

MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 60th SESSION

April 24, 1979

Chairman Mello called the meeting to order at 12:05 p.m.

MEMBERS PRESENT: Chairman Mello, Vice-Chairman Bremner, Mr. Barengo Mrs. Cavnar, Mr. Glover, Mr. Rhoads, Mr. Vergiels, Mrs. Wagner and Mr. Webb.

MEMBERS ABSENT: Mr. Mann

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Deputy Budget Director; Mr. Warren Fowler, Retired Public Employees; Mr. Orvis Reel, Nevada Joint State Legislative Committee; Mr. Julian Conigliaro, Federated Firefighters of Nevada; Mr. Milos Terzich, American Council of Life Insurance; Mr. Robert Petroni, Attorney for the Clark County School District; Mr. Ted Sanders, Superintendent of Public Instruction; Nancy Gomes; Mr. Bob Gagnier, SNEA; Ms. Susan Haas, Nevada Association of Retarded Citizens; Dr. Donald Baepler, Chancellor, University of Nevada; Mr. Mark Dawson, DRI; Mr. Warren Kocmond, DRI; Dr. Peter A. Krenkel, DRI.

AB 249

Assemblyman Alan Glover said that AB 249 addresses the major problem of rising cost of health insurance for retired state workers. He stated that as it was originally drafted, AB 249 would provide that the State pay the total premium for group insurance for all retired State employees. However, in view of Question 6, he presented some less costly alternatives. For the first alternative, Assemblyman Glover presented the Committee with a chart of projected insurance premium costs for State retired employees based on a scale depending on the retiree's base retirement benefit. (EXHIBIT A)

Assemblyman Glover proposed a second alternative which would require State payment of the difference between Medicare for persons over age 65, and the amounts provided by the group insurance.

He described a third alternative wherein premium payment could be based on years of service to the State of Nevada: after 20 years of service, 100% would be paid, and after 15 years 75% would be paid. He said that this particular concept would be similar to that used by the Retirement system.

He stated that another alternative would be a flat rate payment on the group insurance premium for all retirees. He further noted that some amendments have been drawn, but not prepared, which would make the group insurance benefit program optional to the local governments.

Mr. Warren Fowler, State President of the Retired Public Employees of Nevada, stated that in view of the money situation that exists, alternatives to the original bill are being considered. He pointed out that the over-all increase that is reflected in the chart that was presented to the Committee is slightly less than 3% which is well below the guidelines set up by the Federal government to take care of inflation. He commented that the 25% a year increase in health insurance premiums has presented a serious problem for people on fixed incomes. He said that of the State retired employees, which constitute about 1/3 of the entire retired public employees group, 45% draw less than \$300 a month; 80% receive less than \$600 a month and only 20% make more than \$600 per month.

Mr. Fowler pointed out that according to the chart that was presented the projected cost for the employer to pay premiums under this program is \$1,139,742.96 for the 1979-81 biennium. He added that without some form of relief, many of the retired persons will have to drop their insurance coverage.

Mr. Glover asked for an explanation of the original fiscal note on AB 249. Mr. Fowler stated that the original fiscal note of \$1.5 million was based on the actual figures of the number of retired State employees, and was based on each of those employees participating in the group program. Mr. Fowler stated that his computations had indicated a cost close to \$100,000.

Mr. Orvis Reil, Chairman of the Nevada Joint State Legislative Committee, said that in the past, retired State employees have had the opportunity to continue to carry their insurance. He said that employees of counties, school districts and cities have not had this opportunity.

Mr. Reil pointed out that some retired people who are not eligible for Medicare or the group insurance program are paying approximately \$68.00 a month in insurance premiums.

Mr. Julian Conigliaro, representing the Federated Firefighters of Nevada, asked that Page 2, Line 17 which reads: "the governing body of any county school district, municipal corporation, political subdivision, public corporation, or other public agency of this State shall pay the same share of the cost of group insurance in medical and hospital service coverage to persons eligible for that coverage," be amended to change the word "shall" to "may" so that it becomes a negotiable item for local governments rather than a mandate. He noted that the firefighters of Reno had negotiated this particular coverage with the city of Reno. The city had signed a contract and were paying a portion of the group insurance premium on their retirees. He said that after 3 months, the city decided they did not have the permissive legislation, although the law is silent in that regard, and stopped paying the premium and that because of this the firefighters of Reno are in the process of a court case against Reno.

Mr. Conigliaro concluded that this legislation should give the cities permission to pay the premiums for their retirees if they desired.

Mr. Milo Terzich, representing the American Council of Life Insurance, presented the Committee with copies of AB 87, second and third reprint.

Mr. Terzich referred to the second reprint of AB 87, subsection 3, which allows people that have retired since 1967 up through the present date, to come into the group insurance plan. He stated that the problem with this type of reinstatement is the potential of "adverse selection" against the company and the other policy holders. He noted also that the increased premium cost would be carried by the other policy holders.

Mr. Terzich suggested that the bill be changed to have the group insurance supplemental to medicare. He noted that the language of AB 87, third reprint, Page 1, Lines 11 through 13, provides that the person once under Medicare, has the option to stay under the group plan for supplemental coverage.

