

MEMBERS PRESENT: Chairman Dini  
Vice Chairman Schofield  
Mr. Craddock  
Mr. DuBois  
Mr. Jeffrey  
Mr. May  
Mr. Mello  
Mr. Nicholas  
Mr. Polish  
Mr. Prengaman  
Mr. Redelsperger

MEMBERS ABSENT: None

GUESTS: Mr. Bryce Wilson, Nevada Association of Counties  
Mr. Vernon Bennett, PERS  
Mr. Ross Culbertson, Firefighters & Police  
Mr. Patrick Pine, Clark County  
Mr. G. P. Etcheverry, Nev. League of Cities  
Mr. Mike Cool, City of Las Vegas  
Ms. Joyce Woodhouse, NSEA  
Mr. Larry Irvine  
Mr. Greg Rivet, City of Sparks

Vice Chairman Schofield called the meeting to order at 8:10 A.M. The first bill to be heard is AB-417, which provides additional benefit for retired police officers and firemen.

Mr. Bob Gagnier, Executive Director of the State of Nevada Employees Association. It was my understanding, Mr. Gagnier stated, that when the previous committee agreed to introduce this bill that we would be excluded from the provisions, and in the bill drafting, we are not. I refer to Page 3, Line 39 where it puts brackets around 'state employees'. We are currently excluded from this benefit and at this point we would like to continue that exclusion. Our people have adopted a policy this session that they will oppose any increase in benefits that causes an increase in contribution rate for either the employer or the employee of the State of Nevada because our turnover has reached such proportions that we feel any monies that are available should be used for salary and the majority of people who are covered by the police and firemen retirement program within the state are some of the highest turnover areas where we need the greatest salary relief. This is particularly true in the prison. We have some employees, certainly, who would like to have this benefit, but the majority of them are new employees and the turnover rate in their classification is of such proportions that they don't anticipate ever retiring.

That is the reason we want to be excluded from the bill and we would prefer that those brackets be removed. I would be happy to answer any questions.

Mr. Vernon Bennett, Executive Officer of the Public Employees Retirement System. I would like to at this time speak only to Mr. Gagnier's amendment. Although the retirement system opposes AB-417, we do support the provision in the bill that would make this applicable to state employees. It is a very unusual law. In any public system in the nation, where you have a provision that benefits within a general fund will apply to everybody except the people employed with one agency. We have already encountered several interpretation questions that would make excluding the state employees of police and firemen fund from the provisions of this bill very awkward. The Retirement System strongly urges that you not pass this amendment. If you pass this new benefit, it be applied to all people who are police and firemen. If you do adopt Mr. Gagnier's amendment, we do request the right to assist you in drawing some amendments that would cover all of the different circumstances we can see with people going in and out of state government, as to whether or not they would come under the new benefits. The bill as written puts the state employees who are under police and firemen back under this benefit, so that everybody who is a police and fireman would get this benefit if passed. We favor this provision; we oppose Mr. Gagnier's suggested amendment because it would create some strong confusion about who could and who could not get this benefit upon retirement.

In answer to Mr. May's question, Mr. Bennett stated that the legislator's retirement system is a totally different system in Chapter 218 of the Revised Statutes. PERS is the other system which is in Chapter 286; the police and fireman fund is a separate fund within PERS, but it is not a separate system, it is part of PERS. There is a contradiction between the overall objectives of state employees and the overall objectives of police and firemen. You have two major controversies, one which says that all police and firemen in this fund go under employer-paid July 1, 1981, except state employees. At this point, and that was passed in the 1979 Legislature, the state employees will not come under the new bonus benefit as provided in AB-47 in current law. In AB-417, they would. You have received testimony and an amendment that they not be. My point is that it is a very awkward administrative procedure to ever have one employer within a total fund that doesn't receive all the benefits of everyone else because people transfer in and out. I am speaking only on the amendment. I would like to come back to speak against the bill.

