

MEMORANDUM

DATE: September 16, 2009

TO: Prospective Vendors

FROM: Russell Guindon, Senior Deputy Fiscal Analyst
Fiscal Analysis Division

SUBJECT: **Response to Questions Submitted on the Request for Proposal for a Review of Nevada's Revenue Structure for State and Local Governments**

The following is Legislative Counsel Bureau's responses to questions submitted on or before 5:00 p.m. on September 11, 2009, in accordance with the provisions of the Request for Proposal (RFP) for a Review of Nevada's Revenue Structure for State and Local Governments.

1. When budget and economic analysis is performed, does the Legislative Counsel Bureau (LCB) have a preferred base or current year, i.e. FY 2009?

At this point, the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure and Legislative Counsel Bureau staff have not had discussions regarding the establishment of a base year for any budget, revenue, or economic analysis required to complete the Scope of Work. Discussions regarding a preferred base year can occur, if necessary, during the evaluation and selection process.

2. When will the members of the Nevada Vision Stakeholder Group (NVSG) be appointed?

The structure and composition of the Nevada Vision Stakeholder Group will be discussed at the meeting of the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure on September 21, 2009. Final selection of members will be determined by the Subcommittee before the end of October 2009.

- 3. What annual or one-time budget reports issued by the state are available to proposing firms relative to Task 1a, and how can these documents be requested if not available online?**

The Appropriations Report, prepared by the Fiscal Analysis Division at the end of each legislative session, contains information on General Fund revenues and the state's budget for each biennial budget period. This report is available electronically through the Legislative Counsel Bureau's website, <http://www.leg.state.nv.us/lcb/fiscal/Appropriation%20Reports/>, for the odd-numbered Legislative Session years 2001 through 2007. Hard copies of the Appropriations Report from 1975 to 1999 can be obtained from the Legislative Counsel Bureau upon request.

Annual fiscal year local government budgets produced by cities, counties, and school districts from 2000 through 2009 may be obtained from the Nevada Department of Taxation upon request.

- 4. Does the LCB see any value in polling or survey data for this effort?**

The Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure and Legislative Counsel Bureau staff have not determined whether there would be value in polling or survey data in completing the requirements of the Scope of Work. If the consultant determines that polling or survey data is necessary to complete the requirements of the Scope of Work outlined in the RFP, then the consultant should properly identify the use of such data in the proposal and the necessity for using such data to complete the requirements in the Scope of Work. If the determination is made that polling or survey data is to be used by the consultant, the costs of using such data should be itemized as part of the response.

- 5. Does the LCB have a target budget for consultant support to the NVSG for the tasks in this RFP?**

The Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure and Legislative Counsel Bureau staff have not established a target budget for any portion of the Scope of Work. The costs to perform all items of the scope of the work, including consultant work to the Nevada Vision Stakeholder Group, should be itemized in the proposal.

- 6. In Item 1a, does the LCB envision a comprehensive survey of the types of taxes imposed in all 50 states, or may we use Census Bureau Local Government revenue report data for the 50 states?**

The Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure and Legislative Counsel Bureau staff have not made a determination as to whether Census Bureau data is sufficient for completing any tasks within the Scope of Work. The use of the Census Bureau's Local Government revenue report data is not prohibited if the consultant feels such

usage is sufficient to perform the Scope of Work outlined in item 1(a). The consultant will be responsible for determining whether Census Bureau data will be sufficient to perform the tasks outlined in the RFP, or whether supplemental data will be necessary to perform these tasks.

7. **In Item 2b, does the LCB envision that the Quality of Life strategies and recommendations will be primarily identified and developed by the NVSG, with assistance and facilitation from the consultant? Or, alternatively, does the LCB envision that the consultant will bring forward recommended strategies to the NVSG for their consideration and discussion?**

The quality-of-life strategies and recommendations, as outlined in Item 2(b) of the Scope of Work, will be developed by the Nevada Vision Stakeholder Group with assistance and facilitation by the consultant.

8. **Is it the responsibility of the consultant to itself make policy recommendations or rather to facilitate a process whereby the Nevada Vision Stakeholder Group makes policy recommendations?**

The consultant is required to make policy recommendations regarding revenue stabilization, as outlined in Item 1 of the Scope of Work. The consultant is responsible for actively facilitating the conduct of the meetings of the Nevada Vision Stakeholder Group and assisting the committee in the development of strategies to advance Nevada's standing in quality-of-life areas based on the goals and objectives recommended by that committee.

9. **Where will the location be for the meetings for the Nevada Vision Stakeholder Group and other committees? Will the meetings be in Las Vegas, Reno, or Carson City? Or will they vary?**

Generally, meetings are held in Las Vegas with videoconferencing to Carson City, or in Carson City with videoconferencing to Las Vegas. Since the schedule of future meetings of the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure and the Nevada Vision Stakeholder Group has not been established, it is not currently known where these meetings will be held. However, it is generally the policy that, when possible, staff and presenters attend at the location where the chair of the committee is attending the meeting.