He added that there is no precedent for the insurance company to follow in pricing its costs. He said that this is a special group of people aged 65 to 77 and that with the reinstatement provision, many companies would not want to bid on this contract.

Mr. Terzich suggested deleting subsection 3, and have subsection 1 and 2 conform to the third reprint of AB 87 which was amended in Senate Government Affairs Committee.

Mr. Glover asked if the bill states that anyone would be eligible for reinstatement without taking a physical. Mr. Terzich said they would not be required to take a physical.

Mr. Robert Petroni, Attorney for the Clark County School District, said that he is in opposition to the bill. He said that the Clark County School District is the second largest government employer in the State of Nevada. He noted that the passage of the bill would result in increased costs to the school district. He said that the Clark County School District is one of the three public entities in the State of Nevada which follows the provisions of NRS 287.023 which requires that when a person retires from a local government agency they can elect to stay on the group insurance policy. He said that the law requires that the government insurance coverage be dropped when Medicare eligibility is reached.

He pointed out that the cost of the increased premium would be carried by the school district and the active employees.

Mr. Petroni commented that the change in the law could possibly cause the Clark County School District to be cancelled by their insurance company and he said the school district does not want to switch carriers at this point.

Mr. Petroni noted that Mr. Sam Mamet, representing Clark County, could not be present in the Committee but also opposed the bill.

He stated that Section 3, Page 2 of AB 249 should be deleted and conform with the third reprint of AB 87.

Mr. Petroni said that he objected to the changes advocated by the Federated Firefighters because the suggestion would amend NRS 288, the negotiations act. He continued that if the change was made to read "may" additional confusion as to legislative intent would result.

In reference to Mr. Petroni's remarks, Mrs. Wagner asked if he were suggesting that the passage of AB 249 would result in the Clark County School District's insurance policy being cancelled. Mr. Petroni said that he did not know for a fact that the insurance would be cancelled. Mrs. Wagner noted that since Clark County School District is the second largest public employer in the State of Nevada that could be a factor in an insurance company's decision to cancel. Mr. Petroni said that that could be a factor.

Mr. Fowler commented that it is not right for public employers to use the services of people over a long period of time and then not provide for health insurance for them at a time when they are least able to get private coverage.

AB 122

Mr. Ted Sanders, Superintendent of Public Instruction, stated that if enacted, AB 122 would place employees of the Department of Education, other than clerical employees, in the unclassified system of the State. Mr. Sanders noted that the State Board of Education and past superintendents of public instruction have endorsed this type of legislation. He said that these groups felt that recruitment of staff would be easier under such a system because the Board would be entitled to set salaries to make them more competitive. He said that secondly, the Board believes it would be much easier to terminate non-productive employees.

Mr. Sanders said that he requested the State Board of Education to reconsider their position because the State Board would, through passage of AB 122, have to eventually establish their own personnel system and add their own staff. Further, after examining the State Administrative Manual, Mr. Sanders said that ample opportunity exists for terminating non-productive employees. He stated that such a system also leads to establishment of a spoils system.

Mr. Sanders stated that based on his recommendation, the Board has altered their position to one of opposition to AB 122.

Mrs. Wagner pointed out that AB 122 has been heard in the Education Committee which suggested a resolution that would establish an interim committee to study the classified/unclassified question.

Chairman Mello asked if the University faculty would be included in the unclassified service under AB 122.

Chairman Mello said that at the University there are a great many professionals that are not teaching faculty that could be unclassified.

Nancy Gomes, former Assemblyman, stated that in regards to AB 122, some specification of classification groupings is necessary within the State Department of Education.

Mrs. Wagner asked Ms. Gomes if she was in opposition to the bill. Ms. Gomes said that she was because the language is not specific with regards to classification groupings.

Mr. Bob Gagnier, Executive Director, SNEA, stated that he is in opposition to AB 122. He noted that the same bill has been previously presented to the Legislature. He said that the legislation was initiated by a former Superintendent of Public Instruction, Dr. Hansen, who wanted more latitude to reorganize the Department of Education.

Mr. Glover asked if any other department in the State, other than the Gaming Division, has such latitude in establishing unclassified groupings.

Mr. Gagnier responded that he was not aware of another department having such latitude other than the broad language exempting the faculty of the University.

Mr. Alastuey pointed out that the Attorney Genral's office operates under such a system as does the Gaming Commission.

AB 529

Mr. Sanders, Superintendent of Public Instruction, said that if enacted by the Legislature, this bill would amend the provisions of NRS 395 which deals with the education of handicapped persons to assure appropriate educational opportunities for students who are deaf, blind or mute and who have other handicapping conditions, outside their district when these services are not available within the district. He noted that in the cases presently under NRS 395, the special services are sought first of all in other school districts in the State of Nevada or within other state agencies; however, if the needs of the child cannot be met within the State, NRS 395 enables the student to be placed in a residential facility outside the State. He said that if AB 529 is enacted, the provisions of NRS 395 would be extended to all students regardless of their handicapping condition.