Mr. Bob Kerns, Local No. 731, Reno Firefighters, testified in favor of AB-417. Unfortunately, the amendment that Mr. Gagnier referred to did not have the full support of all of the police and firemen in the state, as we thought originally. A number of years ago, the funds were separated for the non-uniform groups and the uniformed groups for a very good reason. Our needs were far different from theirs and we were continually at loggerheads over what was needed, what we wanted to pay for and what they wanted to pay for. I would like to read a quote from Mr. Darryle Dains which will give a little daylight as to why the Board is now against our system, our fund having different benefits than the other funds have. The quote is from the meeting before last of the Retirement Board. "Darryle Dains: 'O.K., I would make just one comment. I don't recall that-all the words that were used in 1979, when this motion was passed to support this provision for the police and firemen I do recall that my position has always been, since I have been on this board, that I wouldn't vote for any benefits to any group that was not available to all members of the system. And that is still my position. I think that my language in that motion in '79, if in fact I did vote for it, and it says that I did, so I must have done, was that it must have been very heavily relying on the fact that the police and fire would have to get the legislators to fund the increased benefit. When we considered this legislation earlier, we introduced legislation to make it available to all members of the system and when we were requested to withdraw that legislation, as a result, the Board withdrew its support of the funding for that proposition. That was our position when we considered the legislative package in one, in, I guess, it was December then.'" Mr. Dains has been very avid about this, that he won't give us the benefit unless all members can have this benefit. But this was the whole object to separating these funds, is because our needs were different, our turnovers were different. The turnover in the Reno Fire Department is only 3%. These people are professionals, they plan on being there to retire. Vern made the statement that the state employees are exempt from the state law that makes police and firemen mandatory employer-paid retirement as of July 1, 1981. It is easy to understand why they don't want to do this. It is a hell of a good savings account. They have a 50% turnover in the prison. Our money just goes away. They put it in, it stays there for a couple of years, they leave and take it out. That was the object of going to employer-paid system. If Bob's people don't want this benefit, that's no problem. They are able to separate the employer-paid people from the non-employer-paid people within our fund, so I think they can probably separate these people within that fund. None of the other state employees have been contacted about this amendment. It is suggested that we include, for instance, teachers, state employees. They don't want it, so why should you force it on them. The cost to the local entities on this

is nil. If we go for this, the City of Reno, the cost will be nil because the 1% is in lieu of a pay raise. When we went to employer-paid, I gave up two years' pay raises to go to employer-paid for a very good reason. It makes a very much stronger system. It was well worth it to me to have this system strengthened. Unfortunately, when the Legislature saw fit to pass the law making it mandatory for police and firemen to go to employer-paid, they excluded our members that were under the state system, which weakens our fund tremendously. So, if they don't want this benefit, I have no objection to it whatsoever. If they want to remove those brackets, fine. But, at the same time, Mr. Bennett's proposed amendments to put everyone under it would kill the bill. Those people don't want it and they would all be in here testifying against it. That's why we have two funds and should continue to have two funds.

Mr. Bill Bunker, representing the Federated Firefighters of Nevada, testified that there is a Police-Fire Advisory Board that listens to what we would like out of our system. They vote on it, they take the recommendations to the big board and the big board votes on it. This benefit has been voted by the Police-Fire Advisory Board at least three times that I can think of. Every time it was unanimous. I reiterate that one member of that board is a state employee of the Nevada Highway Patrol, whatever Mr. Jacka's title is. So, the Police Advisory Board is together on what they feel our needs are. It was the big board that overturned us. Why did we go through the whole process last session and pass this benefit for firefighters and then have it yanked out from under us this session. I don't understand the board's reasoning or turning around. We have agreed in lieu of a pay raise to pay for the benefit; therefore, the cost against local government is nil. I don't understand big words like austerity, unfunded liability. I do understand what my people want and that is 50% spouse option and they are willing to pay for it.

Mr. Polish asked what the needs are of the firefighters and how they are different than any of the other employees.

Mr. Bunker stated that the other employee group needs differ in that with police and fireman, they are there for life. There is not a big turnover. They retire, they care about their options at the end. The other funds might have a great turnover with a lot of females in the other funds, which changes your actuary due to their life expectancy. The police-firefighter fund has mostly male. Also, the hazardous conditions is a factor.

Mr. Dini stated the fiscal note is more than the previous speaker said and you have said. The local government's cost in 1981-1982 is \$540,000, in 1982-1983, \$646,000, the continuing fiscal note is \$760,000 a year, based on a police and fireman payroll, statewide, of \$54 million a year, based on a 14% salary increase. The cost for state government is \$62,000 and \$74,000 based on a \$12 million payroll of police and firemen. The fiscal impact is there.