10. **The current guess is between 6-10 meetings for the Nevada Vision Stakeholder Group. Will we be able to bill travel and expenses separately for these meetings or include estimates of these expenses in our proposed budgets?**

If possible, the consultant should include in the submitted proposal the estimated travel costs and other expenses for each meeting held in Carson City and for each meeting held in Las Vegas, including an itemization of the costs for each meeting, so that the total costs can be better defined as the actual number of meetings becomes established. The costs associated with this requirement in the RFP can be further developed during contract negotiations with the selected vendor.

- 11. Do you envision that as a process, there would be two reports, one on revenue structure and stabilization strategies; and one on quality of life factors? Would the process then lead to combining the two into recommendations for policy action? If so, with which committees would they be developed?**

Item 1 of the Scope of Work requires a separate report on revenue structure and stabilization strategies, with recommendations to be developed by the consultant. The development of this report may require the consultant to interact with the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure and staff of the Legislative Counsel Bureau.

Item 2 of the Scope of Work requires a separate report on quality-of-life factors to be developed by the consultant, based on goals and recommendations developed by the Nevada Vision Stakeholder Group. The consultant is required to facilitate meetings and coordinate with the Nevada Vision Stakeholder Group and staff of the Legislative Counsel Bureau as part of Item 2 of the Scope of Work.

Item 3 of the Scope of Work requires the consultant to develop a comprehensive plan to integrate the revenue stabilization recommendations with the quality-of-life goals and objectives developed in coordination with the Nevada Vision Stakeholder Group. The development of this comprehensive plan may require interaction with the Interim Finance Committee, the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure, the Nevada Vision Stakeholder Group, and Legislative Counsel Bureau staff.

- 12. What is the consultant's relationship with each of the stakeholder groups (5 groups mentioned). How does the consultant interface with each group?**

It is our understanding that the five groups referenced in this question as being mentioned in the Request for Proposal are the Interim Finance Committee, the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure, the Nevada Vision Stakeholder Group, the Technical Working Group, and the Legislative Counsel Bureau.

The consultant will be required to make oral presentations of their findings to the Interim Finance Committee; otherwise, there is anticipated to be limited interaction between this committee and the consultant.

The consultant will be required to interact with the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure regarding the development of the report on revenue structure and stabilization strategies outlined in Item 1 of the Scope of Work. The Subcommittee will also require the consultant to appear in order to provide progress reports, to receive feedback regarding the study, and to provide oral presentations of their findings, if requested.

The consultant is required to actively facilitate the conduct of the meetings of the Nevada Vision Stakeholder Group and assist in the development of strategies to advance Nevada's standing in key quality-of-life areas to achieve the 5-year, 10-year, and 20-year quality-of-life goals and objectives recommended by that committee, as established in Item 2 of the Scope of Work.

Based on the requirements established in Senate Concurrent Resolution 37 of the 75th Legislative Session, it is not anticipated that the consultant will have significant interaction with the Technical Working Group.

Staff from the Legislative Counsel Bureau will interact with the chairs of the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure and the Nevada Vision Stakeholder Group to develop agendas and organize meetings of these respective committees. The consultant will be required to work with Legislative Counsel Bureau staff and the chairs of these committees, to facilitate the development of the agendas and provide materials for consideration by the committees, as requested.

Legislative Counsel Bureau staff will also assist, to the extent possible, in the collection and coordination of revenue information or data necessary to assist the consultant in completing the Scope of Work, as identified by the consultant in the submitted proposal.

13. What is the role of each of the five groups and how do the groups interface with one another?

The Interim Finance Committee will receive the reports from the consultant and, based on that information, will make recommendations for consideration during the 76th Session (2011 Session) of the Nevada Legislature, no later than October 1, 2010. This committee may also receive progress reports from the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure and the Nevada Vision Stakeholder Group, and may consider the findings of these groups in making its recommendations for the 76th Session.

The Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure Subcommittee has been tasked with approving and releasing the RFP, and will select the consultant to perform the tasks outlined in the Scope of Work based on the responses received to the RFP. The Subcommittee is also required to appoint the Nevada Vision Stakeholder Group, and may receive progress reports and other information concerning the work of that group.

The Nevada Vision Stakeholder Group is required to assist the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure in the development of 5-year, 10-year, and 20-year strategic plans for improving the state's quality of life. This group may be required to provide progress reports and receive feedback from the Interim Finance Committee or the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure.

The Technical Working Group is required to ensure that state agencies are prepared to implement any revenue stabilization recommendations accepted and forwarded by the Interim Finance Committee or the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure on or before July 1, 2011. This Group may be required to interact with the Interim Finance Committee, the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure, or Legislative Counsel Bureau staff to accomplish these goals.