Mr. Sanders said that the budget request would allow up to an additional 26 students the first year and 38 students in the second year of the biennium be placed in residential care facilities outside the State.

Mrs. Cavnar asked if AB 529 makes the provision for students with handicaps other than deaf, blind or mute. Mr. Sanders said that that was correct.

Ms. Susan Haas, representing the Nevada Association of Retarded Citizens, said that ideally children should be educated in their hometown so that they can stay with their families; however, it would be very expensive to set up a special education unit for one child with a special handicap. She noted that the Nevada Association of Retarded Citizens supports AB 529.

Chairman Mello asked Mr. Sanders if 28 students would qualify for the out-of-state placement as referenced in AB 529.

Mr. Sanders said that the budget request would allow up to that number in the first year of the biennium to be placed outside the State in handicapped facilities.

Chairman Mello asked if the Department of Education would return in 2 years with a request for placement for additional students added under this bill.

Mr. Sanders said that they carefully screen the individuals and the programs that they are in and noted that an increase in such programs is not anticipated.

SB 411

Mr. Alastuey referred to a previous hand-out on the revised motor pool budget including a depreciation schedule approved by the Federal government. He said that when the motor pool proposal for the 1979-81 biennium was originally formulated, the recommended appropriation in the amount of \$257,600 for additional motor pool cars would have sufficed to appease the Federal government. He said that it provided advance general funding of motor pool vehicle acquisitions to be reclaimed later through charges. He said that these charges would have the cost of vehicle acquisition in the future.

He added that subsequent negotiations with Federal cost allocation officials have revealed that the Federal government will not approve this plan. He said that the Federal government requires that all vehicle acquisitions be provided for by General Fund money later to be reclaimed by an approved depreciation schedule.

Mr. Alastuey noted that this proposal provides that a recommended 159 vehicles be purchased. He said that this is the result of adding 113 vehicles which is 25% of the fleet now with the motor pool. He said that 25% over a 4-year replacement schedule gives a 4-year depreciation schedule. An additional 46 new cars are recommended under a separate appropriation, specifically for the growth in the Gaming and Parole and Probation Departments.

Mr. Alastuey pointed out that the depreciation schedule is based on 50% on the most current vehicle purchases, 25% on the one-year old vehicle purchases, 12-1/2% of the three-year old vehicle purchases, and an additional 1/2% in the vehicles in their fourth year.

Mr. Alastuey said that at the time the budget was finalized, the Budget Office had not received the final information from the Federal government.

Mr. Hickey asked how the 11¢ a mile figure charged for use of motor pool vehicles was determined. Mr. Alastuey said that the 11¢ a mile is the operational cost. He added that previously the rate was sufficient to generate enough money in any given year to purchase vehicles; however, now the Federal government is saying that the State cannot with current income buy vehicles outright. He said that the requirement under the Federal cost allocation plan provides that the State must first buy the vehicles and then later collect with Federal, State, and other funds.

Chairman Mello requested a summary listing of every change and every revised recommendation that has been made to the budget.

Chairman Mello requested that Mr. Alastuey present to the Committee a list with the bottom line figure of the budget that was originally presented and the bottom line figure with all the changes in the budget. Chairman Mello reiterated that the changes have been made through the administration.

Mr. Hickey asked if any money in the fund could revert to the General Fund. Mr. Alastuey said that the existing law provides for a moderate amount in the motor pool fund and is intended to be self-sustaining and that if funds exist beyond the need, then the rates should be adjusted.

Mr. Glover asked what would the consequences be if this bill fails. Mr. Alastuey said that the 1978-79 cost allocation plans will not be approved by the Federal government if this bill is not approved. He added that if the Federal government is not in agreement with the plan, they can withdraw their Federal financial support in any number of agencies that participate with motor pool, general services, working capital and buildings and grounds.

Mr. Glover asked if an option would be not to allow those agencies that are heavily funded by the Federal government to use motor pool cars. Mr. Alastuey indicated in so doing, the benefits of centralization would be lost.

Mr. Glover asked what procedure is followed by the Highway Department. Mr. Alastuey said that the Highway Department maintains its own automobiles.

Mr. Alastuey pointed out approximately 50% of all motor pool income is Federal in source. Secondly, he said that in order to acquire the new vehicles in time for their receipt in the first week of July and to gain a full year's depreciation during fiscal year 1980 and get on schedule acceptable for Federal requirements, the automobiles would have to be ordered by May 4, 1979.

Mr. Hickey asked what statute precludes the reversion to the General Fund. Mr. Alastuey reiterated that the recoveries in the motor pool fund are approximately 50% Federal.

#### SB 255

Dr. Donald Baepler, Chancellor of the University System, referred to Page 6, Section 11 of SB 255 which states that all money that belongs to the State must be deposited in the State Treasury. He asked what would be the definition of the private gifts and investments that are part of the University's revenue.

Mr. Bible stated that the section is modified except as otherwise expressly provided in a particular statute and noted that the University has statutory authorization to maintain those monies in outside bank accounts.

Mr. Bible continued that Mr. Frank Daykin, Legislative Counsel, indicated that NRS 396.380 gave the University system sufficient authority to keep their monies outside the State Treasury.