Mr. Bunker stated that if the cost factor is indeed more than 1% over the next two years, then our people are willing to pick up that cost in lieu of a pay raise. If it is lower, we would expect to have to pick up less.

Mr. Dini stated that you are in a period of tax reform with the Legislature talking about putting a cap on revenues for local governments. How are you going to make up this \$1 million in the next two years if additional caps are put on spending?

Mr. Bunker answered that if we can't pay for the benefit ourselves, I don't expect the local governments to pick up the tab.

Mr. Ross Culbertson testified that the fiscal note is completely erroneous because the fiscal analyst didn't read the statute. The statute says this is in lieu of salary. The 14% increase in salary would become 13% to the police and firefighters that are under employer-paid. As far as the people paying 50-50, these are the state employees and since the state of Nevada has never seen fit to elect that 1% payroll savings taken by the vast majority of the other people, other employers in the state, the cost for their few numbers in this \$500,000 is nil.

Mr. Bennett stated that with all due respect to Mr. Culbertson, his information is wrong. The fiscal note that is provided was computed by the retirement staff. It represents the actual cost cost to the employers, both in the state, county and city level, based on the monthly contribution rates both now and projected for the next two years. The law provides under the employer-paid program that if there are any increases in the contributions for employer-paid, they will be equally shared between the employee and the employer. So, if you pass this bill on July 1, -981, all of the police and firemen who are affected who are under employer-paid, will have an adjustment of one-half of one percent of their salary to pay for their 50% of their increase. The other one-half of one percent will be paid by the employer. So there is very definitely a cost to the state and to the city, county, municipal government under this bill as reflected by this fiscal note. If you were to approve the amendment Mr. Gagnier suggested where it was not applicable to the state employees, then the amendments to the bill to increase the employee and employer rates from 8½%

to 9%, would come out and there would be no cost implication to the state, but there would still be a very definite additional one-half of one percent of compensation cost to every city and county for each police and fireman in their system, both now and in the future for the next 30 to 40 years.

Mr. Culbertson stated that he had not seen the fiscal note which he asked Mr. Bennett if the fiscal note reflects one-half percent of payroll, not one percent. Mr. Bennett said that is correct, that is the employer part. Mr. Culbertson continued with the differences between the police and firefighters and why a benefit for a group that is 97% male might be different from a group that is more than 50% female. By tradition in our society and regardless what you have heard people say about women liberation movements which would say that there should be no differences between the sexes. There are vast differences in the lifestyle patterns between these people. A survivor benefit is worth much more to a male and the cost is much bigger than for a female because of that ten year difference in the lifespan between the spouses. To insist that you are going to give the same benefit to one group as to another group is like saying: 'we don't care whether you are square or round, we are going to shove you through this hole, anyway'. I think the contributions should be equal if that is what the people choose, but I think that the benefits should be tailored to meet the group being covered. Approximately 95% of the 97% males in the police and firefighter group are married, have children, marriages appear to last longer

Mr. Bennett testified against the bill and advised the committee that based on a statement made to him by Mr. Bunker, some of the confusion might be eliminated. He has stated that it has been both his and the committee's intent to have the employee pay the full cost of the benefit all along. Should that be true, I would suggest to the committee and on behalf of the group, an amendment to AB-417 which would state that, which would then remove the fiscal impact, and I am sure would remove a considerable of the objection. The objection of my board has been based on many things, but one of the facts is that we are in a austerity situation with, in my staff's situation, we are losing five employees with a lower budget next year that is lower than the budget this year. It was our understanding in talking to legislators that there would be a very unwelcome response to any increase in cost during this legislative session. This is part of the reason the board changed from 1979. To clear the record, and in defense of the board, I would like to point out that the board's position in 1979 was that we would favor the legislation provided it was fully funded in accordance with the actuarial computation. That was not done in 1979 and it is not being done this year. The system is opposed to AB-417. We have already provided to you substantial testimony which we will