The Legislative Counsel Bureau is a non-partisan agency created to provide staff services to the Nevada Legislature. Staff from the Legislative Counsel Bureau will provide necessary services to the Interim Finance Committee, the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure, the Nevada Vision Stakeholder Group, and the Technical Working Group, and will facilitate any interactions between these groups, as necessary. Staff from the Legislative Counsel Bureau will also assist the consultant with logistical details regarding meetings and will assist in the interaction between the consultant and the other groups, as required.

- 14. What kind of assistance—prior to a meeting—will the consultant receive in setting agendas for the meetings—who will prioritize the objectives and organize the actual meetings?**

As nonpartisan staff, Legislative Counsel Bureau staff is required to work with the chairs of the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure and the Nevada Vision Stakeholder Group to provide logistical support for these respective committees. Legislative Counsel Bureau staff will also work with the consultant and the chairs of the respective committees to establish and develop agendas, create content, and prioritize objectives for each meeting, as necessary.

- 15. Does the LCB have a preference as to the type of model or quantitative analysis that is used in estimating the impact of proposed changes for the revenue structure and stabilization component of the project?**

Legislative Counsel Bureau staff and the members of the Subcommittee have not established a preference as to the type of model or quantitative analysis that is to be used to complete any of the Scope of Work required in the RFP. The type of model or quantitative analysis used to estimate the impact of proposed changes regarding revenue structure and stabilization should be determined by the consultant based on whether the type of model or quantitative analysis used is sufficient to complete the Scope of Work.

- 16. Under Scope of Work 1.C. it states "The analysis must include recommendations to improve the stability of existing revenues and provide recommendations for new revenues that are designed to improve the stability of state and local government funding and are tied to the economic activity of the state." This is a short- to medium- term view. How do you**

reconcile this view with the long-term charge given to the Interim Finance Committee?

The requirements of Item 1(c) of the Scope of Work make no specific reference to a short-term, medium-term, or long-term horizon. The intent of this specific item in the Scope of Work is for the development of strategies and recommendations that are intended to provide more stability, on average, over any time horizon, relative to the current revenue structure utilized in the state of Nevada.

17. The Quality of Life section explicitly requests 5-, 10- and 20-year views. What is the long-term horizon needed by the Interim Finance Committee for the Tax Structure analysis?

The consultant is required in Item 3 of the Scope of Work to develop a comprehensive plan to integrate the revenue recommendations developed in Item 1 of the Scope of Work with the 5-year, 10-year, and 20-year quality-of-life goals and objectives developed in coordination with the Nevada Vision Stakeholder Group in Item 2 of the Scope of Work. Thus, the horizons for the revenue structure analysis should mirror the quality-of-life horizons.

18. To what extent is historical data on capital budgets, special funds and transfers between Nevada's state and local governments collected by state sources?

A comprehensive database including historical data on capital budgets, special funds and transfers between Nevada's state and local governments is not readily available from any state sources. The Nevada Department of Taxation has access to local government budgets from cities, counties, and school districts, which may contain information on capital budgets, special funds, and transfers between state and local governments.

19. By what date do you anticipate formation of the Nevada Vision Stakeholder Group?

The structure and composition of the Nevada Vision Stakeholder Group will be discussed at a meeting of the Interim Finance Committee's Subcommittee to Conduct a Review of Nevada's Revenue Structure on September 21, 2009. Final selection of members will be determined by the Subcommittee before the end of October 2009.

20. Will there be a first meeting date for the NVSG already scheduled for December, so that an initial meeting with the consultant, the LCB staff and the NVSG can occur in the first month?

Since the structure and composition of the Nevada Vision Stakeholder Group has not yet been established, it is currently not known whether a meeting of the Nevada Vision Stakeholder Group will be scheduled for the month of December. If the consultant feels that a meeting of this group in the month of December is

necessary to complete the Scope of Work requirements relating to the Nevada Vision Stakeholder Group, this information should be included in the proposal and timeline prepared by the consultant in response to the RFP. Staff from the Legislative Counsel Bureau can work with the members of the Nevada Vision Stakeholder Group and the consultant to organize a meeting in December, if it is determined that such a meeting is necessary after a vendor has been selected.

- 21. Will the LCB begin its efforts relative to what other states are doing, both on the revenue and expenditure side and on the quality of life rankings (perhaps through NCSL) prior to the official start date for the consultant? If the answer is “yes”, do you have an anticipated inventory of what information may be available to the selected consultant either before the official start date or shortly thereafter?**

The RFP does not require Legislative Counsel Bureau staff to perform any analysis related to the tax and quality-of-life components of the study outlined in Items 1 through 4 of the Scope of Work. Staff from the Legislative Counsel Bureau will assist, to the extent possible, in the gathering of information and data needed by the selected vendor to complete the Scope of Work, if identified by the consultant in the submitted proposal.