#### SB 421

Dr. Baepler stated that SB 421 is a correction of a bill that passed in the last session of the Legislature and related to a bond provision for Western Nevada Community College, on their north campus.

He noted that the language of the bill is written that the bonds would be advertised by the fees from the "campus" to which the bill is functionally related; however, the word "campus" should be changed to read "to the college," which permits all of the students attending Western Nevada Community College to participate in the bonding base.

Mrs. Wagner asked if Dr. Baepler's intent was to amend the bill from last session. Dr. Baepler said that SB 421 is being introduced as a new bill with the corrected language.

#### SB 422

Dr. Baepler stated that SB 422 is a result of a request from the University's legal advisor and bond financial advisors that would save the University and the State some money and should make the bonds that the University sales much more saleable.

He said that at the present time the bonding base is a very narrowly restricted pool of money derived from one source. He said that this bill creates two bonding funds using existing monies to create a fund for the three community colleges collectively to cross-pledge all of their various fees and for the two Universities collectively to cross-pledge their fees so that when a bond is sold there will always be enough money in any one account to make the annual payments.

Dr. Baepler said that the bonds counsel has informed the University that if SB 422 is enacted the bonds will be more saleable and should save either 1/4 or 1/2 of a point on every bond that is sold.

Dr. Baepler noted that the tax position or fee structure of each individual college is not changed with this bill.

Mr. Bremner asked what guarantee the students who pay bond fees would have that their fees would be spent on their campus. Dr. Baepler stated that the internal policies within the system prohibits any fees being used for projects other than at the college where the bond purchase was made.

Mr. Bremner asked if there was an accounting procedure to guarantee that. Dr. Baepler said that in the bond prospectus each of these fees is still separately identified, but cross-pledged to form a larger pool.

Mrs. Wagner asked who the bonding counsel is for the University system. Dr. Baepler responded that the bonding counsel is Dawson, Nagel in Denver.

#### DESERT RESEARCH INSTITUTE

Mr. Mark Dawson, DRI Business Manager, referred to a letter from Dr. Lloyd Smith, DRI President, which states that the State is particularly vulnerable to the energy situation since 95% of the total energy needed by the State has to be imported. He said that the energy shortage will continue to get worse and that no other State will come to the rescue of Nevada if Nevada fails to do anything for herself.

Mr. Dawson stated that the main emphasis in DRI is on water and energy for the State of Nevada. He said that twenty research projects were included in the original budget request. He noted that in view of Question 6, a reduction in the research projects has been made to only 5 projects. He added that two projects, Weather Modification and the Truckee River Project, are being presented to the Committee.

Mr. Dawson pointed out that the 1977 Legislature enacted AB 746 which made funds available to the DRI for weather modification in the amount of \$215,699 for 1977-78 and \$221,599 for 1978-79. He said that when these funds are added to the General Fund appropriation to the institute a total for 1977-78 was \$1,024,561 and for 1978-79 \$1,056,313 was appropriated.

Mr. Warren Kocmond, Atmospheric Science Center, DRI, said that two years ago the Legislature asked DRI to embark on a weather modification program in order to provide additional water to three areas of Nevada: the Tahoe-Truckee region, Carson-Walker and Spring Mountain. Subsequent to that time, because of the drought situation, Federal funds were available in the amount of \$232,000 to do seeding in both Elko and Ely. He noted that the total program cost as it was funded two years ago was \$564,000; presently the DRI is offering to do the same program for \$80,000 less. He said that the \$477,000 that is requested is to do seeding in the 5 areas; ground base seeding in the Tahoe-Truckee region, and airborne seeding in Carson-Walker region, Spring Mountain region, Elko and Ely.

Mr. Kocmond provided the Committee with evidence relative to increases in water that can be expected from seeding. He noted that by using the most conservative level of acre-foot cost of \$15, the additional water that is supplied is worth \$2.5 million. He said that the cost of the seeding program in the Truckee area is \$280,000 so the benefit to cost ratio is about 9 to 1.

Mr. Kocmond noted that California spends \$2.2 million on seeding in the Sierras.



He said that precipitation has been above normal recently; however, two years ago when emergency drought relief programs were initiated, the precipitation was below normal. He concluded that precipitation levels are extremely variable and for protection against drought periods, higher frequency periods should be utilized.

Mr. Kocmond continued that in a mountain region like the crest of the Sierra the amount is around 50 inches. He added that if there was a 16% increase in the snowpack the base would increase to 58 inches. He stated that the important factor is the maintenance of year-to-year continuity by seeding all storms in order to provide appreciable reservoir storage through drought periods. He indicated that it is necessary to take advantage of the good cloud seeding situations since long-term weather predictions are not possible. He stated that because of the disastrous effects resulting from inadequate water storage and portentous weather conditions, DRI has placed top priority on this project.

Mr. Webb asked for a clarification of the funding amounts requested.

Mr. Kocmond answered that in the first year of the biennium the amount requested is \$477,000, and \$487,000 in the second year. He added that in the previous program the amount was \$564,000.