not repeat. The cost will be \$62,000 the first year, \$74,000 the second year, for state agencies, and continuing thereafter. The total cost for local government will be \$540,000 the first year, \$646,000 the second year and continuing thereafter. We recognize that the current approach to fund at an increase in contribution rate of 1% relieves most of the immediate concern regarding the actuarial cost study and we understand that it is the intent of the people who are introducing this legislation to work with the police and firemen advisory committee, the retirement staff and board and our actuary to fully discuss all assumptions, all parameters upon which the evaluation of cost is made and to provide an additional evaluation cost to you by the 1983 session. But you should be aware that there may be additional cost reflected at that time. The Retirement Board respectfully requests that if your committee does favor the legislation, that you consider amendments to make the bill applicable to all employees. Amendments are provided in the written testimony of Mr. Bennett, a copy of which is attached here to as EXHIBIT A and made a part of these minutes. These will adjust the employee and employer and employer-paid contribution rates to reflect that. We recognize that the cost impact would be great. The board feels that it would prevent a further distortion of benefits between the various employee groups. I would like to clarify one point that has been made. I agree with Mr. Kerns testimony that one of the considerations of creating a separate fund in 1979 for police and firemen was so that they could identify to their own specific interest and concerns. But another very major concern in the 1975 Legislature was the fact that police and firemen had early retirement that was not enjoyed by the other members of the system and many of the other members wanted that early retirement, but they also had a concern that because they were all in one large group, that the teachers and state employees and city and county employees might have to help to fund the special benefits for police and firemen. So another very important reason for creating a separate fund within the system for police and firemen was to make sure that the other state employees did not have to help pay for the early retirement benefits that they could not enjoy.

Mr. Greg Rivet, Director of Personnel for the City of Sparks, testified that they share the concerns of Mr. Bennett of the cost of this particular proposal. We see it not as an extra benefit, as far as the fire and police officers are concerned, but as a different mechanism to pay for a benefit that they already have or can elect to have upon retirement. Eventually, the cost on this, as far as providing this, will fall upon the local government. If it is passed this year, it will cost one-half of a percent, as the bill is written, which we just don't have the money to fund it. If it is not funded, the system could be in trouble in the future. If that happens, the local government in the future will have to bail out that particular system and contribute further funds to help it out. 1489

We are in opposition to AB-417 as it is written.

Mrs. Joyce Woodhouse, President of the Nevada State Education Association, testified that their position is mixed at this point. We had no problem with it as long as the police and firemen are willing to pay for the benefit. The teachers association has gone on record in support of early retirement and our willingness to pay for that. We cannot support the amendments brought to you by Mr. Bennett where the benefits would be extended to teachers. We do not wish to pay for the benefit; therefore, we would not to be included in this bill. We do support the concept for the police and firefighters.

Mr. G. P. Etcheverry, Nevada League of Cities, testified that he objects very strongly to AB-417 as presently written. If the amendments come forth as expressed by the speakers before me, then we would like to have the opportunity to take a look at it again. We feel, quite frankly, that those fiscal impacts reported here do in fact represent what it is going to cost local governments for the next several years. We would like to ask this committee to hold any action on this bill until it is amended and at that time have further testimony.

Mr. Patrick Pine, Clark County, testified that he has some concerns regarding the bill. His testimony is attached herewith as EXHIBIT B and becomes a part of these minutes.

Mr. Mike Cool, City of Las Vegas, testified that he is opposed to the bill in its present format. We are talking about a substantial financial impact on the city in an era where tax legislation is being mandated for reduction. This reduction to us in the City of Las Vegas would mean a reduction in services to the citizens to some extent. It would also mean a possibility of not filling vacancies or having possible layoffs. We ask your consideration in looking at AB-417 or any of the other bills that have a financial impact their implication in light of the possible tax legislation that is coming out that it be looked at very carefully.

Mr. Larry Irvine, President of the Police Protective Association, of Las Vegas, and on behalf of the Henderson Police Association, North Las Vegas Police Officers Association and the Nevada Conference on Police and Sheriffs, testified that there is obvious confusion in regard to who is going to pay for this benefit and it was our opinion from the very beginning that we would, ourselves, fund this particular benefit in lieu of a pay raise. The first of July, 1981, the Metropolitan Police Department will get a 5% increase in wages. If this bill passed, instead of actually seeing an additional 5% on our paycheck, we will see an



additional 4%. The other 1% we are voluntarily throwing out to pay for this benefit. We will pay for it ourselves. That has been our intent from the very beginning. If it requires an amendment to clarify that, we certainly would have no objections to it.

