

Committee in Session at 8:05 a.m. Senator Floyd R. Lamb in the Chair.

PRESENT: Senator Floyd R. Lamb, Chairman
Senator James I. Gibson, Vice Chairman
Senator Eugene V. Echols
Senator Thomas R. C. Wilson
Senator Lawrence E. Jacobsen
Senator Norman D. Glaser
Senator Clifford E. McCorkle

OTHERS

PRESENT: Mr. Ronald W. Sparks, Chief Fiscal Analyst
Mr. Eugene Pieretti, Deputy Fiscal Analyst
Mr. Howard Barrett, Budget Director
Mr. Mark Stevens, Budget Division
Mr. Keith J. Tierney, Planning Coordinator
Mr. Bob Hill, Planning Coordinator
Mr. John Sparbel, Planning Coordinator
Mr. Bill DuBois, Inspector of Mines
Mr. Stan Warren, Nevada Bell
Mr. Richard Atwater, Clark County
Mr. Richard McNeel, Labor Commissioner
Ms. Diana Young, Labor Commission
Ms. Constance Lyons, Clark County Library District
Ms. Merta Paras, Clark County Library District
Ms. Linda Ryan, Office of Community Services
Mr. Heber Hardy, Public Service Commission
Ms. Janet MacDonald, Public Service Commission
Mr. John Rice, Associated Press

COMPREHENSIVE STATEWIDE PLANNING - Page 6

Mr. Bob Hill, Planning Coordinator introduced Mr. John Sparbel, Senior Urban Planner, and Mr. Keith Tierney, Senior Economist. Mr. Hill described the functions of his Office. He mentioned his Department was responsible for administering the Housing Urban Development Act in Nevada, mainly in the rural areas.

Senator Lamb asked what he did in that area. Mr. Sparbel answered the Department of Housing and Urban Development provides grant funds to state agencies the Governor has designated. There are a number of categories: statewide planning, city planning, county planning, etc. Metropolitan areas apply directly to the federal government unless they decide to come to a state agency and they have not done so in Nevada. He said they provide grant funds to eligible localities according to funds available.

Senator Lamb asked Mr. Sparbel what he actually does in these areas. Mr. Sparbel said his Agency generally works with communities' planning staffs. He said his Office does not actually prepare plans. Mr. Tierney added they provide technical assistance, particularly to rural communities that do not have a full-time planning staff.

Senator Lamb asked if they thought the program was going to expand and he asked if the HUD money was decreasing. Mr. Sparbel answered there would be some reduction in HUD money. He added that new positions were not related to HUD money.

Senator Lamb asked why he needed new positions. Mr. Hill replied that the Senior Economist was a totally federally-funded position. He said the economic model Mr. Tierney has been responsible for is an important part of their program. He said it will be a valuable tool for predicting the impact of certain developments within a community. He stated it was a program that should be continued. Regarding the Senior Clerk Steno, part-time help has

had to be utilized, jeopardizing continuity, so an additional full-time person has been requested to keep up with the workload, particularly the A-95 program.

Senator Glaser asked what will happen to the Senior Economist position when the federal government pulls out their funding. Mr. Hill said they anticipate federal funding in this area because there is a strong commitment for economists in these positions. If federal funds were withdrawn, they would come to the State Legislature to fund the position.

Senator Glaser expressed concern about becoming committed to federally-funded programs because funds may be withdrawn. Mr. Hill said Mr. Tierney's salary will be paid out of a Four Corners Commission grant. He said President Carter has expressed his support for regional commissions so he felt funding was secure for the next couple of years.

Senator Lamb said it does not matter whether funds are federal or non-federal, it was still taxpayers' money.

Senator McCorkle asked what the two Senior Urban Planners do. Mr. Sparbel said they were involved in all the activities described in Mr. Hill's narrative. One of the primary responsibilities is maintenance and management of the HUD 701 program because a lot of the salary comes from this program. He said they are involved in coordination and planning programs with state agencies and split up state agencies among the planners. He said they work with federal agencies on various programs and provide regular technical assistance to localities. He said they get several phone calls a day for such assistance which includes requests from private industry. Mr. Hill added that this past week there have been representatives from three counties in his office and he feels technical assistance provided by his staff was a significant help.

Senator McCorkle stated that the function of Mr. Hill's Office is advisory, especially in rural areas. He said he questioned the urban planner function because rural communities were assisted. Mr. Hill said he thought "urban planner" was a general name and does not indicate an actual function. He said the job emphasis in urban areas is on coordination, not on functional planning.

Senator McCorkle asked what assurance the Legislature has that Mr. Hill's Planning Department won't be shifted from an advisory capacity to a declaratory capacity, mandating policies. He pointed out he came into office three weeks ago and he said he feels that what is needed is a program that will inventory types of available planning services. Mr. Hill said he has already assured local government officials that they would not be dictated to. He again stressed some communities' need for technical advisory assistance. He said his whole program is to help communities inventory available resources and bring them to bear on existing problems. He said they would like, after the result of the Future Commission's effort, to return to the Legislature in two years with recommendations regarding what needs to be done. Right now the principal authority of this office is by Executive Order. Some legislation may be necessary to clarify the role of this office. Mr. Hill said he would be happy to work with the Legislature in defining that role.

Senator Lamb said it has been his experience that cities that have planning departments don't want outside help and cities that do not have them don't want outside help either. He asked if Mr. Hill found that to be true. Mr. Hill said in the past two weeks, conversations with the Mayor of Reno, the Washoe County Commissioners, indicate local governments are receptive to the Planning Department.

Senator Lamb asked what Mr. Hill could accomplish if community planners really did not want help. Mr. Hill said many times the local planning entities have a planning unit, but they do not have

the ability to coordinate their efforts with adjacent communities. He said he has been told their assistance in coordinating activities within a region would be welcomed.

Senator Lamb said the rural areas, which have grown overnight, need help.

Senator Glaser asked Mr. Hill to justify the upgrading of a clerical position to the Senior Accountant position, which increases from \$12,000 to \$17,000 in the last year. He asked why Mr. Hill needed the Accountant. Mr. Sparbel answered that the position was a Senior Account Clerk position until last year. The Audit showed the Office needed more accounting staff so a clerical position was changed into an accounting position at the level of Senior Account Clerk. This last year the Personnel Division reviewed the duties and responsibilities of that individual and felt an upgrade to Accountant Trainee was warranted. The percentage of increase is governed by regulations of the Personnel Division. Mr. Sparbel reviewed these regulations. Mr. Hill added that the federal agencies they deal with require them to have an accountant.