Mr. Rhoads asked how the department figured the 16% increase in snowpack. Mr. Kocmond responded that the figure was derived from a random ice-cloud seeding experiment that was in operation between 1972 and 1975. He said that a large number of clouds were seeded then comparison data was evaluated to determine the differences in precipitation between seeded and unseeded clouds. However, he added that during the drought period, the department seeded all cloud formations since the luxury of seeding some clouds and not others in order to maintain the experimental data was not realistic, and for this reason, a statistical analysis is not available for the past two years. Mr. Kocmond explained that even without the data available, there is no indication that the results would be any different since the same techniques of ground-based and airborne seeding and all other aspects of the project are identical. He added that in order to get reliable and valid data the experiment must be conducted over an extended time period since it is necessary to have an equivalent number of similar storms to compare seeding and non-seeding statistics.

Mr. Rhoads commented that the project involved difficult concepts to measure. Mr. Kocmond said that that was true, but he pointed out that as the programs are evaluated and the information derived accumulates, the resulting data indicates a 10 to 30% as the range of improvements that can be realized if the experiment is conducted properly.

Mr. Hickey asked what is being eliminated from the project since inflation would seemingly increase the costs, and yet the department is requesting about \$80,000 less in funds. Mr. Kocmond answered that the same amount of seeding will still be conducted in the five specified areas, but that the observation program -- in particular some of the research aspects of it -- are being cut back which will make the operation of the program more directed towards the needs of the State.

Mr. Hickey asked about the outcome of the scientific research and development part of the project that was a component of the program as it was presented at the last legislative session. He said that it was indicated then that less expensive methods could be utilized to study weather modification. In addition, Mr. Hickey pointed out that the Federal government funds an on-going testing program which would have research information available, and therefore he inquired what is done differently in this State that makes it necessary for the State to maintain their own testing projects. Mr. Kocmond answered that it is not so much what the State's program has done differently, but that

the State's program conducts experiments the Federal government cannot do. For example, the department is investigating the internal conditions within clouds with an instrumented B-26 to find out what constitutes the actual nature of storm systems in order to accurately determine the best seeding proportions. Mr. Kocmond continued that many of the cloud seeding projects in California are conducted almost recklessly because little attention is paid to the storm system itself. He said that the department's philosophy is to have a thorough understanding of the storm systems in order to effectively predict long-term benefits from cloud seeding.

Mr. Hickey asked if a similar program has ever been conducted anywhere else in the nation. Mr. Kocmond responded that it has been done, at least, it has been attempted many times, but that it is a difficult problem to answer -- so as a result any research that can contribute to a body of knowledge about storm systems will ultimately be beneficial to everyone. He added that the department feels substantial and valid information is lacking and therefore it is difficult to predict what is the best seeding amount and method to use as a storm transits the State.

Mr. Hickey asked how much money would be lost if this research information was not available. Mr. Kocmond said that he did not have the exact figures for seeding alone but would provide them. He continued that last year seeding and modest research cost \$233,000 because no Federal funds were available.

Mr. Hickey stated the United States Government, the State of California and rural Nevada are also involved in this scientific research program and he questioned if this program could be continued at a more reasonable cost. Mr. Kocmond answered that the program could undoubtedly be operated at a more reasonable cost, but that would inhibit the department from obtaining the information they deem to be essential to provide long-term benefits to the State.

Mr. Hickey asked for an example of information obtained during the last two years that has been invaluable to the State of Nevada. Mr. Kocmond said that one example would be the knowledge the department has acquired about certain storm systems that enter the region fully glaciated, and that seeding such storms would be a fruitless gesture since no precipitation will be released in these types of storms and therefore, knowing this the department would not waste the time, money and effort seeding them.

Mr. Hickey asked how much would be saved by refraining from seeding glaciated clouds. Mr. Kocmond said that it was difficult to say how many dollars would be saved by not seeding a particular cloud. However, he stated that over a long period of time ample savings could be accrued because seeding aircraft would not be activated. He added that some of the world's leading weather modification scientists have congregated in the Reno area and that their expertise can be advantageous for the State.

Chairman Mello asked what is the amount of the state costs related to this program. Mr. Kocmond said that the amount would be 32% of the total program costs which is a decrease of 1% from the prior funding request.

Chairman Mello asked what proportion of the program costs are charged to the Federal government. Mr. Kocmond answered that the Federal portion is 56% of the total funding.

Chairman Mello asked if it were possible to decrease the funding request by 5% instead of 1%. Mr. Kocmond responded that as the DRI becomes larger and increases its expenditures, the percentage of decrease will escalate.

Mr. Vergiels asked where specifically is the \$80,000 savings accounted for in the program. Mr. Kocmond stated that several items have been reduced. Mr. Vergiels interjected that the department is asking for \$477,000 in the first year of the biennium, and \$487,000 in the second year for a two-year total of \$964,000. He continued that the department's total expenditures during the last two year period was \$888,000; therefore, he questioned how the department determines that they are realizing an \$80,000 savings. Mr. Kocmond answered that the equivalent program two years ago cost \$564,000, but that the department is willing to undertake the identical program this two year period for \$477,000 which is \$80,000 less per year. He added that in Mr. Vergiel's figures, the total amount represents a combination of funds available when the department had Federal support in addition to the State support, and that the total was added to the amount available when the department had State support only -- which was last year.