Mr. May asked if the proposal means that you will accept 1% less or is the proposal that you will take a payroll deduction of 1%?

Mr. Irvine answered that they are guaranteed a 5% increase. we would actually realize a 4% increase with this plan.

Mr. Redelsperger asked what year they are in on the contract.

Mr. Irvine answered that the contract expires July 1, 1982.

Mr. Redelsperger asked if when they go into the negotiations for the new contract, are you going to take into consideration that you are paying this 1% now and, perhaps, go in for a little higher amount.

Mr. Irvine stated that it is certainly a possibility. Naturally, in collective bargaining processes, we are going to look for anything we can get.

Mr. Kerns indicated he had an amendment he would like to present to the committee. The amendment reads: 'Regardless of the provisions of NRS-286.421, the entire cost for this new benefit must be paid by the employees by salary adjustment'. The cost of this benefit, according to Mr. Bennett's figures, would be \$62,000 the first year for the police and firemen. The income from the 1% for the first year would be \$540,365.00 against the cost of \$62,000. The second year, it would cost the system \$74,752.00 with an income to cover that of \$646,817.00. These figures are not exactly the same as Mr. Bennett's. The last year, according to the actuary and bookkeeper, the total payroll was \$73 million. 1% of that is \$730,000. This is last year's. Undoubtedly, this year's will be increased. The interest, alone, from the income of the first year would cover the second year's cost of \$74,000. We do then have a cushion of approximately \$1.5 million the first two years above what their estimated cost would be.

Mr. Polish said: Don't you think that with the shifting of that over to all the government employees in the state is just as important because all you are doing is shifting the tax and we started that long time ago. It comes from the federal and local governments. It is just a shift of the type of retirement system that you have there which is actually not making

a major change, whether it be the state employee, fireman or teacher, it will all work out the same. That one-half of one percent I am sure the teachers would love to have under the same thing - shifting it over to the employer who is paying the whole bill anyway, whether it's your salary - analyze it anyway you want. It's a good deal. I'm all for it.

Mr. Kerns answered that they are paying it. You're right. But this is my money. They're paying me and I'm putting it into the system in lieu of my pay raise. This is our system. This is not the employer's system. It's not the taxpayers' system. They put that money in there in lieu of giving it to me.

Mr. Dini asked: Do you recognize the fact that this is unfunded liability for about 40 years. Who is going to pay that so the general taxpayers are not going to be stuck with that bill if we don't make that up. It is everybody's money, it isn't just your money, and half of that is coming from the employer (or the taxpayers) in this state. You forget that. That is where your statement is too blanket and too broad. Recognize the fact that the system is hanging in there. It has been operating very properly but it's not out of the woods, yet, and if things go wrong, it can go down the tube and you won't have a fund. Because the general taxpayers of this state support it. That's what my interest is in it is to be able to protect the general taxpayer. I have always supported these programs for early retirement and the retirement system. I feel very strongly that we have a good system in Nevada. It's on the right track. But, it can stumble.

Mr. Kerns stated that this is why we are not asking this to be paid by anybody else and in lieu of our own pay raise. We do want this system to stay sound. Regarding the unfunded liability you are talking about reminds me about the Sierra Pacific Power. I'm paying extra heavy now for two reasons. So that in 2016 we have an unfunded fund. But I am paying extra that I will never receive so that we do have an unfunded system. I am also paying extra because of this system was set up originally and all the people were brought in for free. I am paying a lot extra from both ends, because of mistakes made at the beginning and I feel a mistake is being made now. I am willing to go along with and pay for the people down the road that will have a good sound system because we have seen too many systems that have stumbled. And most of that was because they felt they had a sound system and lowered the contribution rate. I hope we don't make that mistake.

Mr. Bennett testified only to the amendment. The current employer-pay provision is NRS 286.421 and Section 7 provides: "for the purposes of adjusting salary increases and cost of living increases or salary reduction, the total contribution shall be equally divided between employer and employee". That is were there is a fiscal impact in this bill under present law. The provision is drafted which would say 'regardless of the provisions of NRS 286.421' would then exempt AB-47 from this requirement and say: the entire cost for the new benefit must be paid by the employee by salary adjustment.

It is our opinion that this would clarify the intent of the police and firemen that the employees would absorb the entire cost and it would eliminate a considerable amount of the opposition which the retirement board has indicated and taken a position.

