

MEMBERS PRESENT

Vice-Chairman Harmon
Mr. Marvel
Mr. Fitzpatrick
Dr. Robinson
Mr. Craddock
Mr. Jeffrey
Mr. Bedrosian
Mr. Bergevin

GUESTS PRESENT

See Guest List attached

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Vice-Chairman Harmon called the meeting to order
at 8:00 A.M.

AB 18 - PERMITS LOCAL GOVTS. TO LET CERTAIN CONTRACTS
WITHOUT ADVERTISING BIDS

AB 86 - RAISES LIMIT ON VALUE OF CONTRACTS LOCAL GOVT.
MAY MAKE WITHOUT ADVERTISING FOR BIDS

JIM ROBERTS, Chairman, Local Govt. Study Commission,
So. Nevada

Mr. Roberts stated they were in favor of both Bills but AB 86 is the more preferable of the two. He stated the intent of the Bills are to reinstate the same amount of purchasing latitude and flexibility originally established when the \$2,500 formal limit was set several years ago. He stated it would not cost the taxpayer additional money. He stated that raising the limit does not preclude competitive bidding for items under the formal limit whatever it might be. He then elaborated on some of the techniques used in purchasing which are more effective than formal bidding and reduce the administrative costs involved in small dollar value purchases. He stated that because of inflation items that used to be under \$2500 are now in the magnitude of \$5,000; items that local government needs to respond to quickly and avoid wasting administrative efforts.

STEVE TAPOGNA, Chairman, Local Govt. Study Commission,
No. Nevada

Mr. Tapogna reiterated many of the facts brought out by Mr. Roberts. He advised the Committee of other

states that have increased to \$5,000. He stated they preferred AB 86 over AB 18 because the latter presents a problem of administering the informal limit; by setting an informal limit there is a restriction of the purchasing techniques that can be used for small dollar value purchases. He stated in an informal quote process there is no record or uniform means of administering the record keeping for an informal limit for local governments. He stated with the formal limit there is a legal advertising that takes place and anyone can then prove that they have complied with the formal, competitive bidding requirement.

ROBERT PETRONI, Attorney for Clark County School Dist.

Mr. Petroni advised the Committee the School Board has voted a change to go to the informal process between \$2,500 and \$5,000. He stated the Purchasing Director feels there would be more competition because now there are small businessmen who do not wish to go into the formal process because of the horrendous amount of "red tape" involved to do so. He stated they support a change in the law.

TERRY SULLIVAN, State Purchasing Dept.

Mr. Sullivan stated their department had no objection to AB 18 because it does not affect the State Purchasing Dept. as it is strictly a local government Bill. However, he stated they opposed AB 86 because the Bill says bids do not have to be gotten up to \$5,000. He stated they thought that was very loose despite the fact that they had honest purchasing directors in the State of Nevada. Mr. Sullivan stated one of their primary functions was to see that every business wanting to do business with a public entity gets the opportunity. He stated with the Bill there is a chance they would not get the opportunity to do so. He stated AB 86 was much too broad and they would support AB 18.

A discussion ensued between Committee members and Mr. Sullivan and Mr. Getto and Mr. Jeffrey both supported the fact that \$5,000 is no longer a large sum of money and Mr. Jeffrey stated he would hate to see, based on his experiences with the City Council of Henderson, the administration's time tied up in the resultant problems which increase the cost in having to bid over \$2500.

Mr. Fitzpatrick inquired what an informal bid was and Mr. Sullivan replied it was a bid that was not advertised.

RONALD JACK, Deputy City Mgr., City of Las Vegas

Mr. Jack stated he would speak in support of AB 18. He stated the bidding process is costly to the entity involved, it is time consuming, it is expensive on the part of the vendor. He advised there are many vendors who are unwilling to become involved in the formal bid process simply because of the administrative expense it requires for them plus the "hassle". Mr. Jack went on to elaborate on the inflation spiral and the erosion of the \$2500 for a threshold amount in formal bidding. He elaborated on Mr. Sullivan's remark that informal bidding was a bid not advertised namely that it also could involve a mailing or telephone solicitation. Mr. Jack stated that departments now have the authority to approve their own purchase requests up to \$250 and it may be moved to \$500; the Purchasing Officer can authorize up to \$1,000 on his signature but anything above that Mr. Jack has to sign off. He elaborated on the foregoing in regard to the control exerted. Mr. Jack concluded that faced with Proposition 6, faced with spiraling inflation, there is a good case for AB 18 and he would encourage the support of the Committee on the Bill.

G.P. ETCHEVERRY, Executive Dir. Nevada League of Cities

Mr. Etcheverry stated in regard to both AB 18 and AB 86 the survey conducted concluded the majority of the cities felt that they could live with AB 18 much better than AB 86. Mr. Etcheverry stated the primary point they want to make is that the limit should be extended to \$5,000. He stated the four cities have an outside auditor in regard to control as well as internal auditing. Mr. Etcheverry advised that auditor reviews all the purchasing procedures of the City Council, and there is some type of flexibility needed.

A discussion ensued and Mr. Jeffrey stated it is his belief that money is not saved when you go to bid on a \$5,000 purchase, you only increase the cost, and he has spoken to people who do bid and they advised when they go through the formal bidding procedures their bids are higher than they would be if was done over the phone.