Mr. Vergiels reiterated that he still needed clarification on why the program is costing almost a million dollars this year, which includes the \$80,000 savings, and during the last two year biennium the total program cost was \$436,000. Mr. Kocmond answered that this year only three areas were seeded, but that two years ago five areas were seeded. He added that currently the program is designed to seed the five specified areas in each year of the upcoming biennium. He stated that the seeding reduction last year is how the department saved the \$80,000.

Chairman Mello indicated that the budget shows a figure of \$896,475 in 1979-80, and \$948,052 in 1980-81, and asked how much of the funds requested can be cut if the Committee does not elect to approve any of the programs. Mr. Kocmond said that he could not answer the question. Mr. Bible pointed out that his understanding would be that if no program funding was provided then the difference could be removed. Mr. Kocmond said that would be correct.

Chairman Mello commented that the Governor is giving the program more funding than the department requested. Mr. Bible said that not enough monies were allowed for any one program.

Mr. Alastuey stated that on the penciled-in copy of the Governor's recommendations for DRI that is before Committee the figures should not be interpreted as suggesting that this type of line item spread take place as a recommendation. However, the Budget Office did re-evaluate the figures and took the lump sums recommended on an inflation percentage basis and made a prospective spread as to how the monies might be allocated. He continued that during earlier testimony before Senate Finance, it was suggested that weather modification, wind-energy, space heating and cooling, and the Truckee River study were priorities items for DRI.

Mr. Alastuey said that in the penciled in breakdown, there are suggested amounts for each project although that particular breakdown is not necessarily the recommended amount. The figures merely show that some support will be available for each of the programs.

Chairman Mello stated that Senate Finance has not approved any of the programs and yet they have approved the funding. Mr. Kocmond explained that the \$791,000 figure was the amount asked for basic administrative support. He added that support for the projects

were intended to be separately described, so that the Committee could choose which of the projects would have the highest priority and those would be funded. Mr. Kocmond stated that in the Governor's recommendation they allocated the amount that was requested, but then said that there were no projects. He said that they felt the method was confusing also, because what the department is attempting to do is obtain required funding for certain projects in addition to the basic administrative support monies.

Mr. Mark Dawson of DRI stated that the Senate Finance provided for all of the administrative costs plus the extra funds for research without identifying what specific projects would receive the funds.

Chairman Mello indicated that under those circumstances the department could use the approved funds for whatever projects they wished unless this Committee earmarks the funds.

Mr. Hickey indicated that during the last biennium the drought problem was the reason for providing additional funds, and he asked what current factors are being utilized by the department to establish basic needs. Mr. Kocmond answered that as illustrated in the graph presentation many more benefits can be derived for the State in a normal year as opposed to a drought year.

Mr. Vergiels indicated that Dr. Smith had informed him that DRI had enough funds available to pay the salaries of all personnel currently on board and asked for verification of that statement. Mr. Kocmond said that he did not know.

Mr. Vergiels continued that he would assume that if the department had not been given the projects, the staff would still be working and paid. Mr. Kocmond said that that was a proper assumption. Mr. Vergiels then asked what happened to the money that was paid to that staff that was transferred to other accounts and what the funds were used for. Mr. Kocmond answered that the department never has a situation where all staff are assigned to various projects. For example, Dr. Warburton is available .56 of his time, and therefore, he is assigned to the weather modification program for that percentage of his time since it is a seasonal program, and that by doing so, the department can defer expending monies on other projects until the weather modification season terminates.

Mr. Vergiels asked if the department could have paid the staff without the weather modification funds being provided. Mr. Kocmond answered that they could have been paid, but with overhead funds, which in turn would increase DRI's overhead and reduce their competitive status as their rates escalate. Otherwise, internal funds -- not project funds -- would be used to make the payments. Mr. Dawson stated that had the department not secured other grants and contracts for the weather modification project to pay the staff salaries, it would have been necessary for the department to terminate someone.

Mr. Vergiels commented that the same question was asked at the last session, and that the Committee was informed that no one would be terminated if the department did not obtain funding for the weather modification project. Mr. Kocmond said that if they are successful in securing supplemental funding from other sources then that answer would be accurate.

Chairman Mello commented that if one of the contracts the department has is about to expire then that work is finished by the staff before they move on to the next contract. Mr. Kocmond said that was correct.

Mr. Vergiels asked how many staff positions would be terminated if the department does not obtain funding for the weather modification project. Mr. Dawson answered that there is a lot of other work to be undertaken and new contracts sought, therefore none of the research projects being presented are essential to maintain staff positions. Mr. Kocmond added that if the department is not successful in obtaining Federal grant support then there would have to be termination of positions because the State support would also be lost, since the Federal grants program operates on an 80/20 match with State funds.

Mr. Hickey asked if there is Federal support now for the weather modification project. Mr. Kocmond answered that the Federal government contributes \$67,000 to support some of the research components.

