteria are met: a 5 percent drop or more in revenue to the general fund or an ending general fund balance equal to 4 percent or less of actual fund expenditures for the last fiscal year. The 4 percent represents 2 weeks' worth of expenditures for the counties. If the counties fall to a point

where they only have 2 weeks of money, that constitutes a fiscal emergency. Section 2 changes the reserves from a 1-month reserve to a 3-month reserve. The National Government Finance Officers Association (GFOA) has indicated that it would be irresponsible to have anything less than a 2-month reserve. Section 2 also ensures the subject of the collective bargaining associations cannot be invaded by an arbitrator.

Senator Atkinson:

Can you explain how 5 percent constitutes a fiscal emergency and where that number came from?

Senator Settlemeyer:

As a representative of four counties, I contact my counties and have them weigh in. Right now, if the revenue declines by 5 percent in Year 1, it creates a situation that is subtracted from the 1-month reserve of 8.3 percent, which leaves them less than 12 days' worth of expenditures. By having that 5-month trigger audit concluded in November—5 months into Year 2—and going to 3 months, reducing 5 percent gets you to 20 percent.

Chair Goicoechea:

Is that 25 percent of all funds held?

Senator Settlemeyer:

That is correct.

Chair Goicoechea:

So that is cumulative, and you could not end up with 25 percent in one fund and 25 percent in another? There would be no way to hide it in special funds?

Senator Settlemeyer:

We can clarify that. The next speakers will discuss that in more detail.

Senator Parks:

When I first read the bill, it brought to mind a Paul Simon song called "50 Ways to Leave your Lover." I made that observation based on 2 decades of experience both as a budget director and a chief financial officer. As written, I would put this bill alongside the 1981 tax shift legislation and all its unintended consequences, as well as the 2005 more cops tax. The bills do not work.

Senator Settelmeyer:

I welcome any amendments that would help this bill pass. I look at the situation now where counties are laying off people rather than having the ability to look at those contracts and renegotiate in times of fiscal emergency.

Mary Walker (Carson City; Douglas County; Lyon County; Storey County):

We support S.B. 168 because we believe it will save jobs, reduce layoffs and reduce service reductions to the public during future recessions. I have submitted written testimony ([Exhibit J](#)). Senate Bill 168 gives local governments two tools to stave off layoffs and service reductions during a recession. It allows for a 3-month operating fund balance for 25 percent of expenditures and for a reopener during a recession.

In statute, local governments have very few financial stabilization tools. *Nevada Administrative Code* (NAC) 354.660 allows for a 1-month or 8.3 percent operating fund balance, not available for negotiations. There is also a 10 percent stabilization fund which can only be used for declining revenues and natural disasters such as flooding or wildfires. These limited tools were insufficient to eliminate layoffs or service level reductions during the last recession. With these limited tools, many local governments still experience a 15 percent to 30 percent reduction in revenues and have no choice but to reduce staff.

Local governments need sound fiscal policy to be inserted into the collective bargaining process. Senate Bill 168 would be a good first step toward achieving this. The GFOA has recommended local governments have a minimum unrestricted fund balance in their general funds of no less than 2 months of regular general fund operating revenues or expenditures. Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. For example, the GFOA cites the dependence on volatile revenue sources. Such is the case for local governments in Nevada and our reliance on sales tax through the Consolidated Tax (CTX) Distribution, which is a reason to have more than a 2-month fund balance.

In addition, property taxes, which are one of the primary sources of local government revenues in Nevada, are not distributed to the local governments until 2 months into the fiscal year, typically by September 1. This means that there are often potential cash flow issues through the summer.

Household finance experts tell people to have an operating savings equivalent to 6 months of expenditures. We are only asking for 3 months of operating fund balance. Under statute, a local government has a 1-month operating fund balance not available for negotiations. That equates to 8.3 percent of expenditures. If the total revenue declined by 5 percent in Year 1, that reduces the fund balance by 5 percent; at the end of Year 1, a 3.3 percent fund balance remains that is less than 12 days' worth of expenditures. This leads to service level reductions and layoffs in Year 1 or shortly thereafter.

