

SENATE FINANCE COMMITTEE
MINUTES OF MEETINGS
APRIL 11, 1973

The meeting was called to order at 7:10 p.m. Senator Lamb was in the chair.

PRESENT: Floyd R. Lamb, Chairman
Warren L. Monroe
B. Mahlon Brown
James I. Gibson
William J. Raggio
Clifton Young
Archie Pozzi
Art Palmer, LCB & Bill Hancock, Planning Board
Earl Oliver, LCB Fiscal Analyst
Howard Barrett, Budget Director
Cy Ryan, UPI

LEGISLATIVE COMMISSION & COUNCIL BUREAU BUDGET:

See attached budget. Under the Fiscal and Audit budget the increase is due primarily because of personnel and salaries. They have taken one position from fiscal and audit and given him to the research division. The increase in the budget is more directly associated with operating on the second page of this budget. The \$20,000 the first fiscal year is for central data processing services and there is also an increase in contractual services for a MTST (automatic typewriter), zexing equipment, etc., and there is \$15,000 also to have audit tape auditing. Mr. Palmer said as the record keeping becomes more sophisticated they must go to this. He said if they do an audit and must get records from the data storage in the computer and pull this information from the computer, they have to pay for this.

Under the third page, personnel, one deputy fiscal analyst has been transferred to the research division. The new deputy legislative auditor position will be paid for by LEAA funds.

Mr. Palmer said that on the legal division's budget the money left over is due primarily to underfilling positions. Senator Brown said, "This is one of the reasons we went so slow in bill drafting." Under building maintenance on page two of this budget the \$7,000 according to Mr. Palmer, "I feel should be in building rental costs but buildings and grounds has not had the capability to perform this service for us because they have four or five new buildings in Carson City and can't give us the necessary maintenance. We have contracted this out as authorized last year and we

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really feel we will have to continue this. We should hire a person to take care of four or five buildings in Carson City to give us the necessary control over our sophisticated systems. The highway building plant is having to cover this that way until buildings and grounds has that capability.

The legal division will retain four attorneys that came on during the session. They have two new positions for an editor trainee who between sessions will work on the NRS.

On the research division's budget they are transferring a fiscal analyst from the fiscal and audit division to the research division and adding three staff positions to assist this division in giving the legislature better budget analysis and develop a program to work with the committee in session and work with subcommittees between sessions. This is tied to S.B. 594.

On the printing and binding fund's budget, Mr. Palmer said the reason for the higher costs is they will be reprinting the entire NRS and most of this cost will be for binders and a new punch machine in the printing office that is wearing out. This division will become self sufficient.

The balance forward on the printing and binding fund budget is \$439,267 for 1971-72 and \$289,696 for 1972-73. In 1973-74 there will be \$258,650 for printing costs which will leave them with only \$146,000. \$223,000 is only a general estimate because much of that volume is in sales. \$239,000 may materialize in sales but it could be more or maybe less than that. This budget is reaching a point of becoming self sufficient.

Senator Brown noted that with the changes in the legislative council bureau they will be setting up a committee that will be working on the administrative budget (the executive budget) and will be able to come in during the session and give them more advice other than agency testimony or that of Mr. Barrett's.

Senator Monroe said, "This is quite an increase. It is back up to where it was before we started cleaning house last time." Senator Brown said, "Some people think we made a mistake cleaning house and letting the attorneys go." He felt that this was why the bill drafting was so slow last session. Senator Young said, "Those attorneys cost us ten to twenty extra days last session." He felt that the cost of the attorneys salaries cost a good deal more money because it delayed the entire session with all the added costs.

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Senator Gibson moved they approve this budget. Senator Pozzi seconded the motion, and it passed unanimously. See attached budget for amounts appropriated.

DEPARTMENT OF EDUCATION - Page 120:

Senator Lamb said, "This afternoon Eddie Scott (NAACP) and Senator Joe Neal buttonholed me on the department of education budget and talked to us (Senators Lamb and Raggio) about our cuts and about the position of Bernice Molton. I told them it would take five votes to reconsider this budget. They said this was the only black executive in the department. The governor didn't recommend this position in the executive budget, but the ways and means committee did recommend it and put it in. We, the senate finance committee, agreed to go along with the governor's budget."

Senator Gibson said, "There are 116 employees in the department of education and it looks like they could change them around and have one of these others and keep her. I don't feel they should cut this program. It is a federal program now."

Mr. Barrett said, "This refers to page 142 and the program is 100% federal moneys which will probably fade away. We are not recommending you replace it. We feel she is doing a good job but they should free up existing positions."