Mr. Patrick Pine, Clark County, stated that he would suggest that you also ask one other question. We would support an amendment to this effect. However, I would want to be absolutely certain how the amendment would protect against contracts that are already in force and would be absolutely certain that written contracts between various bargaining groups would not create a clash between passing this law and someone saying 'we have a contract already'.

This concluded the testimony on AB-417.

Mr. Dini called the meeting to order after a short recess. He stated he would like to discuss the bill on which we took action yesterday - SB-268, which we amended and then passed. I would propose that the committee rescind its action on the AMEND AND DO PASS and bring it back to committee for additional study. Mr. Dini gave the gavel to Mr. May and moved that SB-268 be sent back for further consideration. Mr. Prengaman seconded. After additional discussion, Mr. Dini stated he wanted to publicly apologize to Paul May for making the mistake for moving it yesterday when I promised him I would let him be here when we did move it. It is my fault and accept full blame for it. It was with a stack of bills and I didn't even think about the fact that I wanted Paul here when we discussed the bill as we needed his input. His input is very valuable on this committee and there was no circumvention on Mr. May. It was my fault and fully accept the blame and I apologize to you, Paul.

Mr. May indicated that he would like to spend sometime looking at it. It is not an attempt in any nature to kill the bill.

The motion carried, and SB-268 is back in committee.

Date: April 8, 1981

Page: 12

Mr. Dini called on Mr. Redelsperger to discuss AB-410.

Mr. Redelsperger: The intent of this bill will affect the rural areas, where the town advisory boards do hold informal elections. The bill will try to stem some of the animosity that develops between the incorporated town that has an advisory board and county commissioners, and also, among the advisory board members when it is appointed by the county commissioners. The intent of the bill is to require under Section 1, subsection 3, where the members of the advisory council will be elected by way of an informal election. Under subsection 6, the new language is: the advisory council and the board shall cooperate to inform each other of all matters of interest to the town and its residents. I will elaborate on that. We have had some problems arise where because of the distance between some of the outlying towns causes communications problems with the locally situated council and the County Commissioners, who are at the county seat many miles away.

Mr. Dini asked if there are two types of boards, an advisory type that you are talking about, and another that has more power? He indicated in his county, the board actually can spend the money the county allocates to them.

Mr. Redelsperger stated that there are two boards: the town board (TITLO). This bill does not refer to that category. The local town board will have three members, and it will sit with two members of the county commission. The one I am referring to is strictly an advisory council form of board.

Mr. DuBois asked for the definition of 'informal election'.

Mr. Redelsperger described Nye County's. At a town board meeting, perhaps in November of an election year, at a meeting that has been advertised, there will be nominations from the floor and maybe ten people nominated. A ballot is handed out and five names (for a five-man board) or three (for a three-man board) are written on the ballot and turned in. The top three (or five) votegetters are the ones elected at the informal election and those names are presented to the County Commission and they will appoint them, with the right to refuse to accept one, for instance, and the next person in line (vote total wize) would be presented to the Commission. They serve at the pleasure of the Commission. The bill itself does not say what an informal election is. Perhaps the local Commissions could draft the definition in their own local areas.

Mr. Craddock asked that when the Commission has no choice but to approve the list of people who have been elected by the informal vote, what would happen if a situation developed where the same group of people want to incorporate or take over the town.

Mr. Redelsperger: Let's face it, at an informal election, if you get enough people out, they can possibly be stacked to a certain degree. But this is why I think it is important that we look at NRS-267 as a way of incorporation, rather, amend 266 so a person or a group of persons can't go in and incorporate a town.

Mr. Redelsperger stated that the advisory board has no power, but try to represent the will of the people in the community. They can year testimony and suggest ordinances or regulations. The Board of Commissioners have the final authority.

Mr. Prengaman noted that there was no number specified here. Also, will the commissioners decide how many names will be presented in the election? Like seven names for five positions, for example?

Mr. REdelsperger stated that if that is a problem, we can put the number in the bill, but still it might be the local government can put that in their ordinance.

Mr. Prengaman stated that perhaps we as the Legislature should maybe designate the number, rather than by ordinance.

Mr. Redelsperger further noted that they take office on January 1. By electing them during the same month that other elected officials are elected, it is a smoother transition.