Senator Gibson, referring to Page 7, asked if the \$132,000 administrative pickup was Mr. Hill's federal fund. Mr. Sparbel said the administrative pickup is from funds that come from various federal grants. He said Pages 9 and 10 show the HUD budget program anticipated during the next biennium and from the federal Four Corners Commission grant.

Senator Gibson asked what out-of-state travel was used for. Mr. Hill said it related to grant programs they are involved in, such as the Four Corners Regional Commission. There are five states with monthly meetings held in various states. The HUD 701 Program is based in San Francisco. He said they hoped to become involved with the 303 program. The regional offices are located in Albuquerque and Seattle. Most travel is related to these programs. He said they also deal with neighbor states on some issues and occasionally represent the Governor regarding certain policies.

Senator Gibson asked for examples of specific programs their Division is involved in. Mr. Tierney described his model, a demographic and economic impact model, used to assist local governments, state agencies and private businesses in analyzing the impact of an increase or decline in economic activity. The model measures population and employment changes, for example the impact on a county should it lose a mine. The model is calibrated for each of the seventeen counties and for the state. The model has been used to analyze various projects, including local problems experiencing growth. Information is given to local governments so they can use it to make better decisions.

Senator Gibson asked if this service was not provided elsewhere in the state. Mr. Tierney said not at the state level.

Senator Lamb asked if the counties already did that. Mr. Tierney said the counties do analyze some variables but their program provides more information and it is free.

Senator Wilson, referring to Commission on the Future of Nevada, Page A19, pointed out a one-shot appropriation of \$20,000. He asked if that Commission's budget reflected in the budget for Mr. Hill's Office. Mr. Hill said no. He said the handout (see Attachment A) is a narrative about anticipated funding and spending regarding the Future's Commission.

Senator Wilson said the \$20,000 is a state one-shot. He asked if the balance is anticipated federal funding. Mr. Hill said yes and referred the Committee to the back page of the handout which indicates anticipated funding sources.

Senator Wilson asked if application had been made. Mr. Hill said they have been in contact with EDA people and Nevada is the only

state out of all the states not using 302 funds for statewide planning. He said they are anxious for Nevada to use these funds. He said they would apply within ten days.

Senator Wilson asked if expenses have been broken down in detail. He said he understood Mr. Hill was talking about a twenty-man commission plus a series of subcommittees and he assumes Mr. Hill has committed staff and has estimates of expenses. Mr. Hill said the greatest detail available is on the handout which is preliminary.

Senator Wilson asked if Mr. Hill would submit a detailed budget to the Committee on administration of the program. Mr. Hill replied yes he could do that.

Senator Wilson said he felt the Committee should review it because a lot of federal money was involved which the state is responsible for. He asked when Mr. Hill's final budget will be finished. Mr. Hill said he needed three weeks.

Senator Lamb referring to Page 10, asked what was meant by Protection and Advocacy. Mr. Barrett said there was a mistake in the budget. The figures in the line that has \$50,000 is printed one line too high and should be down in Title V.

Senator Lamb asked about the federal grants. Mr. Sparbel, referring to Page 9, said there were three grants listed. He said one is a one-time grant, not anticipated to continue beyond June 30. Title V and EDA are listed in a number of places. All of those programs except Title V, Number 3, are previous grants that are being held pending Audit.

Senator Lamb asked when he would know whether he would be getting federal grants or not. Mr. Sparbel answered they know they will get HUD grants but will not know exact amounts until about May.

Senator Lamb said there is no budget controlling the grants Mr. Hill will receive. Mr. Hill said grants were for the Future's program and he said they will have a detailed budget to show exactly how that money will be expended.

Senator Lamb said the Committee wanted to see this. He said when it is ready, let the Committee know and they will set a time for another hearing.

Senator McCorkle asked if any of the present staff were necessary to implement the Future's Commission. Mr. Hill replied they were hopeful they could augment the staff of the Future's Commission with help from his Office. He said he thought it would be necessary.

Senator McCorkle asked if Mr. Hill got the whole \$180,000, how many staff would be needed. Mr. Hill said, with the CETA position, the women's prison work-release person, he probably would use the equivalent of one full-time person from the staff to assist the Future's program. He noted that these positions were not utilizing state funds.

LABOR COMMISSION - Page 615

Mr. Richard McNeel introduced his Secretary, Ms. Diana Young. Mr. McNeel described the various functions of the Labor Commission. He mentioned \$300,000 was collected last year for people who had not had their wages paid to them. He also mentioned that one function, the licensing and regulating of private employment agencies, placed \$6,050 into the General Fund. He said they were asking that this Office be maintained at the same level as the previous biennium with inflation factors built in.

Senator Wilson asked why there is a substantial increase in the agency request over the actual and over the work programs, and over the Governor's recommendation. Mr. McNeel answered that most of the amount requested was due to new positions that were not granted.

Senator Wilson asked if there was that much work. Mr. McNeel said they could use additional help. Senator Wilson asked Mr. McNeel to comment on the anticipated workload over the next biennium. Mr. McNeel reported that his predecessor, Mr. Jones, felt these positions were necessary. Mr. McNeel said he does not totally share Mr. Jones' opinion, but he, Mr. McNeel, was basing his opinion on ten days of experience while Mr. Jones based his opinion on twelve years of experience. Mr. McNeel said they needed another auditor but they would work with what they have.

Senator Wilson remarked that a couple of present positions have been vacant for some time. He asked if Mr. McNeel was going to fill these. Mr. McNeel said he would be filling the Deputy position in Las Vegas. He added that position was very necessary for the office there because everything that needs action coming through the Las Vegas Office goes through him. The mediator-consiliator position will also be filled. He said they have contracts coming due in Las Vegas in June and a mediator will be needed then. He said they are looking for a mediator with auditing experience.

Senator Lamb asked why these positions were not filled. Mr. McNeel said the Deputy position was filled for some time, but the person quit. He did not know about the mediator position, but he said he will find out if the Committee wanted that information.

Senator Lamb asked him to write the information and submit it to the Committee. Mr. McNeel said he would get the information back to the Committee within ten days.