Mr. Hickey asked what other Federal agencies would be willing to support the program. Mr. Kocmond responded that the Federal Bureau of Reclamation is the primary source. He stated that in California the situation is different in that utility companies, and conservation districts also provide financial support for their weather modification program.

Mr. Hickey indicated that he was concerned that the recipients of the water provided in Nevada were not contributing support. Mr. Kocmond answered that they can be contacted and that the department anticipate doing so in order to seek additional support.

Mr. Hickey asked if the Committee reduced the funding support for the project would the utility companies and other users who benefit from the water provided be willing to contribute monies to continue the program. Mr. Kocmond answered that he would hope they would do so, but historically that was not the case. He indicated that the department does concentrate its cloud seeding in high population density areas -- Tahoe/Truckee, Carson City/Walker, and Las Vegas -- where the results would benefit the most people.

Mr. Dawson introduced Dr. Peter Krenkel, Director of the Water Resources Center to explain the Truckee River project. Dr. Krenkel stated that the prime function of the Truckee River study is to protect the quality of the water. He continued that recently the government accounting office pointed out that the real problem nationwide with water resources is the lack of adequate water quality data -- chemical, physical and biological information. Dr. Krenkel indicated that it is necessary to determine what impact man's activities have on the water resources of the region, and added that the future of this part of the State, in particular, depends on the quality of the Truckee River. Dr. Krenkel continued that some of the work being completed on this project is on a contract basis under the auspices of the grant for the Environmental Protection Services. He stated that the information gathered will help determine whether additional hotel expansion should be allowed or if additional sewer connections should be made which are prime considerations for continued growth of the area.

Mrs. Wagner asked if the department was presenting the projects in the budget in order of priority. Mr. Dawson answered that was correct.

Mr. Webb asked how much time is actually spent in the operation of the Reno Water Resource Center office. Dr. Krenkel answered that the agency has two offices: one on the UNR campus and one on the UNLV campus, and that the majority of work time is spent within the State between those two offices.

Mr. Webb asked how much travel time during the course of a year absents him from the campuses. Dr. Krenkel said that on the average of once a month he is away. He added that the Water Resource, Research and Technology agency requires mandatory attendance at their meetings in order to maintain their portion of the funding for the program.

Mr. Webb asked what plans does DRI have to study solar energy, and solar production of electricity, and he asked for an estimation of how much such a program would cost. Mr. Kocmond answered that the fourth project -- space heating and cooling -- would cost \$118,000.

Mr. Bremner asked what is the current status of the on-going vertical-axis wind generator project. Mr. Kocmond stated that a working test prototype is now in operation at the Reno site, and that exhaustive design studies are planned for the current year. He added that one will be in experimental operation in Kingston Canyon to evaluate its overall benefits in a community environment, and that additional siting studies are being conducted to determine future location areas. He continued that the project is just about advanced enough for presentation of the program to the Federal government for funding of substantially larger models of the wind generator which would adequately function as a power source in heavily populated areas of the State.

Mr. Bremner asked if any one else was working on a similar project. Mr. Kocmond stated that other people are in the process of developing nominal wind generators, and that they, too, are seeking Federal funding support.

Mr. Hickey asked what is the total amount the State has invested in this project. Mr. Kocmond answered that it would be approximately \$200,000.

Mrs. Cavnar asked why the department has not been working on a solar energy study program to provide information on its power potential for the State.

Mr. Jerry Radigan, Acting Director of the Energy Systems Center in Boulder City, indicated that the department has been conducting a series of workshops in cooperation with the Nevada Department of Energy to inform financial organizations, builders, and public officials about the capabilities and limitations of solar energy. In addition, he stated that a 200-page document has been prepared to help key individuals within these organizations make meaningful decisions about using solar energy in their particular situations.

Mrs. Cavnar asked if any of the Public Works Board staff are knowledgeable about solar energy power potential. Mr. Radigan answered that the DRI staff is available and more than willing to cooperate with the Public Works Board.

Mr. Hickey asked how the DRI establishes project priorities. Mr. Radigan answered that DRI ranked the water programs first and second in priority, and the third and fourth ranked programs were energy related.

Mr. Webb asked if the Public Works Board had ever approached the Energy Systems Center directly about working on solar energy projects. Mr. Radigan indicated that they had not.

Chairman Mello asked how close is the working relationship between the Energy Systems Center and the State's Department of Energy. Mr. Radigan stated that the Center communicates with the Department of Energy on a number of matters. He added that they have jointly sponsored energy workshops; performed some services in evaluation of proposals submitted under the Energy Technology grant program; and have developed federally funded projects that would tend to meet the overall goals of the State.