Senator Gibson noted, "There is a 35% increase in general fund appropriations. This ought to be enough of an increase to take care of this." Senator Pozzi said, "I move we stick with what we did and not open this budget up for reconsideration." Senator Gibson said, "I think that's their problem and resent their sending these guys to us saying we should do something."

Senator Pozzi moved that they open up the budget for reconsideration. Senator Monroe seconded the motion, and it failed. Only three senators voted for it, Senators Brown, Raggio, and Pozzi.

CAPITAL IMPROVEMENTS - Page 563:

Mr. Barrett said they will receive \$4,824,150 in revenue sharing. The general fund appropriation is \$10,964,750, for all projects down to the university projects. This is no more in revenue sharing funds than his office originally budgeted or predicted. This is a 14% increase in general revenue sharing.

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73-1 Improvements, Medium Security Prison, Carson City:

This cost is \$2,628,000 which is all revenue sharing funds. This will not affect the 1975 legislative decision as to whether or not to build a maximum security prison at the medium security prison site.

Senator Raggio moved they approve this budget. Senator Monroe seconded the motion, and it passed unanimously with Senator Pozzi absent.

73-2 Emotionally disturbed Children's Facility, Las Vegas:

Mr. Hancock said, "This is the number one priority on the department of health, welfare, and rehabilitation request. The location the planning board recommends is based upon population growth and placing it with the comprehensive mental health center so they may utilize existing staff to some degree. The department of health, welfare, and rehabilitation recommends placing it on the west side because of the location of elementary schools.

Senator Raggio asked why it would be a million dollar cost to house 16 children. Mr. Hancock said that there would be extensive out-patient facilities of 12,000 square feet, administrative offices, lab equipment, etc.

Senator Gibson moved to approve this budget and approve the location of this facility as the planning board recommends at Charleston and Jones. Senator Brown said, "Do you want this written into the bill?" Senator Gibson said, "I think it makes sense to centralize some of these things. You will recall on some others we went for four years to get resolutions as to locations. If we designate this we will at least get it on its way now." (The committee had discussed waiting until they could study this and HWR and the planning board could come to an agreement.)

Senator Raggio seconded the motion, and it passed unanimously with Senator Pozzi absent.

73-3 Security Unit, Nevada Mental Health Institute, Sparks:

This all comes from revenue sharing federal funds. Senator Raggio moved they approve this budget. Senator Gibson seconded the motion, and it passed unanimously with Senator Pozzi absent.

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73-4 Street Improvements, Sparks and Las Vegas:

Senator Monroe moved they approve this item. Senator Brown seconded the motion, and it passed unanimously, Senator Pozzi having arrived in the meeting. This is a general fund project.

73-5 Improvements, Nevada Youth Training Center, Elko:

Senator Brown moved they approve this item. Senator Gibson seconded the motion, and it passed unanimously. This is general fund money.

73-6 Kitchen and Dining Hall Addition, Women's Prison, Carson:

This is partially general fund and partially revenue sharing money. There is no intent of relocating the existing women's prison in the coming years. Senator Young moved they approve this item. Senator Raggio seconded the motion, and it passed unanimously.

Mr. Barrett said that with regard to the proportions of general fund and revenue sharing funds to be spent, the first money spent will be revenue sharing money and any other amount needed will be general fund because they want to satisfy the feds so they don't want any revenue sharing funds to revert. The first \$4.8 million on the prison improvements will be revenue sharing funds.

73-7 Improvements, Computer Facility, Carson City:

Senator Young moved they approve this item. Senator Monroe seconded the motion, and it passed unanimously.

Senator Lamb asked, "Do they lose \$398,000 worth of computer time?" (They will be improving this because during electrical storms the computer is disrupted by power failure.) Mr. Hancock said, "They do if you extent it over the period." Mr. Barrett said, "They will pay back this amount at 2% per year, which isn't a large payment each year, but they will pay it back."

73-8 Improvements, Capitol Complex, Carson City:

Mr. Hancock displayed a piece of lumber from the capital building which was completely dried out, split, and crumbling. He said this was removed from a supporting fixture on the south side on an outside wall. This portion is probably being held up by the roof, but how much of this type of crumbling

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wood exists they don't know.

Senator Monroe moved to approve this item. Senator Young seconded the motion, and it passed unanimously.

73-9 Storage and Office Space, Comprehensive Mental Health Center and Mental Retardation Cottages, Las Vegas:

Senator Brown said, "That's an awful lot of money there and the storage portion can't cost you too much." Mr. Hancock said that this includes storage for foodstuffs and a walk in freezer/cooler, etc."