Senator McCorkle asked what was the reason for the fifty or sixty percent increase in Communications expense between 1977 and 1978. Ms. Young answered that in 1977-78, they were running very short in the operating category, and were instructed to cut down on all services, especially certified mailings. She said they also were allowed only one phone call a week. She said this year, without any increase in service, they will spend over \$10,000. They have expanded services back to what they should have been.

Senator McCorkle asked what the consequences were of this extreme cutback. Ms. Young answered they did not do a very good job. Communication between the Carson City and Las Vegas Offices were very much in need, plus calls to outlying areas to enforce collection of wages or to inform an employer that he was violating the law. Mr. McNeel added that contacting various employers about wage claims was most important. He said phone calls were more effective than letters and if this is cut too much, it would severely hamper what they could do. He said the Communications expense was really needed.

Senator Echols asked what percentage of Mr. McNeel's budget time would be expended in settling disputes between labor and management. Mr. McNeel said that by the time a matter reaches his Agency, it is a dispute and they try to work out an equitable solution.

Senator Echols said the Committee was interested in passing off the cost of settling such disputes to the people involved. He said it should be explored whether it is feasible to compensate the successful party and have the loser pay the bill, including the time the Office spends on the problem. Mr. McNeel doubted the feasibility of such a practice because most of the employers were on shaky ground and the Agency was lucky to get money from them at all.

Senator Jacobsen asked if Mr. McNeel could justify the great increase in Operating expense such as contractual services. He asked if complaints have increased enough to warrant the increases. Mr. McNeel said people were more aware of their services and, therefore, asking for services. He said they do screen candidates to see if they can afford counsel.

Senator Jacobsen asked if requests and complaints were catalogued. Mr. McNeel said yes there was a file on each one.

INSPECTOR OF MINES - Page 618

Mr. Bill DuBois, Inspector of Mines, described the functions of his Department. He said one of their functions was to help meet requirements regarding the standards and regulations outlined in Chapter 512, so they are aiding the mining industry in Nevada by helping meet the requirements of this Act. He said Chapter 512 authorizes them to develop training programs to assist operators. For example, last year the Labor Department asked for comprehensive training of miners before they began working. Since the Labor Department could not supply the necessary equipment to provide this training, they did it. He said for the last four years they have assisted mine operators in lowering the number of accidents. He said they provided a valuable service to Nevada helping them meet strict code requirements. He said in the last four years, they conducted about 2600 inspections and found 3000 practices and conditions contrary to safe procedures and in violation of regulations. They gave the operators reasonable notice to rectify situations and they cooperated. He added they trained over 3,000 people, mostly in first aid, mostly because operations are in remote areas. He said the five men who work with him probably work an extra month each year without pay and he was very proud of this fact. He said they pay particular attention to their vehicles. Right now they have three trucks with over 100,000 miles on them and they are still in fairly good condition. He said they travel 120,000 miles a year.

Senator Lamb asked what the Out-of-State Travel was for. Mr. DuBois said \$1,200 is for six people (himself and his staff) to participate twice each year in the Mining, Safety and Health Administration in Clover City or the Phoenix Training Center. He said they were very involved in the development of training programs. He said last year they spend about \$960. He added that before they go out-of-state, the Nevada Industrial Commission has to agree.

Senator Gibson asked how many employees there actually were. Mr. DuBois said five inspectors, two administrative people and himself, totaling eight.

Senator Gibson asked, with mining the way it is now, if Mr. DuBois' workload was decreasing. Mr. DuBois said his workload has probably doubled. He said when Anaconda and another mine closed, a large number of people were taken out of the mine work force. But he said their work did not pertain to that type of mining operation. He said sixty percent of mine operations in Nevada employ six people or less and it is the mine operation, not the number of workers, they are concerned with, trying to help them meet federal mandates.

Senator Lamb asked if there have been any fatalities since Mr. DuBois had been Inspector. Mr. DuBois answered that they averaged about two each year. He said during the last fiscal year, Nevada had \$1,900,000 in injury costs alone. He said if they can help operators avoid injuries, it would be a substantial savings. He said the In-State Travel is a significant figure and it is based on everyone traveling in the field.

Senator Lamb asked how much money the state realizes out of the proceeds of mining. Mr. DuBois said he knows they receive more than \$4,000,000 from federal government leasing. Mr. Barrett added that the state itself does not receive very much, but local governments receive a substantial amount.

Senator McCorkle asked what is the average license fee now for a mine. Mr. DuBois said there is no fee. Senator McCorkle read a section of the Budget which said small amounts collected for licenses will be deposited in NIC. Mr. DuBois said he thought that referred to hoisting engineering.

Senator McCorkle asked if it was reasonable to ask a mine operation to pay some kind of fee to help cover the \$50,000 that comes out of the General Fund. Mr. DuBois said he was sure they could afford it, but they already make substantial contributions to the State in other ways.

Senator McCorkle asked if it would be fair to charge them something for Mr. DuBois' services. Mr. DuBois answered if he were an operator he would pay. Senator McCorkle asked if Mr. DuBois could recommend a fee schedule for the Committee.

Senator Gibson said they were already paying in their insurance premium. He said the insurance premium to the State for private business included the safety inspection. Mr. DuBois remarked that the \$50,000 request is the same it was four years ago. Mr. Barrett said \$50,000 was originally an arbitrarily set figure.

Senator Glaser said the mining operations already contributed to the General Fund in other ways and he was reluctant to have them pay again.

Senator Gibson said the State is saving a lot of money compared to what they used to spend for the elected office. He said that for years they tried to get rid of that office and finally to get NIC to take it they agreed to fund a portion of it.

Senator Jacobsen drew attention to the hazards created when a mine is closed, especially regarding children playing in mines. He said he thought the State held responsibility for such mines, and asked Mr. DuBois if he made efforts to identify abandoned mines. Mr. DuBois said since three years ago when a couple of boys rode Hondas into a mine, he has printed and posted 2,000 posters outside abandoned mines. He had aerial photos taken of abandoned mines and put together programs for local sheriff's departments and rescue units on how to make recovery operations. He sent this information to the U. S. Bureau of Mines who produced television spots. He said there are between 15,000 and 17,000 abandoned mines in Nevada.

Senator Lamb asked if Mr. DuBois was still doing assessment work on them. Mr. DuBois answered no. There are no records on them. They were just there. He said some operators recognize their responsibility and put up a fence only to have it taken down by someone. Mr. DuBois said he did not have the answer to this problem, but that they were doing as much as they could. He said he felt the solution was a matter of educating youngsters.

