

## WAYS AND MEANS COMMITTEE - NEVADA STATE LEGISLATURE - 58th SESSION

February 14, 1975

Meeting was called to order by Chairman Mello at 8:00 A.M. in the Ways and Means Committee Room.

PRESENT: Chairman Mello, Mr. Bremner, Mrs. Brookman, Mr. Dreyer, Mr. Glover, Mr. Howard, Mr. Robinson, Mr. Weise and Mr. Wittenberg.

ALSO PRESENT: Bill Bible, John Dolan, Bill Parrish, Jan McDonald, Ernest Newton, Bob Tower, Joseph Anderson, Rae Clemenson, Jean Ford, Terry Sullivan, and Bill Hancock.

Bill Parrish, Nevada Independent Agents, stated he wanted to clarify the way the insurance is handled by the Board of the State of Nevada. The commission on the business was, at one time, distributed to any agent who asked for it. No longer is the commission distributed to agents in the State of Nevada. The funds of the Commission are used for safety oriented work, accident prevention work, and it is heavily contributed to the Insurance Education Foundation. He stated that shortly after the Association took over the insurance program for the State, three of the larger insurance carrier had engineers come to Nevada and evaluate all property insured as to its insurable value. At requested intervals, these values are updated to keep the values current. The property insured is written at the replacement cost. He felt that there was no need for an expert on the side of the State as the Board is on the side of the State. This Board is made up of 5 leading insurance agents which meet and view the insurance program and discuss the insurance problems in the State. They do not represent the company, but they represent the State and are looking for the best program for the State of Nevada.

Jack McDonald, Director of Internal Audit for the University of Nevada System, asked to speak as one of her duties is the administration of all University of Nevada System insurance. She stated that she did not know about insurance, but has assumed the responsibility because of the need for centralization of the insurance. She felt that a professional Risk Manager was needed who would work only for the University. In 1972 Chancellor Humphrey, Paul McDermitt, and Harold Jacobsen and Ms. McDonald met with the Independent Insurance Agents in Las Vegas and requested that they handle all of the University insurance to get their expertise. This was not done. In 1973 the university hired a firm to review the university policy and make recommendations. This firm issued two reports and recommended a Risk Manager and a program on Risk Exposure Analysis. This was not done by the University due to lack of funds, but done through the State of Nevada. In 1974-75, \$225,000 will be spent on insurance premiums. She assumed the responsibility of buying insurance on the basis of three things: 1. the policy has been recommended or used some time in the past so will continue the coverage, 2. a law suit or an accident will bring to their attention the need for coverage or 3. an insurance agent will recommend coverage. She felt that an independent Risk Manager would be in touch with the University and the State and the constant changes taking place and would be familiar with all the insurance policies. She felt he would have the best interest of the State and University in mind.

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Bob Tower, an interested citizen and interested in the Risk Manager position, stated that he had specialized in commercial and industrial insurance and in handling large companies. One of the responsibilities of Risk Management and the most significant job responsibility is handling money. Money saved by open competitive bidding, money saved on combining policies, money saved on centralized Risk Management. He would provide one place for all departments to turn to for assistance or claim problems. Big business demands the best product for the best amount. Premiums of this size attract competitive bidding and through competitive bidding, premiums will be reduced. Combining state insurance under one program will eliminate unnecessary duplication and the purchase of inadequate policies.

Ernie Newton, Nevada Taxpayer's Association, felt that duplicate coverage and inadequate coverage was caused by everyone going their separate way. The Independent Insurance Agent Organization is the agent for the state. The Risk Manager is a function undertaken by the Independent Insurance Association. Mr. Newton feels this position is unnecessary and feels the university is unnecessarily using expenses and should be using the people available.

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Mr. Weise stated that \$10,000 One Shot was for a study on Group Insurance, \$26,000 was for a Risk Manager and typist and \$5,000 per year for contract services. He felt this was a lot of money for a study on Group Insurance.

Mr. Tower stated that the \$5,000 was in the event outside survey work or evaluations would be necessary.

Mr. Parrish stated that when a renewal comes up specifications are prepared and presented to the insurers. It is then put on the market to interested companies and then put out to bid. He also stated that the average commission on state insurance is 16%. Mr. Larry Keyes, Nevada Independent Agents, stated that they never recommend a policy in order to get more commission. Jan McDonald stated that they are paying the premiums, but not getting the service from the companies.

Ms. Rae Clemenson, Library Cooperation Budget stated that the budget indicates that there is no Agency Request. She stated the agency request is involved in previous pages. She stated that they are happy with the budget as recommended by the Governor. She also stated that there is a New Service Fee Schedule addendum.