If S.B. 168 were enacted, a local government would start at a 16.6 percent or 2-month operating fund balance. If revenue declines in the first year, the operating fund balance would reduce by 5 percent. The main fund balance after Year 1 would be 11.6 percent. Then the county would have to wait until the end of its audit, which would verify that revenue declined by 5 percent. That audit is concluded in November, 5 months into Year 2. Because it shows a 5 percent reduction in revenue if S.B. 168 were enacted, an automatic reopener would trigger and contract negotiations would begin. If the negotiations conclude in 4 months, that is 9 months into Year 2 before negotiations conclude. The 5 percent revenue decline continues for another 9 months which is another 3.75 percent reduction in fund balance. The remaining fund balance at the conclusion of an automatic reopener for negotiations would be 7.85 percent, which is less than 1 month's expenditures. This still leaves the local government barely financially stable.

If this bill were enacted at a 25 percent or 3-month operating fund balance not available for negotiations, revenue would decline by 5 percent in Year 1, leaving a fund balance after Year 1 of 20 percent. Assuming in Year 2 it takes 5 months to conclude the audit and to verify the county has had a 5 percent reduction, then the County opens up negotiations. Suppose it takes 4 months to conclude negotiations. That is a 3.75 percent reduction in fund balance in Year 2, and at the conclusion of negotiations, you have a fund balance of 16.25 percent, which is approximately 2 months' worth of expenditures, and that meets the GFOA minimum standards. The conclusion yields potential for no layoffs and no service level reductions; the local governments are financially stable with the help of their employees.

The union contract reopener in S.B. 168 could be triggered either by a 5 percent reduction in revenues in a year, as substantiated by the annual audit, or if the local government has a fund balance of less than 4 percent. Four percent of

expenditures equates to less than 2 weeks' worth of expenditures. The NAC 354.650 describes this as a low-ending fund balance requiring the local governments to explain to the Department of Taxation the reason for the low fund balance, and the local government's plans to increase the fund balance.

Unions may say we do not need S.B. 168 because the unions will reopen their collective bargaining agreements during a recession. For most of the unions this is true. However, it is not true in all cases. Across the State, you can see local governments whose unions were unwilling to work with them or local governments that were unwilling to work with the unions. Those local governments continue to be in difficult financial situations. This bill would affect the unions that refuse to reopen the contract, leaving the local government with no choice but to lay off their employees.

Some may also say local governments have the 8.3 percent fund balance and the 10 percent stabilization fund that make 18.3 percent available, but during the recession when up to 30 percent of local government jobs were eliminated, it is not enough. The system does not work, and it does not provide financial stability for the services provided to taxpayers. We need to take the gamble out of the system by establishing sound fiscal policy as S.B. 168 will do if it is enacted. A higher fund balance and the union contract reopener will allow local governments the ability to meet the demands of recessions yet to come.

This bill would send a couple of messages to local governments and unions if it were passed. First, it would tell local governments to be financially stable and prepare for the next recession. Second, when there is a financial emergency, we expect the local governments and the unions to work on a solution together because only by working together will long-term financial sustainability for our taxpayers and employees be achieved.

The 5 percent is of total revenues. What makes local government revenues so volatile is the Consolidated Tax, which is primarily sales tax. As soon as the 9/11 terrorist attacks occurred, we had an 18-month recession and sales tax took a dip. The CTX is between 40 percent and 60 percent of a local government's budget. The CTX would have to decline by more than 10 percent in order to get a total revenue reduction of 5 percent. That would only occur if we had a national crisis such as 9/11 or a stock market crash. That is when local governments would be laying people off.

Senator Atkinson:

Section 1, subsection 4, paragraph (a), subparagraph (2) of the bill would give the local governments carte blanche to open the contract under this language.

Ms. Walker:

We are defining the term fiscal emergency. Section 1, subsection 4, paragraph (a), subparagraphs (1) and (2) say it is either a 5 percent reduction in total revenues, which would equate to more than a 10 percent reduction in Consolidated Tax, or it would be that the fund balance is 4 percent or less than planned. A 4 percent fund balance as deemed by the State, through the *Nevada Administrative Code*, is such a low fund balance that if you submit a budget to the Department of Taxation, you have to explain why you have that balance and give a corrective action of how you will increase it. The problem comes when you only have 2 weeks' worth of cash flow—which equates to that 4 percent. Some months, particularly those without incoming ad valorem revenues, have a negative cash balance in the general fund under these situations. These criteria define when you are in trouble, and then the contract can be reopened to work with your employees and to negotiate getting out of the situation without laying people off and reducing service.