Senator Jacobsen commented that some of the exploration groups continue to dig holes and leave them. He said he thought there should be some control to require them to eliminate the hazards they created. Mr. DuBois said they tried to get companies to do this.

PUBLIC SERVICE COMMISSION - Page 608

Mr. Hardy introduced Ms. Janet MacDonald, Commissioner. Mr. Hardy made a brief opening statement regarding the budget. He explained that they have begun to computerize their work and the Personnel Department authorized a reclassification of a position to Senior Management Analyst and they have obtained a very qualified person through the efforts of Ms. MacDonald. He felt the efforts of this new employee would save money. He said the only computer equipment they have is a computer terminal. He said they would like to greatly expand their use of computer services, not in the area of more equipment, but in using CDP and getting computer produced documents. He said they had a very tight budget and he called one item, Page 610, to the attention of the Committee. He said he was request-

ing an EDP System Program Facility Charge allocation of \$65,500 for the first year. He said this was largely a development cost. He pointed out that the cost the following year was \$25,600, basically for operations, programs and computer time.

Senator Lamb remarked that regarding Contractual Services for 1977-78, Mr. Hardy had actually spent \$27,680 and the Governor recommended \$85,000. Mr. Hardy answered this is a contingency area they felt was absolutely essential. He said they did not know at any given time, for example, how many applications they are going to have for LNG (Liquified Natural Gas) facility. He said they do not maintain a staff of highly-paid engineers to handle specialized services. He said they depend on hiring outside consultants on a case-by-case basis.

Mr. Hardy said that currently they had not spent a great deal of money, but they have obligations for \$68,000 out of the \$100,000 for this current fiscal year. He said they were also in the process of obtaining a contract to obtain a special retainer on professional engineering services so they can call upon them when needed. He said it was structured so the professional is not paid unless their services are actually used. Mr. Hardy said this liability could exceed \$100,000 this fiscal year. He said he thought they could live with the amount the Governor recommends.

Senator Jacobsen asked what the distinction was between Contractual Services and Other Contractual Services. Mr. Barrett replied that Contract Services were usually independent contract services. Other Contract Services were usually contract leasing of office equipment.

Senator Wilson asked if Mr. Hardy knew how much it cost per hour to hire an engineer on contract compared to how much it would cost to pay someone on the staff. Mr. Hardy said he did not know. He said the advantage of contracting with an engineering firm is that he gets a variety of expertise. He said it was not possible for one or even three or four people to have this kind of expertise.

Senator Wilson asked if Mr. Hardy could hire competent engineers with the salary level provided by the state. Mr. Hardy said that was a serious problem.

Senator Wilson remarked that a good part of Mr. Hardy's operating budget was a product of mill tax assessed against utilities. He asked if Mr. Hardy had the jurisdiction to increase or decrease that as the need arose. Mr. Hardy said the statutory maximum assessment right now is four mills and that the legislature sets the jurisdiction, which now is that we can get up to four mills. Senator Wilson asked what is now being taxed under mill tax. Mr. Hardy said that at present they were assessing 2-1/2 mills reduced from three mills a year ago, reduced from 3-1/2 a year before. He said even at those assessments, they were gaining a substantial surplus. He said the large amount of growth in Nevada has generated more money than they ever anticipated.

Senator Wilson said he was surprised Mr. Hardy's budget was so tight in view of the workload and responsibility. He said the consequences of the decisions of his Agency are worth millions of dollars and affect every consumer in the state.

Mr. Hardy said that in the technical areas of auditing and engineering, they have had serious problems. They did not have a chief auditor for 1-1/2 to 2 years. The Personnel Division did not have applications from qualified people and at that time they went to an outside contractor to furnish specialized services. He said they finally found a chief auditor, but it was not easy because the salary level did not pay for the amount of training and education required. Now they have a problem with the chief engineer position. The chief engineer resigned November 10, 1978, to work for a private utility which paid at least fifteen percent more than he earned with the State. The Personnel Office has only four or

five applicants for this position. He said their present highest salary for this position is \$26,000 or \$27,000. The grade level of chief engineer is 37 or 39. He said they were able to convince Personnel to upgrade it to level 41, and now we are trying to persuade Personnel that it should be at least level 43 for both the chief engineer and chief auditor. He said there is a need for top-flight people in the Department and to use outside services for the varied work they are required to do. He said even at a level 43, as of January, 1980, they would only raise the salary to about \$35,000. He said good engineers could go to work for consulting firms at much higher salaries than the State could pay. He added there was also a compaction problem between the salaries of the Chairman and the Commissioners. He said he would not argue for a higher salary, but under the 95 percent rule, it was not possible for the chief engineer or chief auditor to top out. Their pay would be restricted which is a further deterrent for hiring these people.

Ms. MacDonald reviewed her efforts in trying to find technical help. She said most people who would apply for the chief engineer's position want salaries of \$40,000 and above. She emphasized the State competed with the Federal Government and private enterprise for engineers.

Senator Wilson asked if the difficulty in getting qualified people, especially in auditing and engineering, increased the demand for outside contract services. Ms. MacDonald said that they do have to go outside. She added that even if they filled these positions, they would still need consulting services. She described the difficulty in finding a person specializing in a particular area of concern, for example a Liquefied Natural Gas expert, even when the whole market of consultants was available.

Senator Wilson asked if the need for higher salaries for these two positions was part of their budget request and has this problem been discussed with the Department of Administration. Mr. Hardy said his approach at the present was to get the position upgraded. He said to get someone at the level they were suggesting, the position would probably have to be unclassified. He said otherwise this problem is not addressed in the budget.

Senator Wilson said that what Mr. Hardy's situation really suggested is the viability of the 95 percent rule. He said they are using outside contract services to help out in areas where persons in the needed positions would ordinarily be working.

Senator McCorkle asked if the viability of the 95 percent rule could be discussed. Mr. Hardy said if the 95 percent rule were eliminated, he would be back next session arguing for a higher salary for top unclassified administrators and this is one of the reasons it has never been eliminated.

Senator McCorkle asked Mr. Hardy what he thought could be done. Mr. Hardy said that in the spirit of keeping inflation down, he was not going to ask for a higher salary for himself. He said he did in this budget try to reduce the disparity between the Chairman's salary and the Commissioner's salary because he did not believe it should be what it was. He said the Governor has largely gone along with his recommendations to reduce the disparity, which he felt should not be more than a \$500 differential.