Mr. Hancock said, "HWR is now not sure that the \$100,000 in federal funds will be available, so the bill is written so \$100,000 will revert if this money is paid through federal funds." Mr. Barrett said, "What chance would we have for federal funding if the feds see we have the state appropriation?" Senator Monroe suggested putting it in the contingency fund. Senator Lamb said, "Could you manipulate this money around so the feds won't see it?" Senator Brown suggested putting the \$100,000 in the interim finance committee's fund.

Mr. Barrett said, "Put the \$100,000 at the end of the bill with the statement that if any projects get into trouble that money can be moved there." Senator Lamb said, "But we don't want that money to go anywhere else."

Senator Gibson moved they let the interim finance fund take care of it if necessary and that they approve this budget. Senator Brown seconded the motion, and it passed unanimously.

73-10 Recreation Building, Southern Nevada Children's Home, Boulder City:

Senator Gibson moved they approve this item. Senator Monroe seconded the motion, and it passed unanimously.

73-11 Improvements, Phase I, Nevada Mental Health Institute, Sparks:

Senator Monroe moved they approve this item. Senator Gibson seconded the motion, and it passed unanimously.

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73-12 Improvements, Nevada Girls Training Center, Caliente:

Senator Monroe moved they approve this item. Senator Pozzi seconded the motion, and it passed with everyone voting for it except Senator Brown who voted no.

73-13 State Office Building, Carson City:

Senator Monroe asked, "Who is going to get the money from the land?" (At the site approved by the planning board.) Mr. Hancock said there were several property owners in the area. Senator Brown said, "We should go down there and see the assessment rolls." Mr. Hancock said they were proposing paying \$1.25 per square foot which wasn't unreasonable for that area. Senator Brown said, "Have you checked the assessment?" Mr. Hancock replied they had and that it was in agreement with the proposed purchase price. Senator Gibson said, "They have a pretty good assessor here now."

Mr. Barrett said, "State buildings generally provide more parking spaces and leased buildings do not. They also have more grass and shrubs than leased buildings which generally have just black top. There are over 60,000 square feet of leased space in Carson City now."

Mr. Hancock explained that the proposed building would have 83,000 net square feet so the 20,000 surplus square feet programmed into this building will be used to take care of 15,000 square feet to alleviate the overcrowding at the Heroes Memorial Building, and will allow 5,000 square feet for expansion.

Mr. Barrett said, "Most leases terminate July 1, 1974. Many buildings now leased are scattered all around town and it is very difficult to deal with let alone figure out where they are. Also I should point out that the state doesn't have to pay taxes on their property and buildings, which makes it cheaper than leasing."

Senator Raggio asked, "Is there any interest or concern about the groups who want to build the state office building?" Senator Lamb said, "They want a 12% return on their investment."

Senator Pozzi moved they approve this item and have a state-owned office building. Senator Monroe seconded the motion, and it passed unanimously.

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73-14 Improvements, National Guard, Carson City:

Senator Monroe moved they approve this item. Senator Young seconded the motion, and it passed unanimously.

Improvements, Department of Agriculture, Las Vegas. 73-15:

This is located west of the motor vehicle building on Sahara Boulevard in Las Vegas. Senator Gibson moved they approve this item. Senator Brown seconded the motion, and it passed unanimously.

73-16 Improvements, Phase II, Nevada Mental Health Institute Sparks:

Senator Young moved they approve this item. Senator Monroe seconded the motion, and it passed unanimously.

Senator Lamb said (speaking in general), "I think the square foot costs are pretty high." Mr. Hancock said, "We are figuring costs 10 months ahead and figuring there is a 1% per month inflation value in construction projects. We refunded over \$600,000 on the last work program."

PAGE 566 State Office Building, Las Vegas:

This would cost \$1,580,000. Adelle Cramer and the STP Corporation currently plan to build this building on land next to the present HWR facilities. The planning board will have some control over it and they would have to approve it prior to occupancy. Mr. Barrett said, "If we lease a building the federal government will pick up 60% of the costs, whereas they won't pay anything if the state owns the building. It saves the state money if we rent for the welfare division but it saves the state money if we have state owned facilities for the health and rehabilitation divisions." Mr. Hancock said, "We can't control the land costs but we can exercise some control over the other costs." Senator Raggio said, "Why don't we condemn the land?" Mr. Hancock said, "You can't do that."

Senator Gibson said, "I reluctantly move we approve this item." Senator Raggio seconded the motion, and it passed unanimously.