Senator Atkinson:

Do you agree that section 1 gives local governments carte blanche to reopen a contract?

Ms. Walker:

Not at all. It would be a bad financial situation if local governments were decreasing their revenues by 5 percent, which is a 10 percent sales tax reduction for the year.

Senator Atkinson:

Where do you get that from? I do not see it in the bill.

Ms. Walker:

A total revenue of \$100 reopens when you have a 5 percent decline; that means at \$95, you would reopen. When you look at the local government revenues, ad valorem taxes are slow-moving revenues. If a recession comes, it will be more steady and predictable than sales taxes. Sales tax will be the first to decrease. In order to get the 5 percent reduction of your total, if

Consolidated Tax makes up 50 percent, it takes a 10 percent reduction of that to make up a 5 percent total revenue reduction. It is severe.

Senator Atkinson:

Some would argue that property tax has a larger impact than the sales tax. North Las Vegas's property taxes shrank greatly and caused the City a lot of issues. A 95 percent revenue seems decent.

Chair Goicoechea:

I received an email from the Nevada Association of Counties, and the counties support both S.B. 158 and S.B. 168.

Mr. McAnallen:

We support this bill. It provides a great tool to be used in fiscal emergency situations.

Mr. Abney:

We support this bill. It gives our local government flexibility to deal with changing situations.

Mr. Wagner:

We support this bill. If I were an employee, I would prefer to renegotiate the contract and keep my job.

Senator Atkinson:

What proof do we have that this bill will prevent people from being laid off? During difficult times, there has usually been a combination of both. During a budget crunch in North Las Vegas, employees received reductions in salary and there were significant layoffs. If people keep saying that, then we need to hear some valid proof to back it up.

Andy Hafen (Mayor, City of Henderson):

I support this bill. These revisions would facilitate local governments' ability to operate in a financially sound manner over short-, intermediate- and long-term horizons. These revisions provide clear guidance to local governments and represent fiscally sensible policy. We support the revisions in section 1 that provide for a clear definition of what constitutes a fiscal emergency for local governments. This also holds city councils and other governing bodies accountable when revenues sharply decline and fund balances reach

unsustainable levels. We also support the revisions in section 2, which would exclude any funding balance of not more than 25 percent of the total budgeted expenditures from negotiations, fact-finding or arbitration.

As we learned during the recession, our reserves allowed the City to think strategically and work collaboratively with our unions to address rapidly shrinking revenues. Reserving 25 percent of the City's total budgets and expenditures from collective bargaining would provide the City with additional fiscal stability and financial flexibility to address our ongoing needs in a prudent, conservative manner. I provided written testimony ([Exhibit K](#)).

Mr. Snow:

I agree with Mr. Hafen. Senator Atkinson brought up a good point: This bill will not guarantee a decrease in layoffs. However, the City of Henderson weathered the recession by cutting the capital budget tremendously. We are reemerging from this recession with hundreds of fewer employees, but we did not lay any employees off. This is because we worked with our unions, and that served us well. We also came to an agreement with our public safety unions in 2013, incorporating the required changes under the Affordable Care Act and setting our City's self-funded health insurance plan on a financially stable footing for the future. I support this bill, especially the revision in section 1, subsection 4 that would authorize the City to reopen collective bargaining when a fiscal emergency exists. I met with all of the heads of our unions, and we said that this is one area where the City needs to support some moderate reform.

There is no definition for a fiscal emergency. I recommend that the statute state that fiscal emergency negotiations begin within 21 days of the local government's written notice to reopen the agreements and establish an expedited impasse process to avoid extended negotiations when a fiscal emergency occurs.

We also support section 2 of the bill, which would exclude an ending fund balance of not more than 25 percent of the total budget expenditures from negotiations, fact-finding or arbitration. We have not had a capital budget in place to deal with our infrastructure challenges for many years. We need to reinvest \$17 million back into our capital budget. These reforms would help the City maintain financial stability and flexibility as we address our infrastructure needs. I have provided written testimony ([Exhibit L](#)).