Senator McCorkle asked Mr. Hardy what was the solution to this problem. Mr. Hardy said he did not know. Senator Lamb said the solution to the problem lies with the Committee.

Senator McCorkle asked if Mr. Hardy was the immediate supervisor of the engineers or were there supervisors in between whose salaries would also have to be raised. Mr. Hardy said that right now they are using Commissioner's salaries as the basis for the 95 percent rule. He said he asked that it at least be allowed to

apply to his salary instead of the Commissioners' salaries to avoid the compaction problem. He said right now they have a person who will have a compaction problem as of January 31, if the Budget people cannot be persuaded to use Mr. Hardy's salary.

Senator Wilson asked if there was a justifiable departure from the 95 percent rule, for example as with the Gaming Commission. He suggested there may be an exception in Mr. Hardy's case, where public utilities, which serve all consumers in the State, are regulated. Mr. Hardy said he thought so. Mr. Barrett said there are some agencies which are exempted from the 95 percent rule, for example engineers on the Public Works Board. They are allowed to make more than 95 percent of the unclassified supervisor. Mr. Barrett said the same kind of law could apply to the Public Service Commission.

Senator Wilson asked in Mr. Barrett's judgement if this exception is a valid one in the case of the Public Service Commission. Mr. Barrett said yes he did. Mr. Barrett added he objected to the 95 percent rule in total because it does not do what the legislators think it does, that is, hold down salaries. He said it causes harm to the whole system.

Senator Wilson requested Mr. Hardy to prepare a salary scale for his chief engineer and auditor for the record. Mr. Hardy said he would do that. Senator Lamb asked him to put his suggestions in writing and submit them to the Committee.

Mr. Hardy said there was one other salary he would like to discuss. He strongly recommended that staff counsel be the same level as the Deputy Attorney General assigned to the Commission. He said he thought their responsibilities were equal. He said his attorney must have a broad knowledge of many subjects and has tremendous responsibility. He said these three positions: Chief Engineer, Chief Auditor and Staff Counsel, were critical. In addition, he would also like the Senior Management Analyst, the new person just hired, to have a higher paying position so he will stay with them. Ms. MacDonald added they have eight vacancies now, demonstrating the Commission cannot keep the authorized positions filled.

Senator McCorkle asked Mr. Hardy if the Legislature adjusted Mr. Hardy's expenses, did he in turn adjust the fees that are collected to break even on expenses, or did he base his operating budget on the fees. Mr. Hardy said with the large surplus, there would be no problem. He added they evaluate their fee assessment once a year.

Senator McCorkle asked why the balance forward was so large. Mr. Hardy said it has accumulated over about six years and it is partly due to not filling positions, and to not spending budgeted money in other areas.

Senator Gibson asked if Mr. Hardy was familiar with the Audit Report of June 3. Mr. Hardy said he was, but was not present at the time of the Audit. Senator Gibson said there were about ten items in the summary of the Audit Report he would like Mr. Hardy to comment on in writing.

OFFICE OF COMMUNITY SERVICES - Page 14

Ms. Ryan handed out a summary of all expenses and revenues pertaining to her Office (see Attachment B). Ms. Ryan described the responsibilities of her Office and reviewed the services provided. She reviewed grants received during the last two years. Services included weatherizing homes, and paying utility bills for the aged and poor.

Senator Lamb asked if CETA positions had anything to do with Ms. Ryan's ability to cut costs. Ms. Ryan replied CETA people were used primarily with Aging Services in the minor home repair program. She

said they operated only in the urban areas. She said if it were done in the rural areas, they would need CETA crews.

Senator Lamb asked if Ms. Ryan thought CETA workers earned the money they got. Ms. Ryan said she thought her workers did. She added they had a fair turnover.

Ms. Ryan said they have asked for one additional clerical person for the office. She said they got a Department of Energy grant last year and the workload regarding reporting and the application process increased greatly. She said at that time they asked for a temporary person and the Budget Division allowed them to do that with the understanding that it be approved by this Legislature.

Senator Lamb asked why she needed to go out-of-state. Ms. Ryan gave as an example a request from Washington, D.C. that all program managers attend a nationwide meeting to discuss CETA problems.

Senator Lamb asked if Ms. Ryan recognized there was a CETA problem. Ms. Ryan said yes and added that recently the rules have been changed so the maximum a CETA employee can earn is \$6,800 a year. Ms. Ryan said in Nevada no one can be hired for \$6,800 a year.

Senator Lamb asked Ms. Ryan what would happen if she did not go to the out-of-state meeting in Washington. She replied in one case, with CSA, they were not funded. She added that tomorrow she was going to a meeting in San Francisco for the Crisis Intervention Funds they were supposed to be receiving right now. She stressed that the people they help are definitely low-income.

Senator Lamb remarked that she had different budgets and different out-of-state travel and in-state travel. He asked if it was for Ms. Ryan. Ms. Ryan said that the out-of-state travel she would be doing would be charged to Account 4860, her Office account, and 4865, the Department of Energy Account.

Senator Echols asked what an Energy Planner I does and why aren't they in the Department of Energy. Ms. Ryan said two years ago the Department contacted the Governor and told him they had money for weatherization of homes. The Governor sent it to the Department of Energy who, in turn, sent it to them to handle because their Office was already weatherizing homes with CSA funds.

Senator Echols asked how senior citizens' utility bills were paid. Ms. Ryan replied that originally this was a one-shot program of half a million dollars received in mid 1977. The recipients had to meet eligibility requirements, \$3,900 a year for one person, and they had to verify the cost of their fuel bills. She said her office was not allowed to pay more than the cost of the fuel bill for the previous winter, which was the winter of 1976-77. That is why it averaged \$205. The maximum we could pay on any bill was \$250. She added the large amounts did go to Sierra Pacific and Nevada Power.

Senator Echols asked if the money was now gone. Ms. Ryan said it was. He asked what was the rationale for the one-shot. Ms. Ryan said in the East they had had a very bad winter and Congress made an immediate appropriation to take care of that. She said Nevada did not have a bad winter, but she had felt that the money would help low-income people.

Senator Gibson asked how long Ms. Ryan had been with the Agency. Ms. Ryan replied two and a half years. Mr. Barrett asked her how long she had been the Administrator. She replied two to three weeks.