#### AB 294

Mr. Bible explained that on AB 294 the Senate Finance suggested amending out the language on line 1 that states: "appropriated from the State highway fund to the drivers license division" to read "appropriated from the State General Fund to the drivers license division." He added that in the Senate Finance's review of the drivers license division budget they recommended that that division be funded by General Fund appropriation, and that the license fees derived from the licensing activity become a General Fund income. Mr. Bible continued that the net effect of that change would mean that the General Fund would gain about \$1,071,000 next year in fees, and the budget as recommended by the Governor for the drivers license division will cost \$1,311,494, and that therefore, the cost to the General Fund would be \$240,000. He stated that in the second year the drivers license fees will generate a little over \$1.1 million and the budget will cost \$1.3 million for a net difference of \$218,000. Mr. Bible added that the Senate Finance, in the interest of being consistent in the closure of the budget, have also changed the supplemental appropriation which would have provided some extra staff to handle the peak workloads in the drivers license division, and that they are suggesting that it be changed from an appropriation from the highway fund to an appropriation from the State's General Fund.

Chairman Mello asked what the highway department is planning to do with the money that will be saved. Mr. Bible answered that he assumes that the Senate Finance's action in requesting this change is to provide some relief for the highway fund.

Chairman Mello requested information on how the highway department is going to use the funds saved. Mrs. Wagner asked if the Senate Finance had given any directives as to how these funds are to be used. Mr. Bible commented that the change represents a shift in funding sources, and there is no specific program earmarked within the highway budget for allocation of the funds. Chairman Mello reiterated that the Committee still does not know what the highway department intends to do with the funds.

Mr. Alastuey indicated that he would presume that they would use the additional funds to defray the diminution of the highway fund balance. He added that the highway department's presentation indicated that at the end of the upcoming biennium their fund balance will be reduced to about \$2.3 million which will interfere with their cash flow position.

Chairman Mello asked if the Committee would like further clarification. The Committee agreed, and therefore, Chairman Mello stated that the Committee would not concur with Senate Finance and a conference committee will have to be appointed.

#### SB 411

Motion made DO PASS by Mr. Bremner; seconded by Mr. Webb.  
Motion carried. Mr. Vergiels voted NO.

The meeting adjourned at 11:00 a.m.

DATE: \_\_\_\_\_

WAYS AND MEANS COMMITTEE

GUEST LIST

NAME (PLEASE PRINT)

REPRESENTING:

Peter A. Krenkel

DRI

WARREN C. Keenond

DRI

HERBERT S. SOLER

DRI

Calvin J. Dodson

Wayne Chapter Ret'd Public Employees NEV.

Arthur Lucas

R P N

Alma S. Hestergard

R. P. N.

Reggie Hestergard

R. P. N.

Janice Barrett

In Service - County

Chalanda Allen

R P E N

Joyce Maddaloni

R P E N

Doris M. Cole

Danell L. Cole

R. P. N

W L Maddaloni

R P E N

Marian Shields

R P. E. N.

Martha Berger

R P E N.

Frank Tolman

R P E N

Robert Parker

R P E

GLEN H. FREY

R P E N

Paul McGee

FED FIREFIGHTERS of NEV.

Milos Tetzich

ABZ49 ACLI

Robert Petrovic

Clark County Schools

Wayne Schmidt

Retired Pub Employee

W. Alan Odell

" " "

Eugene Biretti

" " "

James Hodge

" " "

Malcolm Colman

" " "

Lee Bushman

" " "

AR. Magula

" " "

MARIE WESTENHOEFER

" " "

Orvis E. Reil

Chairman - NRTA/AARP-Nevada Joint State Legislative Committee

Barker H. Nichols

Jr. Past Pres. Retired Public Employees by no



DATE: \_\_\_\_\_

WAYS AND MEANS COMMITTEE

GUEST LIST

NAME (PLEASE PRINT)

REPRESENTING:

Warren T. Fowler

R PEN

Ray D Ryan

STATE DEPT OF Education

GEORGE FARNHART

STATE BOARD OF EDUCATION

John Palmer

Budget

MARK DAWSON

DEI

DON BAEPLER

UNIV OF NEV. SYSTEM

PROJECTED INSURANCE COSTS  
FOR STATE RETIRED EMPLOYEES  
7/1/79 TO 6/30/80

BASE BENEFIT	AGE GROUP	7/1/79 PREMIUM	NUMBER STATE RETIREES	7/1/79 PREMIUM COST	7/1/79 PREMIUM COST ANNUALIZED	PROPOSED % ER PAY	ER PAY COST 7/1/79 TO 6/30/80
\$ 0 - 300	Under 65	\$54.00	152	\$ 8,208	\$ 98,496	100%	\$ 98,496
301 - 600	Under 65	\$54.00	210	11,340	136,080	75%	102,060
601 and up	Under 65	\$54.00	159	8,586	103,032	50%	51,516
TOTALS			521		\$337,608		\$252,072.00
\$ 0 - 300	Over 65	\$29.32	568	\$16,653.76	\$199,845.12	100%	\$199,845.12
301 - 600	Over 65	\$29.32	359	10,525.88	126,310.56	75%	94,732.92
601 and up	Over 65	\$29.32	132	3,870.24	46,442.88	50%	23,221.44
TOTALS			1059		\$372,598.56		\$317,799.48
GRAND TOTAL			<u>1580</u>		<u>\$710,206.56</u>		<u>\$569,871.48</u>

Note: The projected cost for the employer to pay premiums under this program is \$1,139,742.96 for the biennium July 1, 1979 to June 30, 1981