Chair Goicoechea:

The Department of Taxation will not approve a budget that does not contain the 5 percent fund balance at a minimum or beyond. I agree that the more you have in the 25 percent piece, the more flexibility you will have because it is not going to happen overnight. You stated that you want open negotiations. During negotiations, funds will continue to erode. I looked at the amendment, and if we change it to 15 percent or 16 percent, you could be in trouble before you reach the settlements you need.

Mr. Wagner:

This bill would only apply in a fiscal emergency.

Mr. Joecks:

We support this bill because it would give local governments a tool to get through financial downturns without resorting to mass layoffs, which usually affect the lowest-paid employees. In 2013, the average compensation of North Las Vegas's 500 highest earners increased over \$5,000 per employee compared to 2012. In Henderson, employee compensation went from \$117,000 per year in 2011 to \$123,560 in 2013. This is despite stagnant revenue in the City. Union contracts contain raises ranging from 2 percent to 7 percent per year.

To address Senator Atkinson's question about how 95 percent of revenue constitutes a fiscal emergency: When a contract gives a raise of 2 percent to 7 percent and 80 percent of your general fund is dedicated to employee compensation, that puts a lot of pressure on the budget. I support more substantial collective bargaining reforms and support this bill as a logical step to give local government officials needed tools to get through economic downturns.

Senator Atkinson:

Nevada Policy Research Institute usually throws out a lot of statistics that do not make sense. Where do you get proof that in economic hard times the lowest earners are the ones laid off? That is not true.

Mr. Joecks:

The numbers in terms of employee compensation come directly from the jurisdictions themselves.

Senator Atkinson:

Do you have those?

Mr. Joecks:

If you look at school districts, seniority plays the largest role there.

Senator Atkinson:

That was not my question. Do you have proof that the lowest salaried earners are the ones laid off?

Mr. Joecks:

Within different classes of employees, usually the lowest paid are laid off.

Senator Atkinson:

I have friends who were laid off, and they were not the lowest paid.

Mr. Joecks:

That is a good distinction to make.

Adam Mayberry (City of Sparks):

The City of Sparks supports S.B. 168, especially section 2 which addresses ending fund balance.

Mr. Church:

I support the bill. Why do we not add the authority to the Committee on Local Government Finance or to the city to actually put contracts on hold because it can take months during an emergency to get these through.

In response to Senator Atkinson's question, in Reno, not all contracts are fiscal in nature, some have to do with staffing hours. In Reno, there is a requirement for four-person fire crews. We need to change that to prevent paying overtime when somebody calls in sick, leaving a three-person crew. Reno has three fire stations that are permanently closed because of the four-person rule.

Mr. Jensen:

Humboldt County School District and the Nevada Association of School Superintendents support this bill. Many of the school districts were successful in negotiating language that allowed for a reopener during a fiscal crisis. However, the bill provides some definitions for the term fiscal emergency.

We also like the language on the ending fund balance since many school districts are struggling with their ending fund balances. It is unlikely that any school district will reach the 25 percent threshold unless a situation arises similar to that of Eureka County.

Chair Goicoechea:

Lander County is leading Eureka by far.

Mr. Jensen:

We had 1 year where we were fully self-funded because of the Net Proceeds of Minerals Tax. With the rapid change in gold prices, that changed. We want to be solely, locally funded again.

Chris Reich (Washoe County School District):

Washoe County School District supports the bill as written. As Ms. Walker stated, we had all of our collective bargaining unions come to the table in 2010. We have been working with the unions for many years and have a good relationship with them.

Mr. Moradkhan:

The Las Vegas Metro Chamber of Commerce supports this bill. We like the definition of fiscal emergency provided in the bill. The Chamber is actively involved in local government and works with our cities and Clark County. Many of the collective bargaining units throughout southern Nevada have come to the table throughout the recession and have offered concessions.

Wes Henderson (Nevada League of Cities and Municipalities):

The Nevada League of Cities and Municipalities supports S.B. 168. This bill establishes reasonable statewide standards that define what constitutes a fiscal emergency and helps to ensure that government services funded by general or special revenue funds continue to be provided.

Mr. McAllister:

The Professional Firefighters of Nevada oppose this bill. We have offered an amendment ([Exhibit M](#)).