Mr. Pat Pine testified that as they read the bill, it would apply to towns other than those town boards in Clark County. We do not have a problem in Clark County. It would not affect the town board concept in Clark County.

Mr. Bryce Wilson, Nevada Association of Counties, stated that they basically supported the concept of the bill. However, the list of qualified people elected in the town meeting by the informal election should be specified as to the number. If you specify more than you are going to select, someone is going to have his feelings hurt; on the other hand, it may be worth that problem to specify more people than will be ultimately selected because it will then give you a reserve in case something happens to one of the appointees during the term of office. It would give more flexibility to the County Commissioners in picking people that they feel would be more qualified perhaps than the election produced. The other problem is just what is an informal election. I can see people in outlying counties reading that term and wondering what to do about it. Perhaps a little direction in the language of the statute in the way of an amendment to more specifically call out what an informal election should be considered to be, and how it should be done, would be appropriate, or else to put in the amendment which would allow the County Commissioners to adopt a county ordinance which would specify how the election should be run. That would allow local

flexibility. It also may be appropriate to call out the fact that this board should not be appointed if there is already in existence a duly elected town board which has greater powers. It would not be appropriate to have two parallel boards in the town. The bill was introduced on March 31 and there has not been time between then and now to get direct input from the counties, so my comments are uncoordinated with our fourteen rural counties.

Mr. Dini asked if there were any problems in the other rural counties? Have you called Lyon County?

Mr. Wilson: Not to my knowledge. However, I have not explored that. I have not called Lyon County.

Mr. Redelsperger stated that there are more prevalent in small towns is the advisory board, although the people can petition for the kind they want.

Mr. Dini stated that the County Commissioners in their ordinance, can delegate more authority to the board if they want to.

Mr. Jeffrey indicated that in Clark County whether it is by ordinance or informal agreement, whatever the town boards want to do with their resources, zoning, etc.

Mr. Redelsperger: They can enact by ordinance. In Nye County, if the outside rate which right now is \$2.50. In the unincorporated towns in order to run those communities, draft their own town budget. They have workshops. This is an advisory board which sits down with a commissioner, the county administrator and figure out what they need as far as cemetery improvements are concerned, park improvements, etc. But the County Commissioners approve every item on that budget, but they do allow the advisory board at public hearings to draft that budget. The County Commissioners could under 269.024 draft an ordinance allowing these informal elections and stipulate how they should be set up. With that in there, we could address ourselves to the number.

Mr. Dini suggested that you may want to go into 269.017. However, the trouble with having a list that the County Commissioners can appoint, say, you have a three-man board and you elect six, you put the County Commissioners on the pan if they don't pick the number one and two people with the most votes. They might pick number five and six that they like better. I think we need a subcommittee to find out how other counties are working. The members will be Craddock, Nicholas and Redelsperger.

Mr. May suggested that beginning with the second line from the bottom, along with what Mr. Wilson said, would read: "Such advisory council designating its powers and duties..." then continue with language like this:..."also provide for an informal election to be held in the town...'. (This is under 269.024)... 'for the purpose of providing the county commissioners with a list of not more than double the number of members to be appointed'.


Mr. Jack Petini testified that they are satisfied with the way we now do it. We let the towns elect their own people and they come to us for ratification. We are not opposed to that at all.

Mr. Mello: Do you ordinarily ratify: Mr. Petini: We have never overruled. If you get a bad one, they take that person out at the next election.

On AB-417, Mr. Dini appointed a subcommittee consisting of Mr. Mello and Mr. Redelsperger.

Mr. Dini adjourned the meeting at 10:35 A.M.

Respectfully submitted

  
Lucille Hill  
Assembly Attache

ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE

GUEST LIST

Date 4/8/81

Please Print

<u>PLEASE PRINT YOUR NAME</u>	<u>PLEASE PRINT REPRESENTING:</u>	<u>I WISH TO SPEAK</u>		
		<u>FOR</u>	<u>AGAINST</u>	<u>BILL NO.</u>
Bryce Wilson	NeV. Assn of Counties			AB428
X VERN BENNETT	PERS		X	AB-417
X ROSS CULBERTSON	FIRE FIGHTERS + POLICE	X		AB-417
X PATRICK FINE	CLARK COUNTY		FISCAL IMPACT	AB 417
X GP Etchederry	NEW LEAGUE OF CITIES			AB-417
X MIKE COOL	City of Las Vegas			
X Joyce Woodhouse				
X Sam Irvine				
X GREG RIVET	CITY OF SPARKS		✓	A.B 417