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PAGE 566 Rejuvenate Landscaping, Capitol:

This would cost \$148,000. Mr. Hancock said, "It is not the intent to remove any of the trees. The only tree that we are considering possibly removing is the one the governor keeps backing into in the back of the building near the octagon."

Senator Raggio moved they approve this item. Senator Young seconded the motion, and it passed unanimously.

PAGE 566 Re-Paint Capitol and Octagon Exteriors:

Senator Young moved they approve this item. Senator Gibson seconded the motion, and it passed unanimously.

PAGE 566 Re-Paint Las Vegas State Office Building, Interior:

Senator Pozzi moved they approve this item. Senator Young seconded the motion, and it passed unanimously.

PAGE 566 Roof State Reservoirs, Carson City:

Senator Gibson moved they approve this item. Senator Pozzi seconded the motion, and it passed unanimously.

PAGE 566 Remove Access Barriers on State Buildings:

Mr. Hancock said the only way a handicapped person in a wheelchair could get into the Blaisdel Building for instance, is if they went down into the basement in the boiler room and then came up the elevator. Senator Pozzi moved they approve this item. Senator Monroe seconded the motion, and it passed unanimously.

B. Fish and Game Improvements - Page 566:

On 73-F5 B. the ways and means committee suggested using a trailer for that, but the senate finance committee did not agree. Mr. Hancock said the life of a trailer is about five years. Senator Pozzi moved they approve 73-F1 through 73-F6 under B. Senator Gibson seconded the motion, and it passed unanimously.

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C. 73-U1 Campus Improvements, University of Nevada Las Vegas:
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Senator Gibson moved they approve this item. Senator Pozzi seconded the motion, and it passed unanimously.

73-U2 Campus Improvements, UNR:

Senator Gibson moved they approve this. Senator Monroe seconded the motion, and it passed unanimously.

C. University Improvements:

Senator Gibson moved they approve this. Senator Pozzi seconded the motion, and it passed.

73-U3 Life Science Building, UNLV:

Senator Brown moved they approve this. Senator Monroe seconded the motion, and it passed unanimously.

Senator Raggio asked why the costs were so high. Mr. Hancock said that it cost \$50,000 per lab just in equipment and that all the piping had to be acid resistant. He said science buildings were more expensive than others.

73-U4 Clark County Community College, Phase II, North Las Vegas:

Senator Monroe moved they approve this. Senator Young seconded the motion, and it passed unanimously.

73-U5 Western Nevada Community College, Phase II, Reno:

Senator Pozzi moved they approve this. Senator Monroe seconded the motion, and it passed unanimously.

73-U6 Library Addition, UNR:

Senator Gibson said, "When we built this library I thought it would last 100 years. They sang wonderful songs when they presented it to us. Before you know it we will have an emergency appropriation because they are short of library books to fill this." Mr. Hancock said it would provide 71,000 square feet at \$41 per square foot.

Senator Monroe moved they approve this budget. Senator Young seconded the motion, and it passed with only Senator Lamb voting no.

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73-U7 Performing Arts Center, Phase II, UNLV:

The committee decided to hold this budget.

73-U8 Student Union Addition, UNR:

Senator Monroe moved they approve this. Senator Raggio seconded the motion, and it passed unanimously.

73-U9 Desert Research Institute Facility, Phase I, Reno:

Mr. Hancock said this will move them and free space for the computer facility. He said, "There may be federal participation. We don't know exactly but they feel they can probably match it. This would come from slot machine rebate funds." The committee decided to hold this.

CLARK COUNTY COMMUNITY COLLEGE, PHASE III:

Mr. Barrett said, "At this point we are not requesting any general fund money for the university as funds will come from the slot machine rebate for this purpose. I think you should receive a full \$20 million of the slot machine rebate. They were going to build that with general fund money and the governor was approached with that by some of the regents, and I feel rather strongly that within \$20 million they should arrange priorities to live within this the next biennium."

Senator Gibson said, "The study I made of their projections is that the Clark County Community College, Phase III will be needed by that time (by the time the second phase is completed). If we don't fund it it will be four more years before it is completed, so I wanted to figure out how to accomplish it and yet not disrupt the building program."

Mr. Barrett said, "What about committing five years of the slot machine rebate to this instead of committing four years as is the present plan?" Senator Gibson said, "The student growth in the Clark County Community College is just out of sight."

Mr. Hancock said it would cost \$3,244,000 if it were built now.

Senator Gibson said, "I would rather put it in the capital improvement budget rather than a separate act (bill)."