BOB SULLIVAN, Carson River Basin Council of Governments

Mr. Sullivan advised that the Nevada Association of Counties has adopted a resolution in regard to the two Bills to increase the limit from \$2500 to \$5,000 for all of the reasons heard in prior testimony. Mr. Sullivan said that for the rural areas AB 86 is probably more applicable because of the written requests for bids that are requested in AB 18. Mr. Sullivan advised the Committee that they procure materials in a rural area that come from urban areas and there is down time in terms of the mailing procedure; a telephone procedure, informal bid would be an acceptable route but when a piece of heavy equipment is down and one part is needed to get it back on the road, the part could well cost over \$2500, and to write something out and wait for a response in the mail, the equipment is sitting around for a while, and that is not saving anyone money.

AB 350 - REMOVES OBSOLETE REFERENCES TO GENERAL IMPROVEMENT DISTRICTS

BOB SULLIVAN, Carson River Basin Council of Governments

Mr. Sullivan stated they had a question in regard to page 2, section 3, where it states "any mortgage of real property both, etc." and the general improvement districts are bracketed out, "must be recorded in the County Recorder of the county or counties in which the property is located and when so recorded becomes a lien on real property". Mr. Sullivan said they do not find a redundant clause on that lien factor. Mr. Sullivan stated that his request to the Committee was to see if, in fact, it was obsolete language, redundant language, or if, in fact, it is not covered. He said lack of time on their part precluded them from doing the necessary research on the Bill. Mr. Sullivan stated that just in a brief review of 315 he found that it doesn't seem to be covered in terms of the lien requirement filing for general improvement districts.

RUSSELL McDONALD, Nevada Assn. of Counties

Mr. McDonald stated he felt the title fairly speaks what the purpose of the Bill is about. He stated in 1977 and in 1975 any control of PSC over 318 was removed by the Legislature. Mr. McDonald was responding to the remarks made by Mr. Sullivan. He questioned Mr. Sullivan as to whether he was afraid there were no lien provisions in 318 if it was going out of 704 and Mr. Sullivan responded that was the case. Mr. McDonald stated that 318 has a provision for lien and 350 was a clean-up Bill and recommended its

approval.

AB 351 - REMOVES REQUIREMENT FOR PRIOR APPROVAL AND
OBSOLETE PROVISION RESPECTING ATTENDANCE
OF PUBLIC SERVICE COMMISSION

JOHN WALLEY, Adm. Asst. to Chairman of P.S.C.

Mr. Walley stated the Chairman asked him to convey their support of the Bill since it does remove the prior authorization by the State Board of Examiners for Commissioners attending meetings involving Nevada rates outside of the State, and the reference to railroads is obsolete.

ROBERT DIMMICK, Deputy Legislative Auditor

He stated AB 351 is a result of their audit of the P.S.C. He stated lines 6 and 7 represent very old language which is not in compliance with current State procedure. He stated it would be somewhat inconvenient for the P.S.C. to have to wait for written approval from the Board of Examiners prior to attending hearings of the I.C.C. He stated further lines 8 through 12 are covered in new language set forth in AB 352 which has yet to be heard.

AB 356 - ALLOWS RETIRED PUBLIC EMPLOYEES TO CHANGE
CERTAIN RETIREMENT OPTIONS AND DESIGNATE
CURRENT SPOUSE AS BENEFICIARY

VERN BENNETT, Executive Officer, Public Employees Retirement System

Mr. Bennett stated his group was opposed to the Bill and it had developed from an unusual and unfortunate circumstances where a retired employee married a widow who was drawing a pension from the Railroad System; her remarriage cancelled her pension in the Railroad System; he advised her, without contacting the system, that he would be able to provide her with a Survivor Benefit or a Retirement Option Benefit from the Public Employees Retirement System. Mr. Bennett stated that after the employee was married, he contacted the Retirement System and they advised him that under the law he did not have the right to change his retirement option after he was drawing a retirement benefit. Mr. Bennett stated they

objected to the Bill because it will change the policy in principal that has been in effect with the Retirement System since 1947 to solve one unfortunate circumstance. He stated the Board and actuary were concerned about the possible abuse where a retired employee who has drawn the unmodified, the full benefit for many years, may learn that he has a terminal illness and at age 70 or 72 then decide to go to a named beneficiary. He stated the Bill would open up areas for abuse where a person can make a new deal after he's been retired 5, 10, or 15 years, and name a younger beneficiary who might normally, between the two of them, draw more than would be the normal actuarial equivalent.

A discussion ensued between the Committee and Mr. Bennett and he elaborated on the various provisions and operations of the Retirement System related to the Bill.

Vice-Chairman Harmon announced that testimony was concluded on AB 356, and there being no further business to come before the Committee, the same was adjourned.

Respectfully submitted,

Sandra Shatzman

Sandra Shatzman
Assembly Attache

TELEPHONE SURVEY - LOCAL AREA

	<u>Formal Bid</u>	<u>Small Business</u>	<u>Minority</u>
Arizona	\$ 5,000.00	No	No
Maricopa County	5,000.00	No	No
Idaho	5,000.00	No	No
Boise	5,000.00	No	No
Colorado	Set by administrative policy	No	No
Denver	5,000.00 City charter	No	No
Utah	3,000.00	No	No
Oregon	5,000.00	No	No
Portland	20,000.00	No	No
Seattle	2,500.00	No	No
California	5,000.00	5% Preference	No
Sacramento	10,000.00	No	No

Small Business and Minority set asides applied when required by Federal Funding. None of the agencies contacted were aware of any state statutes governing small business or minority set asides with the exception of California. Approximately one third of the agencies have an affirmative policy of soliciting minority or small business participation.