In 2011, I was appointed as head of the labor groups to speak with representatives from the Las Vegas Metro Chamber of Commerce and the local governments in negotiations over Senator Hardy's bill to reform collective

bargaining. We negotiated behind closed doors to come up with language. The representative from the Metro Chamber came up with the language in NRS 288.150, subsection 2, paragraph (w) that mandates collective bargaining during a fiscal emergency. Few local governments have done that. The City of Reno has not brought it up in contract negotiations. Instead of having fiscal emergency defined with all parties involved, it is asking you to mandate the definition. Why did we put it in statute in 2011 if the goal is to throw it away? Does this mean that everybody who has something in a contract already negotiated is subject to change based on the new definition?

I have discussed this with a friend named Beth Kohn-Cole who sits on the Committee on Local Government Finance with Ms. Walker. She proposed a definition of fiscal emergency in the green text on page 1 of [Exhibit M](#). She also said that if a local government is allowed to budget an ending fund balance of 4 percent with no other requirements in order to open a contract, the government can put budgeted expenditures in other places without due regard for results. Since, by law, the local governments cannot underbudget their expenditures, they historically overbudget their expenditures and have an ending fund balance higher than the budget. The language in section 1, subsection 4, paragraph (a), subparagraph (2) of S.B. 168 would give local governments carte blanche to reopen contracts. For instance, the City of Reno budgeted an ending fund balance of \$6.6 million in its general fund and ended with \$12.2 million. The language would have allowed them to reopen the contract. In Ms. Kohn-Cole's and my opinion, the use of 5 percent as a change is too low.

Chair Goicoechea:

But 4 percent does not seem significantly different from 5 percent. You talk about declines of 10 percent from all sources, and at that point the Department of Taxation will take over the entity.

Mr. McAllister:

I am not a numbers guy, but I get to negotiate contracts. As Senator Parks said, over the course of time we have seen local governments use a variety of techniques to put money in different places. Our concern is that this allows local governments to put money in places to bring their budgets artificially below 5 percent and then reopen our contracts. They have done that in many instances. As for the provision that sets the 16.6 percent ending fund balance, the Government Finance Officers Association recommends 16.6 percent as a minimum. We agree that is a much more reasonable number than 25 percent. It

talks about 25 percent in all funds, which means governments can stick 25 percent ending fund balances in a stabilization fund, create many different funds and move money from one fund to another. Local governments moving money every day from fund to fund make it difficult to track the money. Our accountant has told me that certain local governmental finance officers move money more than the accountant has ever seen anybody else do before, and they are good at it.

The City of Henderson keeps an 8.3 percent ending fund balance, along with an 8.3 percent balance in a revenue stabilization fund. You can put money in a revenue stabilization fund, and if your revenue goes down below the 5 percent mark, when do you have to take the money from your stabilization fund and actually use it to prop up your general fund? You could be using the 5 percent number and saying that the general fund revenue drops below 5 percent, but you are sitting on a greater number than 8.3 percent in a revenue stabilization fund. At one point in time, my local government had \$50 million sitting in a revenue stabilization fund. If you have that, when do you bring that back over to keep your general fund above 5 percent? Local governments can put money wherever they want to artificially deflate that number to reopen the contracts.

Senator Hardy:

You were talking about the locals who have not done their fiscal emergency definition. Has anybody made the fiscal emergency determination?

Mr. McAllister:

Yes. Locals I know of have negotiated with their employers. The City of Reno airport firefighters have that in their contract. A provision in their contract defines a fiscal emergency that would allow the City to reopen their contract.

Senator Hardy:

What is the definition?

Mr. McAllister:

I do not know. I will get it for you today.

Mr. Hardy:

The purpose of the bill and your proposed amendment is to define fiscal emergency.

Mr. Dreher:

I echo what Mr. McAllister stated. In 2011, we had a series of meetings over the course of 4 months, and we could not come up with a definition for fiscal emergency. We decided to put it in NRS 288.150 and make it a mandatory topic of bargaining. It said that if you had a 1-year agreement, you did not have to negotiate a fiscal emergency definition; but for a multiyear agreement, you could negotiate a fiscal emergency definition because it became a mandatory topic of bargaining.