GROUP INSURANCE COMMISSION - Page 53

Mr. Barrett was asked to discuss this section of the Budget. He said this was a small amount of money for the Group Insurance

Committee members which included Mr. Barrett by Statute, two members appointed by the Governor, and two members of the Employees Association. He said the money was for travel expenses of State employees or non-state employees who were on the committee whose Agencies do not want to pay for travel. He added they have spent very little in the past.

Mr. Barrett explained that the Insurance Premium Revolving Fund has been around for some time and collects a certain amount from all agencies that are in State buildings to pay for their share of the State property insurance, their share of the State Fidelity Insurance, State's insurance on automobiles and the boiler insurance. He said one and a half positions were requested for the first time: a professional position and a clerical position. They are in the Budget as a result of a legislative study conducted during the last two years that the State establish the position of Chief of Risk Manager which would handle the State's insurance and would also be available for consulting with local governments on handling their insurance.

Senator Gibson asked what the claims were during this period on the State's insurance. He explained he was interested in how much this cost to see if it was feasible to consider self-insurance. He remarked the State was spending about \$1,000,000 yearly. Mr. Barrett said on property insurance the State was spending \$512,000 this year. He said he was sure that claims had not been that high.

Senator Glaser said since the State was paying \$1,000,000 a year, has the State looked into going bare and earning interest on the \$1,000,000 to build up a liability fund. Mr. Barrett said they had considered something similar, which was having a higher deductible, but have consistently been turned down by the Legislature because of efforts of the insurance companies.

Senator Lamb asked Mr. Barrett if he said it would cost more for the State to go into the insurance business. Mr. Barrett said, regarding health insurance, it would be like the retirement system where extensive laws and staffs would be required to handle it, whereas right now it is handled by a small committee.

Senator Lamb asked if there wasn't a lot of concern over the cost of group insurance. Mr. Barrett replied yes and that is why such an increase is recommended for each of the next fiscal years.

Senator Gibson said regarding property it seems there is some advantage for the State to build up a reserve to cover property loss. Mr. Barrett said he thought the present policy is a \$10,000 deductible.

Senator Glaser asked if the Committee could ask Mr. Barrett to bring in a recommendation in about a week to self insure for property and boiler insurance. Mr. Barrett said he could do this on property insurance, but not on boiler insurance. Senator Gibson added that boiler insurance does not cost much and the State has the benefit of inspections by qualified people.

Senator Glaser asked if vehicle insurance could be looked at. Mr. Barrett said they finally convinced the Highway Patrol to drop comprehensive insurance and they now carry only liability insurance.

MERIT AWARD BOARD - Page 56

Senator Lamb asked how this has been working. Mr. Barrett said he thought it was working smoothly, but he was not personally involved.

Senator Glaser asked if there was a way to upgrade it or stimulate it. Mr. Barrett said he did not think it should be enlarged. He said there was no need for higher awards. The top award is now \$500.

Meeting adjourned at 10:10 a.m.

Respectfully submitted:

Carolyn Y. Mann
Carolyn Y. Mann, Secretary

APPROVED:

Floyd R. Lamb
Floyd R. Lamb, Chairman

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ATTACHMENT A

NARRATIVE OF
A PROPOSAL TO THE
1979 NEVADA LEGISLATURE
FOR THE ESTABLISHMENT
OF A
COMMISSION
ON THE
FUTURE OF NEVADA

E X H I B I T A

INTRODUCTION

As responsible and concerned Nevadans, a primary task we face is deciding what we want Nevada to be like in the future. Currently, our state is feeling the impact of new industries, new workers and new patterns of cooperation among governmental units. This new growth raises questions which need to be addressed.

Through much of Nevada's history, ranching, mining and agriculture dominated its vast areas with a predominantly rural character. But now Nevada has become a state of wide contrasts. Much of the rural character remains, but we are also experiencing the problems associated with a highly mobile and urbanized society--the traffic snarls, urban sprawl, pollution and other problems which result from unplanned and excessive growth.

Many people have welcomed this new growth which brought with it more business, more jobs and an enlarged tax base. But growth can also bring with it the vice of its virtues. While new people can mean more tax revenues, they also mean added pressures for spending tax dollars. Educational facilities, police and fire protection, and health care facilities will need to be expanded. More critically, the demand for water and energy will increase which, in a state like Nevada, can have serious ramifications.

In recent years, Nevada citizens have become more aware of the problems of unplanned growth. Few people are unalterably opposed to any kind of growth. But fewer still would advocate that growth and development of the state be totally free and uncontrolled.

As in any state, diverse interests and occupations characterize Nevada's people, and the desires and needs of individuals and groups often conflict. In some areas of the state, many people want new industries to provide new jobs, while in other areas many feel a need to return to a more simple era. Still others are concerned that cultural, social and economic factors should play a more important role in determining a quality of life in Nevada. There are those who say every person should be able to aspire to his or her own, privately owned, single-family home. Others say that this is an age of scarce resources and that single-family housing is becoming unrealistic and that Nevada should be looking to more multi-family housing.

The Nevada Legislature is no stranger to these conflicts. Each session finds frequent debate over what Nevada is, what it should be, could be, or ought to be.

Are there definitive or tentative answers? Are we able to assess Nevada as a whole for what it is today and what it might become? Can a plan be worked out to guide Nevada towards what we might like it to be in 20 years?

EXHIBIT A

GOALS AND OBJECTIVES

The Commission on the Future of Nevada should be an attempt to accomplish the following:

1. PRIORITIZE and select for study those problems facing Nevada which will constitute an effective scope of effort for the Commission.
2. To provide an arena or forum which will encourage communication and cooperation between the people of Nevada, government, and business and industry.
3. To provide an opportunity for meaningful participation by the people which will contribute to a clearer understanding and rapport between government and the citizens of Nevada.
4. To create a clear statement of statewide policies and priorities based on a close examination of conditions which exist and the expressed wishes of the people.
5. To provide an opportunity for increased communication and cooperation among the various levels of government-- federal, state and local.
6. To evaluate the adequacy of existing studies and staff resources which can be utilized in solving the problems of growth and to gather missing information where needed.
7. To identify the regional differences which exist in the state and to integrate those differences into the development of a statewide framework for growth management.
8. Finally, and most importantly, to formulate and recommend specific growth management tools and methods of implementing those tools to insure more efficient government.

The Commission on the Future of Nevada is a process by which an important product may be realized. It is not anticipated that the Commission will discover "The Solution" to the state's problems. There is no panacea, no miracle cure, no simple and obvious answer to the many complex problems which must be faced. If there were such a thing, there would be no need for this proposed effort.