The Library Service Improvement Program was explained by Mr. Joe Anderson. He stated that this is the budget which reflects federal funds of Library Service and Construction Act. These are the funds which may be available to them. The President's budget for FY76 included at the National level Title I allocation of \$10 million which covers the base grants for all the states. The State of Nevada would receive \$200,000 which is a reduction of \$36,000. There will be no funds for Title II (library construction) or Title III (library cooperation types of activity).

Jean Ford explained a project related to an item in the budget and stated that a Bill is being drafted, but has not been introduced. In the Handout, the conclusion explains the effect of the communication system in mandating NRS which requires annual and semi-annual reports. These reports come in all shapes and sizes. This material should be in some form that the public, government staff and Legislators can actually use. NRS requires the state printer to keep copies and bind them to be kept with official journals of the Legislature. They are proposing that this information be taken and put it in documents much smaller. They are proposing three documents:

1. Who's Who in State Government,
2. Digest of annual report and
3. pocket statistical abstract placed into one document.

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Chairman Mello asked what positions were built into the budget for this. Mr. Anderson stated the Library II position, Library Assistant position and the Clerical, under documents, are built into the budget for this project. Mr. Anderson also stated that the Document Catalogue Project does not relate to this project. It is an attempt to bring into an automated format for storage and retrieval in effect. Permit catalogue control data for every state agency to be entered into a computer retrieval system at absolute minimum cost.

Mr. Bible stated that the cost of the project would be approximately \$70,000. Jean Ford stated that they are trying to refine printing costs and do not have an accurate amount as they are still meeting with the printer. She felt the cost would be \$75,000, but there would be a lot of market value.

Mr. Hunsberger then showed a map of the routing of the bookmobiles in Elko, Washoe and Clark Counties.

Chairman Mello read AB 163 "Increase purchase price limit for certain state automobiles." Mr. Terry Sullivan explained that they are asking that the limit be lifted from \$4,000 to \$5,000 and on Highway Patrol cars from \$5,000 to \$6,000. Bill to be amended "and effective immediately upon approval." Mr. Weise asked if any investigation was done on the use of mid-size cars. Mr. Sullivan replied that they have been using Plymouth Fury's in some cases, but felt they weren't as good as the big cars. Mr. Robinson asked that the "multi-Purpose" vehicle be defined. Mr. Sullivan explained that the Forrest Service would like to try a four-wheel drive vehicle. Mr. Robinson felt that they should use the smaller compact cars where possible and put more than one person in a state car that is just traveling from Reno to Carson City. Mr. Glover agreed that it should be made known that the intent would be for compact cars, but felt that they

should not be locked into the lower price.

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Mr. Dreyer made a motion to recommend a "Do Pass" as amended. Mrs. Brookman seconded. Motion passed.

Chairman Mello read AB 221 "Makes appropriations from General Fund for purchase of warehouse and warehouse site."

Mr. Sullivan explained that this would be \$165,000 from the General Fund for the purchase of a warehouse and the adjacent land in Las Vegas. He stated that they are presently leasing this building. The purchase price is \$140,000 and is in an ideal location. The purchase of the land is \$25,000. Mr. Weise felt that the construction of a new building, made of steel, would be less expensive to construct than purchasing the present building. Mr. Sullivan explained that this warehouse was ideal for the type of service they need and is on a railroad spur. Mr. Weise also felt that \$140,000 was quite high for a cash purchase and Mr. Sullivan stated that the landlord has already had many higher offers. Mr. Hancock stated that the state owns 32 acres of land on Sahara and there is the possibility of building a new warehouse on this site. He stated that it would cost less if a metal building was built, but it would have to be heavily insulated and was not in such a good location, and stated that federal food comes by rail.

Mr. Howard made a motion to recommend a "Do Pass". Mr. Bremner seconded. Motion passed.

Chairman Mello read AB 162 "Expands the size and responsibilities of the Nevada Junior Livestock Show Board."

Mr. Bible explained that they want to increase the amount from \$2500 to \$5000 to increase emphasis on the Dairy and Horse industries.

Mr. Howard made a motion to recommend a "Do Pass". Mr. Dreyer seconded. Motion passed.

Mr. Bremner made a motion to close the budget as recommended by the Governor. Mr. Wittenberg seconded. Motion passed.

Mr. George Brookman made a comment on AB 221 stating that he felt it was a very good buy. He also stated that he is a student of the Community College and has been for many years. He has observed the operation of the Clark County Community College and felt that the students are quite dedication and enjoy the classes. He is impressed with the participation of the students and the attendance rate is good. He stated that students prefer the Community College rather than the university for many reasons: because the cost is less; the classes are smaller; and the teachers are very capable. He also stated that most of the classes he has taken have been university paralleled.

The meeting adjourned at 10:15 A.M.