Over the last few years, some associations and local governments have negotiated fiscal emergency language. Some of it is not as detailed as this. We proposed this amendment to work out the definition once and for all. Our certified public accountant (CPA) told us that 5 percent was too low. That was because the ending fund balance is usually higher. The beginning fund balance is purposely made low because local governments cannot do that by law. They cannot merely put budgeted expenditures anywhere under budget revenue without due regard to actual results. Because they cannot underbudget expenditures, they often historically overbudget the expenditures and have an actual ending fund balance higher than the budget. Doing that should not constitute a fiscal emergency.

All we ever ask is that the local governments prove to us that there is a fiscal emergency. For every contract that I have worked on, we say, if you are short of money, call us and we will do something about it. However, first you have to show a true fiscal emergency.

During the recession, every collective bargaining group that was asked to come to the table did so. I heard that this bill is about those that do not come back to the table, and I do not know of any groups that refused to come to the table. Several groups agreed to pay cuts, including the Washoe County School Police Officers Association which agreed to a 6 percent permanent cut in pay, Washoe School Principals Association agreed to a cut in pay; RPPA agreed to a cut in pay. They reduced salary and budgets to save jobs.

Our CPA told us the language to increase the amount that a local government can protect of the budget at ending fund balance from 8.3 percent for 1 month to 25 percent for 3 months is unfair. The concept that the local government needs to pay its bills over the subsequent month is reasonable, but the CPA asked whether it really needs 3 months' worth of reserves. The CPA

understands that the Consolidated Tax is received with a 2-month lag and ad valorem taxes are received at varying degrees, but in many instances, the percent of the ad valorem taxes are received earlier versus proportionately over the years. The City of Reno has received 53 percent of its property taxes by December 31.

We looked at the 16.6 percent as a middle ground. It is 8.3 percent and this bill changes it to 25 percent—why do we not meet in the middle? According to the GFOA, 16.6 percent is a recommended amount. Also, why do we allow stabilization funds to hide money? The fact-findings I did have show that money is put away. In Lyon County, there is a thing called the Payments in Lieu of Taxes (PILT) amount. That is money that the federal government provides the local government because it has federal lands and puts X amount of money in PILT. In our opinion, money was put in that fund so the Association could not use it in negotiations. Is that part of the 5 percent? Why was that money not brought back out?

Senator Lipparelli:

Part of my concern with the language in NRS 288.150, subsection 2, paragraph (w) is the level of indefiniteness. It did not establish any definition; it merely says it shall be something that the parties will consider. The problem is that if I were in a contract position, I would not give an inch if I had that in my contract. Senate Bill 168 entitles the local government to reopen contracts; it does not mandate a reopening. Your concerns regarding the stabilization fund would be enough of a basis on the other side to say you have either done what you have suggested, money has moved around or abatements are inappropriate. As an argument, that is sufficient to say the contract can be reopened, but we are not going anywhere until that subject is resolved.

Mr. Dreher:

You are right, that is probably what would happen.

Senator Lipparelli:

The local government would have a lot of egg on its face if it tried to initiate a reopener in that circumstance. It would be helpful for all parties to know the definition of fiscal emergency before entering the negotiation process.

Mr. Dreher:

In the contracts I negotiated, we reached a point in talking about a fiscal emergency when I brought in the attorneys to come up with a definition, but they were not able to do so. Senator Goicoechea pointed out that the proposed language takes it down to 4 percent. If you look at the language that we took out in section 1, there are distinct differences between the original and our proposed amendment.

Chair Goicoechea:

When you get a 10 percent decline from the revenues you took in the previous year, it is already too late. The local government will have to talk to the Department of Taxation because it is already broken. I can understand why PILT would be a set-aside fund. It is a federal appropriation that does not come annually, and there is no guarantee for how much you will receive next year. This annual apportionment from the federal government is not stable enough. How could you negotiate contracts and say we are using this pot of money as part of the pot we are dividing up, knowing full well you might not receive that money next year?

Mr. Dreher:

In the fact-finding that concluded in January, we showed that the County received that money every year, and it was always between \$700,000 and \$1 million. I do not know if this is true for every county, but Lyon County received this money 4 or 5 years in a row. They were also told that that money was going to be purposely withheld to stop it from being used in negotiations.

Chair Goicoechea:

I know how PILT works, and it is not annual.