Mr. Barrett said, "The appropriation act which will be drawn covering capital improvements just says that they should have priorities and it doesn't have to be in the order presented in the executive budget. You can change the priorities. You could just simply add that on there and arrange the priorities the way you wanted." The proposed desert research institute facility, phase I, Reno (73-U9) is just trying to get a commitment from the legislature so they can go to the federal government and seek funds. In order to get the federal funds it doesn't matter just as long as they are on here (in the appropriation bill)."

Mr. Hancock said, "It would be real nice if we could build phase two and three at the same time. It would save money." Senator Raggio said, "The desert research institute as far as I'm concerned stands ahead of the performing arts center in Las Vegas." Senator Brown said, "It doesn't matter where DRI is in priorities as long as its on the list."

Senator Lamb said, "I would like to put phase three with phase two of the community college. My point is if they are going to build these two together we will save some money." Mr. Hancock said, "You could save 20% or about \$1,200,000 by building them together."

Senator Raggio said, "We have deferred the library before. Why move this up?" He felt the library should have consideration.

Mr. Barrett said, "Phase three of the community college was cut off by the planning board and governor because it would have to be built outside of the slot machine rebate tax." Senator Gibson said, "What about funding this out of the general fund and having the slot machine rebate pay it back? If we free that general fund money for part of the program and have them pay it back it looks like we should be able to reorganize this and still come out okay."

Mr. Barrett said, "As of June 30 this year there will be \$5 million in this fund." Senator Gibson said, "Why don't you study this overnight and see what you have here. We might save enough for a building."

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Senator Raggio said, "It makes sense to me to do it together unless you just take one project and shove it back."

Mr. Hancock said, "The people in Clark County have donated \$300,000 toward a performing arts center there which is collecting interest." Senator Gibson said, "The performing arts center would serve 47 students in one field and 100 in another. I have a hard time seeing the priority here when you have so many other students majoring in other areas." Mr. Barrett said, "I am not so sure you couldn't have it (the third phase of CCCC) without the loan. With \$5 million now and \$5 million July 1 in the slot machine rebate, you could get a pretty good start on this."

STATE PARK PROPERTY ACQUISITION - Page 471 - RED ROCK:

In Red Rock they had proposed the state pay \$742,000 and the federal government \$730,000, but Mr. Barrett pointed out they learned they couldn't use federal money to buy federal land. Senator Young said, "Private land in state hands is not going to interfere." The committee discussed not buying federal land, just purchasing the private land.

but they decided to try to buy both

Bonding: (parks acquisition)

Mr. Barrett said that they would have to redeem the bonds within twenty years so they would have to be 15 year bonds at 5-3/4% interest and it would cost \$115,000 for the interest. It would cost \$248,000 the first year for principal and interest, and \$240,000 the second year. They would not be allowed to invest the money because if the states commits that kind of error they would have a pretty bad name in the market because to invest it would mean they would lose their tax exemption status on interest accrued to purchasers of the bonds. (Often wealthy people will purchase municipal bonds like this because any interest they earn from the bond is exempt from taxes.)

Senator Raggio asked why they should have them use bonds when they had a healthy surplus in the state treasury. Senator Monroe said, "If you don't use your bond money you will end up putting \$8 million into the parks system instead of the money the people issued in bonds." He felt they would use the general fund money and later the bond money.

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Mr. Barrett said, "If they decided to use the bond money, two years from now we would have to issue 13-year bonds, and they are just as attractive."

Later Mr. Barrett said, "My figures are that with the changes you have made the park acquisition would cost \$2,040,698 in state funds and \$1,786,500 in federal funds."

Senator Monroe said, "I move we approve the park acquisitions out of the bond money. Senator Brown seconded the motion. Senator Young said, "I would also like it approved that they can go to the voters two years from now." Senator Brown and Senator Monroe said, "That's alright with me." The committee agreed to this. Senator Monroe said, "Just be honest. They had a hell of a time just scraping up this list." (The items listed on page 571)

The committee voted to approve the park acquisition out of bond money, and it passed unanimously with Senator Lamb absent as he had just stepped out of the room.

Mr. Barrett said, "It is difficult to sell bonds in odd numbers. What about appropriating the odd amount from the general fund (the \$40,698) and then issuing bonds in \$2 million. Senator Young moved they appropriate \$40,698 from the general fund for this. Senator Brown seconded the motion, and it passed unanimously.

The meeting adjourned at 9:45 p.m.

Respectfully submitted,


Ellen Hocker, Secretary

APPROVED:


Floyd R. Lamb, Chairman