The objective, however, is that it will provide a close examination of the state as it is, an expression of what Nevadans themselves hope to see it become, and some definite recommendations as to how the state might realize those hopes and aspirations as we enter the 21st century.

E X H I B I T A

COMPOSITION OF THE COMMISSION

Rationale:

In order for the work of the Commission to serve as a management tool for state and local government, it is essential that it be composed of a broad spectrum of representation, both from the public as well as the private sector. It is equally important that the size of the Commission is not so large as to hinder its functional and cost effectiveness. Other factors considered in the composition of the Commission are:

1. There should be a balance in membership between elected officials and various economic and resource constituencies.
2. There should be active participation and representation of the State Legislature.
3. There should be active, informed citizen participation through which they perceive themselves as being a vital part of government.

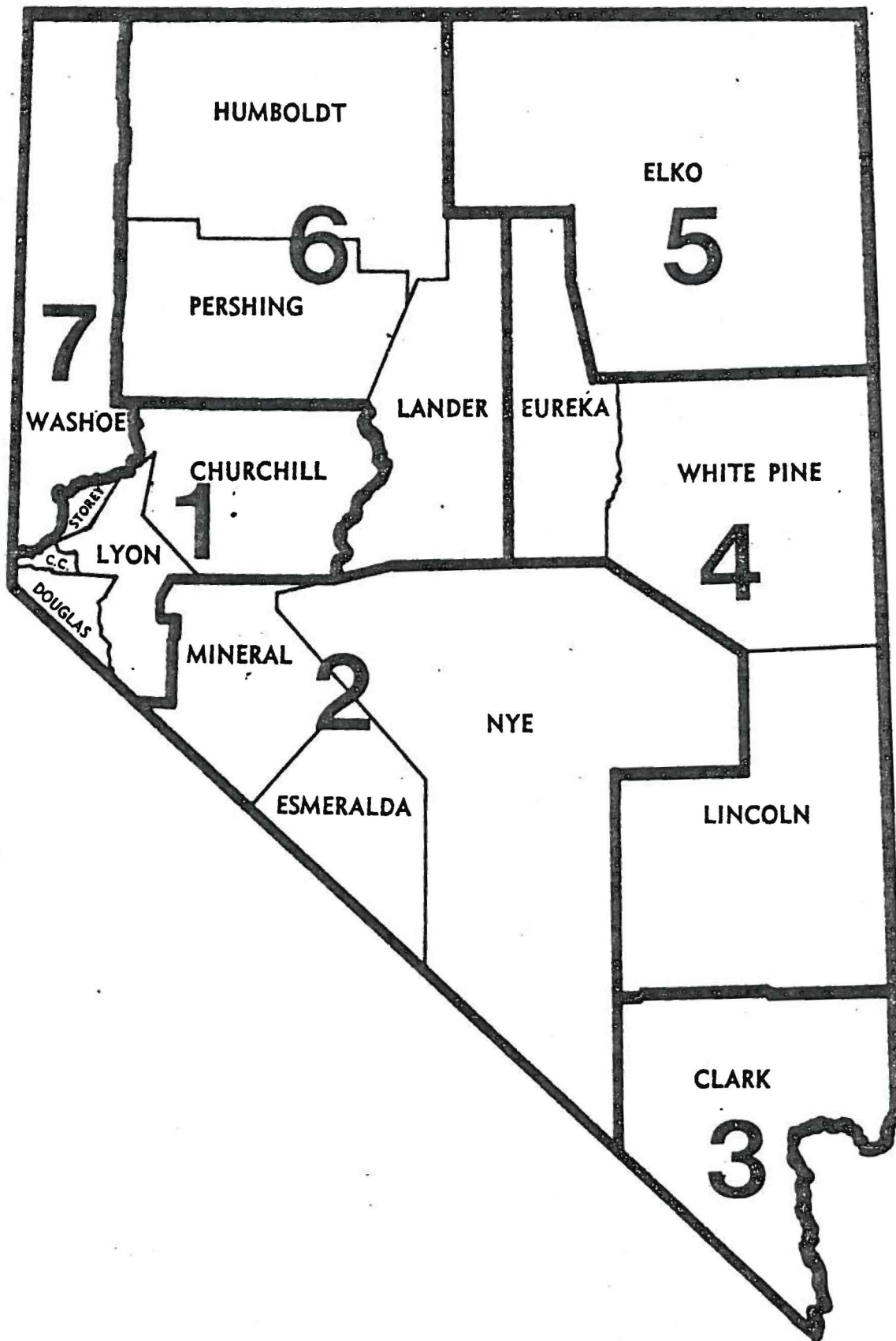
MEMBERSHIP

The Commission should be composed of 23 members, appointed by the Governor. For the purpose of the study, the state has been subdivided into seven single and multiple county regions which are contiguous with county boundaries. Criteria selected for determining the regions represent a series of factors including geographic, governmental and economic relationships. Also, commercial/cultural center identification, transportation patterns, employment and commuting patterns and other private and public community activities were taken into consideration (See Figure A).

Local government entities within each region will recommend to the Governor, for appointment to the Commission, a person to represent that region. Additionally, the Governor will appoint one member from the Nevada State Assembly and one member from the Nevada State Senate. The balance of the Commission will be composed of members appointed by the Governor who can effectively represent the following interests or constituencies:

1. Agriculture
2. Education
3. Energy Providers
4. Environment
5. Finance
6. Gaming & Tourism
7. Labor
8. Mining
9. Recreation
10. Taxpayers
11. The Nevada League of Cities
12. The Nevada County Commissioners Association
13. Two (2) members of the general public at large.

FIGURE A



E X H I B I T , A

The work of the Commission will be assisted in the following ways:

- a) Staff support will be provided by the Governor's Office of Planning Coordination.
- b) The Governor will direct all State Departments, Divisions, and Agencies to provide advisory and/or consultation services to the Commission.
- c) Committees of local government representatives from within each region.
- d) Liaison with Legislative interim committees designated for that purpose.
- e) Designation of consultants and advisory committees.

FUNCTIONS OF THE COMMISSION

The Governor will designate the Chairman of the Commission who will be responsible for carrying out the goals and objectives. A timetable will be adopted by the Commission prior to the first official meeting in July, 1979. This timetable will define procedures, methods and guidelines for the operational functions of the Commission and will include provisions for an interim and final report to the Governor and the Legislature. The Commission will be created for the period of July 1, 1979, through December, 1980. Any follow-up work of the Commission beyond December, 1980, must be approved by the Legislature.

