

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Wednesday, January 27, 2016

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman McKenzie, Senators Davis, Hill, Siddoway, Lakey, Stennett and Buckner-Webb

ABSENT/ EXCUSED: Vice Chairman Lodge and Senator Winder

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman McKenzie** called the Senate State Affairs Committee (Committee) to order at 8:10 a.m. with a quorum present. He introduced Bob Geddes, former Senate President Pro Tempore.

GUBERNATORIAL APPOINTMENT: The Gubernatorial Appointment of Bob Geddes as Director of the Department of Administration.

Mr. Geddes explained that it has been an exciting six months since he accepted the appointment as Director of the Department of Administration (Department). He found that the Department has an incredibly talented staff. He also addressed the many diverse responsibilities of the Department. It is very much like serving in the Legislature; you cannot focus on any one problem for very long. There are always other developing issues and needs. He applauded state employees who are hard working and dedicated; he believes they have been underappreciated over the years based on what they do and the quality of work they perform.

Senator Stennett asked for information about the more challenging issues. **Mr. Geddes** stated that the biggest challenge for the Department is overcoming the shadow of the impact of the Idaho Education Network (IEN) lawsuit.

Senator Davis inquired about Mr. Geddes' letter to Governor Otter dated May 28, 2015, in which he committed to avoid potential conflicts of interest. Have conflicts arisen and, if so, how have they been resolved? **Mr. Geddes** said that past employment has not created a conflict of interest. He primarily has been employed in private industry; in most cases the Department provides services to other state departments and agencies except for purchasing. He doesn't get involved in the bidding process because, under statute, he is the individual required to address an appeal if one should occur. Potentially, that would be the conflict of interest most frequently encountered. **Senator Davis** asked what would happen if he were to be confronted with such a situation.

Mr. Geddes stated he would recuse himself. However, there is the question of a statutory alternative. He has named a deputy director, Keith Reynolds, who is well qualified, and Mr. Geddes believes he could defer those decisions to Mr. Reynolds. **Senator Davis** asked if Mr. Geddes and Mr. Reynolds would review the statute and determine if the Legislature should provide them with plain, statutory language for an alternative. **Mr. Geddes** agreed. There should be clarification as to how that would occur.

Senator Hill discussed Department interaction with the Legislature, specifically Department reluctance to address policy issues. He asked Mr. Geddes about his thoughts on this matter. **Mr. Geddes** related his experience. When he left

the Legislature, he thought he understood state government. However, it is a different world on the other side and, as Legislators, that side is not always understood. State employees work very hard to adhere to policy established in state code. Often it is hard to discern the intent of the Legislature. He would admonish the Legislature, having been a member, to establish very clear policy that does not require rules. Statutes are always easier for the citizens of the State of Idaho to discern than rules. He is a strong advocate of clear statutory policy. This could be an opportunity to work with the Legislature to develop clear policy so that it can be implemented more effectively.

Senator Stennett asked about his arrangement with Monsanto. **Mr. Geddes** said he is fully retired from Monsanto.

Chairman McKenzie stated his appreciation to Mr. Geddes and he welcomed Eric Anderson to the Committee.

GUBERNATORIAL APPOINTMENT: The Gubernatorial Appointment of Eric Anderson to the Public Utilities Commission (PUC).

Chairman McKenzie disclosed that he was on the short list for this position and stated that the Governor had made an excellent choice. He acknowledged Mr. Anderson as a former Representative and asked him to touch on his background in energy, including some of his international efforts on that topic.

Senator Davis referred to Mr. Anderson's resume, which indicates that he was Vice President and Director of Northern Lights, Inc., from 1998 to present. Are you still an officer and director of any regulated entity that might come before the PUC? **Mr. Anderson** replied that he is not a current member of any regulated or non-regulated utility. He has tendered his resignations, and replacements have already been selected. **Senator Davis** stated that Mr. Anderson's letter of resignation included language that the resignation was subject to formal confirmation by the Senate. However, the entities to which Mr. Anderson submitted qualified resignations have chosen not to accept them as "qualified" but as "unqualified" resignations and they have replaced Mr. Anderson. **Mr. Anderson** agreed and added that it was at his recommendation that they not wait for a hearing to fill the vacancies.