Senator Hardy:

Somebody asked how you determine a fiscal emergency. I looked at the graphics of how many people were hired or had a job and how many people did not have a job. Fiscal emergencies affected 43 people, 61 people and 80 people respectively in Douglas, Carson and Lyon Counties, and they did not have a job anymore. At some point, that fiscal emergency has to be defined in real people and real jobs as opposed to percentages.

Mr. Dreher:

In Lyon County, the deputy sheriffs gave up a lot during the fiscal emergency. It comes down to trust. When trust is developed, that becomes the biggest factor at the negotiation table. When there is trust and credibility, we are there to help.

Mr. McLamore:

I am speaking on behalf of the Nevada State Education Association president, Ruben Murillo, Jr. We have submitted written testimony ([Exhibit N](#)). We are concerned about the levels set in the bill and usurping local control in making these determinations. Testimony from school leaders attested to the fact that there are good working relationships among employee organizations and the employees in resolving concerns amid financial challenges.

Why not let the definition of fiscal emergency be determined on a local level? We are good at working together. There are different budgets and scenarios depending on the employer type of government, and that determination is best made on a local level. We want the best opportunity for those governing local communities to do the best for their communities when a fiscal challenge does occur.

Mr. Cardinale:

In the emergency declaration with North Las Vegas, our one complaint when negotiating the settlement with the City was 26 or 27 criteria in NRS 354 for what constitutes a fiscal emergency, and the City did not fit any of the definitions. The City was still paying for general obligation bonds, and no checks were bouncing. One criterion has accounting in such disarray that nobody knows how much money you have. The City had Darren Adair, who is a very good fiscal director, and he had a good handle on the money.

I also want to say to Senator Atkinson, I agree that this is not protection against layoffs. The City of North Las Vegas has lost 1,200 employees and has under 1,000 employees. The water rates for residents have gone up—they pay some of the highest taxes in Nevada when you add in the tax overrides. The City has three tax overrides and more cops, and residents pay high property taxes. The police department is down 17 supervisors. There were no layoffs, but as people leave, they are not replaced. We have lost 73 officers since 2009 or 2010. The Teamsters took the biggest hit and made a concession for about \$17 million. Teamsters told me they have lost 115 employees anyway.

The only thing that saved the City from laying off police officers was an injunction granted by a district court to stop laying off police officers. We oppose the bill, and I agree with much of the proposed amendment. I want to know about the 16.6 percent: Is that 8.3 percent ending fund balance and an 8.3 percent stabilization?

Senator Atkinson:

People will use statistics to back up their points, and everybody can find statistics that say what people want them to say. We all know of one group that consistently does that. Government actually does not lay people off like private entities do. However, government is often grouped with private entities in this practice. Governments have a different way of doing things, such as not replacing employees who leave, and that has happened a lot. That is effectively the same as layoffs because the governments end up being understaffed and the people who are left have to work harder to pick up the slack.

Wilson Crespo (North Las Vegas Police Supervisors Association):

I represent the North Las Vegas Police Supervisors Association (NLVPSA) and the retirees of the NLVPSA. During the recession, the system worked. We had to give things up during negotiations and there were layoffs, but it worked. Things are beginning to get better, and I do not think we need this law now. I oppose S.B. 168.

Mr. Nunn:

The Water Employees Association of Nevada and We Are Nevada oppose this bill. I echo testimony from other people opposing this bill. Trust is important. This bill will not prevent layoffs. My organization has worked with employers in many situations, and every time they said we needed to work with them or else there would be layoffs, we worked with them and we sacrificed things. If employers are willing to lay people off, they are going to do it.

Senator Parks:

I spent years preparing budgets and doing financial statements. There needs to be something in S.B. 168 that addresses how we get to the percentages of 4, 5, 8.3 and 16.6.

Georgette Stormo:

The question of what constitutes a fiscal emergency came up a lot. As a member of the public, I would tell you that \$12 billion-plus in unfunded

pensions qualifies as a fiscal emergency, as does the fact that all of our taxes are going up. If you are raising our taxes, then you have not managed the budget. You have been in a fiscal emergency for years. You have to work within revenue you receive, but that does not happen. You want more money from me for less service.