VERNON BENNETT  
EXECUTIVE OFFICER

WILL KEATING  
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

683 WEST NYE LANE  
CARSON CITY, NEVADA 89701  
TELEPHONE (702) 885-4200

RETIREMENT BOARD  
DARREL R. DAINES  
CHAIRMAN  
SAM A. PALAZZOLO  
VICE CHAIRMAN  
MEMBERS  
WILLIS A. DEISS  
PEGGY GLOVER  
BOYD D. MANNING  
MARGIE MEYERS  
TOM WIESNER

TESTIMONY PROVIDED TO THE ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE  
REGARDING ASSEMBLY BILL 417 on APRIL 8, 1981

I am Vernon Bennett, Executive Officer of the Public Employees Retirement System. The Retirement System has already submitted very detailed, written and oral testimony regarding this benefit on March 26, 1981, when it was submitted as an amendment to AB 168. We are deeply grateful to the Government Affairs Committee for not providing this benefit as an amendment to our general legislative package. We recognize the you have a very busy agenda with many people wishing to testify. Therefore, we will not repeat the testimony that has been previously provided.

The Retirement System is opposed to AB 417. It will provide an annual cost of \$62,000 the first year, \$74,752 the second year for State agencies and continuing thereafter. The total cost for local government will be \$540,365 the first year, \$646,817 the second year and continuing thereafter. The System recognizes that the current approach to fund at an increase in contribution rate of 1% relieves most of the immediate concern regarding the actuarial cost study. However, the System still favors that this benefit be funded in full as determined by the Actuary in his June 30, 1981, valuation in accordance with the 1979 legislation. This would be an increase in cost equivalent to 1.58%. We understand that it is the intent of the Police and Firemen Retirement Fund Advisory Committee to work with the System, the Actuary and the Retirement Board during the next biennium to thoroughly discuss all actuarial assumptions and provide a new computation for consideration by the 1983 Legislature.

Should your Committee favor AB 417, the Retirement System respectfully requests amendments to make this benefit applicable to all members as follows:

1. On page 1, line 3, delete the "8" and insert 8.5.
2. On page 2, line 42, delete the "15" and insert 16.
3. On page 3, line 15, delete the "8" and insert 8.5.
4. On page 2, line 27, delete "whose service retirement allowance" and on line 28, delete "is payable from the police and firemen's retirement fund".

Although this will greatly increase the cost and impact, it will prevent a further distortion of benefits between the various employee groups.

We will be pleased to answer any questions which the Committee may have.

VB:bb

1499

Exhibit A

ESTIMATED FISCAL IMPACT ON  
CLARK COUNTY FROM AB 417

(Presented to Assembly Government Affairs  
Committee by Patrick Pine, Assistant Comptroller)

The tentative budgets for the Clark County Fire Department and Las Vegas Metropolitan Police Department for fiscal 1981-82 include the following amounts for salaries and wages:

Fire Department	\$12,613,255
Metro	38,379,645

Clark County contributes both the employer and employee shares for retirement. Thus, AB 417 would increase the contribution level by 1% from 17% to 18%. Therefore, we have made the following assumptions to develop an estimated fiscal impact:

- (1) Fire Department - After excluding fringe benefits and other exempt amounts, perhaps 70% of the total Salaries and Wages would be subject to a 1% increase in contributions. The Fire Department impact is then computed as  $\$12,613,255 (.70) (.01)$  or \$88,293.
- (2) Metro - Clark County is tentatively scheduled to pay 53% of Metro's budget after deducting revenues from sources other than Clark County

or the City of Las Vegas. As a percentage of the total tentative Metro budget, Clark County would contribute \$23,626,586 divided by \$48,398,039 or 49%. Since Salaries and Wages for Metro are tentatively budgeted as \$38,379,645 and we again assume roughly 70% of the amount of Salaries and Wages is subject to the 1% increase in contributions, the impact is computed as  $(.49)(.70)(38,379,645)(.01)$  or \$130,491.

- (3) If we add the two component parts for police and fire, Clark County would have an estimated fiscal impact in 1981-82 of \$218,784.