Mr. Anderson elaborated on his past experience. He has been a board member of Northern Lights, Inc., for the past 20 years and served on the statewide board of Electric Cooperatives and Municipalities as well as the national board for that organization. That experience has prepared him for many aspects of policy and to act in the capacity of adjudicator and regulator. He was also a member of a team that went to Croatia, when the country separated from Russia, to help re-establish power generation and transmission systems that were in complete disarray. They were able to guide them so that, ultimately, their systems were independently owned.

Mr. Anderson said that energy has long been part of his life and he is actively engaged in all things energy. He served on the 2007 Energy Plan, he was chairman of a subcommittee on renewables and generation and served in the Legislature for ten years, from 2004 to 2014.

Chairman McKenzie noted that he and Mr. Anderson worked together on a number of issues. Mr. Anderson was modest in describing his accomplishments. He worked with invasive species both during his time in the Legislature and in his travels internationally. He worked to acquire federal funding to expand inspection stations to abate the spread of aquatic invasive species.

Mr. Anderson said that was all in cooperation with Chairman McKenzie, this Committee and the Legislature.

- RS 24088** **RELATING TO CODIFIER CORRECTIONS** presented by Katherine Gerrity. There was no discussion.
- MOTION:** **Senator Davis** moved to send **RS 24088** to print. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.
- RS 24224C1** **RELATING TO THE RACING COMMISSION** to direct the Idaho Racing Commission to make a certain payment to the Idaho Horse Council under specified conditions.
- Senator Rice**, District 10, explained that this bill creates a window of time to transfer \$143,313.69 from the Idaho Racing Commission to the Idaho Horse Council for youth related programs. This was included in the statute that was repealed last year. The money is sitting at the Racing Commission without disbursement instructions from the Legislature. The Racing Commission doesn't believe they have the authority to disperse the money for these purposes.
- Senator Stennett** asked for examples of youth programs that would be eligible to receive the funds. **Senator Rice** responded that there are scholarships for equine related studies and various types of activities to introduce youth to equine activities and events; the funds could also support an educational outreach website introducing youth to equine programs.
- MOTION:** **Senator Siddoway** moved to send **RS 24224C1** to print. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**.
- RS 24110** **RELATING TO PUBLIC WORKS CONTRACTS** to add clarification to the Construction Managers and General Contractors law, passed during the 2014 session.
- Senator Todd Lakey** stated that in 2014, **S 1311aa** allowed government entities to use a construction manager and general contractor (CMGC) process for construction on public projects. The CMGC is selected by a public process and then they assume a large degree of the management of the project from that point on. It is more efficient in time and cost for government entities that choose to use it. The proposed amendment addresses some questions that have been raised: 1) the sub-contractors would submit open, public bids and the lowest, most responsive, best qualified bidder would be selected; 2) the CMGC can also participate and submit a bid if it is within their category of work; 3) the government entity can limit the amount of work the CMGC itself can do on a project; 4) the government entity negotiates a guaranteed, maximum price; and 5) the contracts are to be in writing.
- MOTION:** **Senator Hill** moved to send **RS 24110** to print. **Senator Siddoway** seconded the motion. The motion carried by **voice vote**.
- MOTION:** **Senator Siddoway** moved to accept the minutes of **January 15, 2016**. **Senator Stennett** seconded the motion. The motion carried by **voice vote**.
- MOTION:** **Senator Lakey** moved to accept the minutes of **January 18, 2016**. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**.
- ADJOURNED:** **Chairman McKenzie** announced that the Committee will meet on Monday and then they will be off for a couple of days. Being no further business, the meeting was adjourned at 8:24 a.m.

Senator McKenzie, Chair

Twyla Melton, Secretary