It is anticipated that the methods employed by the Commission will include, but not be limited to: General meetings, regional meetings, committee meetings, consultation, surveys, etc.

FUNDING

A variety of state and federal funds will be sought to meet the expenses of the Commission, particularly those federal funds designated to assist states in planning. Members of the Commission will not be paid for their work but will be reimbursed for travel and subsistence in accordance with Nevada Statutes. Every attempt will be made to minimize costs and at the same time provide a meaningful and productive effort.

It is recognized that adequate staff support is an essential component to the success of the Commission. Significant cost savings will be realized by including the staff support of the Commission in the work program of the Governor's Office of Planning Coordination. Other State Departments, Divisions and Agencies will also be directed to serve as a resource to the Commission as part of their work program as an additional effort to reduce costs.

GOVERNOR'S COMMISSION
ON THE
FUTURE OF NEVADA

EXHIBIT A

SUMMARY BUDGET

<u>Expenses:</u>	7/1/79 to 6/30/80	7/1/80 to 12/31/80	TOTALS
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SALARIES			
Regional Program Directors (3)	\$48,300	\$24,150	\$72,450
Environmental/Resource specialist (1)	16,100	8,050	24,150
Clerk Typist (1)	7,000	3,500	10,500
CONTRACT SERVICES			
Research Design			20,000
Attitude and Values Surveys			
Data Support and Analysis			
CONFERENCE EXPENSES			
			11,900
PUBLIC EDUCATION AND INFORMATION			
ACTIVITIES			
Printed Materials			
Duplicating			
Publicity			
OPERATING EXPENSES AND TRAVEL			
			18,000
<u>TOTAL EXPENSES</u>			<u>\$180,000</u>

ANTICIPATED FUNDING SOURCES

EDA 302 Grant	\$120,000
Four Corners Regional Commission	40,000
"One-Shot" State Appropriation	<u>20,000</u>
	<u>\$180,000</u>

ATTACHMENT B
OFFICE OF COMMUNITY SERVICES
 Aggregate of all Budget Accounts

	1979-80		1980-81			
	77-78 Actual	78-79 Work Pro.	Agency Requests	Gov. Recomm.	Agency Requests	Gov. Recomm.
Regular Appropriations	\$ 15,000	\$ 15,000	\$ 30,000	\$ 15,000	\$ 30,000	\$ 15,000
Carry over Balance	29,493	22,471				
Personnel Rebate	5					
Federal CSA	72,767	68,000	68,000	79,898	68,000	80,170
CSA Recreation Grant	3,910	3,910	3,910	3,910	3,910	3,910
Comm. Food & Nutrition	4,000	5,000				
CSA Rural Planning		35,000	40,000	40,000	45,000	45,000
CSA Crisis Intervention	520,000					
CSA Crisis Carryover	(58,452)	58,452	41,652	41,652		
CSA Crisis Reimbursements		200				
CSA Weatherization	28,000	19,430	24,000	24,000	20,000	20,000
Balance Foward	46,245	53,911				
Balance to New Year	(53,911)					
CSA Training	10,000	20,000				
U.S. D.O.E. Weatherization	45,000	285,590	512,500	512,500	350,000	350,000
Carryover Balance	(6,983)	6,983				
Total Funds	\$655,074	\$593,947	\$720,062	\$716,960	\$516,910	\$514,080
Director 1		\$ 19,046	\$ 21,102	\$ 20,400	\$ 21,102	\$ 20,400
Deputy Director 1		16,081	17,524	17,000	17,524	17,000
Admin. Aid II 1		8,012	8,721	8,721	9,157	9,157
Accountant 1		8,953	13,957	13,957	14,603	14,603
Planner 1		7,822	13,342	13,342	13,957	13,957
Admin. Aid II (new) 1		3,780	7,910	7,910	8,255	8,255
Energy Planner 1		8,515	13,674	13,674	14,309	14,309
Gen. Bldg. Tradesman 2		12,968	24,960	24,960	26,102	26,102
Total Salaries	82,821	85,177	121,190	119,964	125,009	123,783
Benefits, Salary Reserve	11,848	45,579	23,357	23,879	28,171	29,172
Total Payroll Expenses	\$ 94,669	\$130,756	\$144,547	\$143,843	\$153,180	\$152,955
Total O/S Travel	6,238	15,452	6,675	5,000	5,630	4,735
Total I/S Travel	7,874	23,751	13,338	13,338	11,281	11,281
Office Supplies & Expenses	524	1,345	1,400	1,400	1,250	1,250
Operating Supplies	14,572	91,142	154,434	155,676	63,086	63,341
Communications Expenses	5,163	6,100	9,415	9,415	7,650	7,650
Print Duplicating Copy	1,592	1,150	2,950	2,950	1,980	1,980
Insurance Expense	461	909	612	612	412	412
Contractual Services	148	10,500	5,000	5,000	5,000	5,000
Other Contract Services	1,019	1,162	1,240	1,240	1,240	1,240
Equipment Repair	722	1,850	890	890	690	690
Other Building Rent	10,753	15,729	12,769	10,804	12,769	10,804
Adv. Public Relations	271	1,100	700	700	700	700
Utilities	401	760	400	400	300	300
Maint. Bldg. & Grounds	18	20	30	30	30	30
Vehicle Operation	632	9,500	600	600	600	600
Other Govt. Services	41	9,500	487	487	987	987
Dues & Registrations	280	600	380	380	380	380
Total Operating Expenses	\$ 36,597	\$151,367	\$191,307	\$190,584	\$ 97,074	\$ 95,364
Furniture & Equipment	898	13,081	1,535	1,535	835	835
Comm. Food & Nutrition	3,999	5,000				
Mineral County Asst.	4,312	455				
Summer Recreation	5,001	3,923	3,910	3,910	3,910	3,910
Clark Crisis Intervention	170,039	21,495				
Washoe Crisis Interven.	89,847	11,619				
Balance of State	201,662					
Insulation/Weatherization	11,438					
Training & Technical Asst.	2,500	27,500				
Clark Weatherization	10,000	104,919	205,000	205,000	140,000	140,000
Washoe Weatherization	10,000	84,629	153,750	153,750	105,000	105,000
Total Expenditures	\$655,074	\$593,947	\$720,062	\$716,960	\$516,910	\$514,080