Chair Goicoechea:

We will close the hearing on S.B. 68 and go to work session. We will begin with S.B. 26.

SENATE BILL 26: Revises provisions governing the collection of debts by the State Controller. (BDR 31-499)

Jennifer Ruedy (Policy Analyst):

Details for S.B. 26 can be found in the work session document ([Exhibit O](#)).

Senator Parks:

There is a lot of revised language in this, and I would like to wait to vote on this until the next work session.

Chair Goicoechea:

We will hold S.B. 26 and discuss S.B. 63 for which we have a work session document ([Exhibit P](#)).

SENATE BILL 63: Creates the Nevada Indian Commission's Gift Fund and designates the Commission as coordinating agency. (BDR 18-289)

SENATOR HARDY MOVED TO DO PASS S.B. 63.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Goicoechea:

We will now discuss S.B. 83.

SENATE BILL 83: Designates as confidential certain information that is reported to the Division of Internal Audits of the Department of Administration. (BDR 31-288)

Ms. Ruedy:

The work session document ([Exhibit Q](#)) discusses S.B. 83 and the proposed amendment in detail.

Senator Hardy:

Can you report your own abuse, fraud or waste on the hotline and then never have to worry about being turned in by somebody else?

Senator Lipparelli:

This mostly explains that the information would be outside the purview of public disclosure. Section 1, subsection 3 alleviates my concerns.

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 83.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Goicoechea:

We will now discuss S.B. 109.

SENATE BILL 109: Revises provisions relating to the sale or lease of a county-owned telephone system. (BDR 58-603)

Ms. Ruedy:

The work session document ([Exhibit R](#)) provides details for this bill.

Senator Atkinson:

I do not remember discussion about removing the requirement for newspaper advertising—so they want to take it out.

Chair Goicoechea:

It asks that the County be removed from all those requirements, does not need to take the highest and best bid, does not have to advertise it and does not have to show the appraisal; the county can solicit and see the best offer. Nothing in the bill precludes that when the county decides to either enter into a lease or a sale of the phone company, that becomes public record.

The county avoids going through the election process. There was testimony that the county would disadvantage itself if it told the public what the phone company is worth. The county could say, we want to know what you will give us for it, or will you lease it? If the county clearly has to take the highest bid, the county might want to see if a purchaser or lessor would maintain more of the staff in Fallon or Churchill County rather than having AT&T or somebody buy it and then provide service from Reno.

The county was looking at long-term employment for the community, and under statute, it would not have that opportunity.

Senator Atkinson:

This is only for Churchill County.

Chair Goicoechea:

It is the only phone system like it in the Country.

SENATOR ATKINSON MOVED TO DO PASS S.B. 109.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Goicoechea:

The meeting is adjourned at 1:57 p.m.

RESPECTFULLY SUBMITTED:

Nate Hauger,
Committee Secretary

APPROVED BY:

Senator Pete Goicoechea, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
	A	1		Agenda
	B	7		Attendance Roster
S.B. 158	C	19	Las Vegas Chamber of Commerce	Recommendations and Guidelines for NRS 288 Fiscal Impact Assessments
S.B. 158	D	2	Clark County	Proposed Amendment
S.B. 158	E	1	City of Henderson	Written Testimony
S.B. 158	F	1	Professional Firefighters of Nevada, et al.	Proposed Amendment
S.B. 158	G	3	Service Employees International Union Nevada Local 1107	Written Testimony
S.B. 158	H	2	Nevada State Education Association	Written Testimony
S.B. 168	I	4	Senator James A. Settelmeyer	Senate Bill 168 County Reserves
S.B. 168	J	5	Carson City, Douglas County, Lyon County, Storey County	Written Testimony
S.B. 168	K	2	City of Henderson	Written Testimony
S.B. 168	L	2	City of Henderson	Written Testimony
S.B. 168	M	2	Professional Firefighters of Nevada, et al.	Proposed Amendment
S.B. 168	N	2	Nevada State Education Association	Written Testimony
S.B. 26	O	12	Jennifer Ruedy	Work Session Document
S.B. 63	P	1	Jennifer Ruedy	Work Session Document
S.B. 83	Q	5	Jennifer Ruedy	Work Session Document
S.B. 109	R	1	Jennifer Ruedy	Work Session Document