

MINUTES OF THE OCTOBER 22, 2013
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Las Vegas, Nevada

Chairwoman Debbie Smith called a regular meeting of the Interim Finance Committee (IFC) to order at 9:15 a.m. on October 22, 2013, in Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to in Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. [Exhibit A](#) is the Agenda and [Exhibit B](#) is the Meeting Packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Debbie Smith, Chairwoman
Assemblywoman Maggie Carlton, Vice Chair
Assemblyman Paul Aizley
Assemblyman David P. Bobzien
Assemblyman Andy Eisen
Assemblywoman Lucy Flores
Assemblyman Jason Frierson for Assemblywoman Kirkpatrick
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Joseph M. Hogan
Assemblyman William C. Horne
Assemblyman Randy Kirner
Assemblyman James Oscarson for Assemblyman Hickey
Assemblyman Michael Sprinkle
Senator Barbara Cegavske for Senator Kieckhefer
Senator Moises Denis
Senator Pete Goicoechea
Senator David Parks
Senator Michael Roberson
Senator Joyce Woodhouse

COMMITTEE MEMBERS EXCUSED

Senator Ben Kieckhefer
Assemblyman Paul Anderson
Assemblyman Pat Hickey
Assemblywoman Marilyn Kirkpatrick

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN LAS VEGAS:

Rick Combs, Director, Legislative Counsel Bureau
Mark Krmpotic, Fiscal Analyst, Senate
Cindy Jones, Fiscal Analyst, Assembly
Sherie Silva, Interim Finance Committee Secretary

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN CARSON CITY:

Brenda Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Alex Haartz, Principal Deputy Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Donna Thomas, Fiscal Analysis Division Secretary

Chairwoman Smith welcomed audience members and those listening to the meeting on the Internet. She announced that Informational Item J.8. regarding Senate Bill 504 (2013 Session), Zoom Schools, would not be pulled for discussion in deference to the Washoe County School District's recent tragedy. She asked for a moment of reflection for the victims of the school shooting in Sparks.

A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau, and Secretary, Interim Finance Committee, called the roll; a quorum was present in both houses. Senator Kieckhefer and Assemblymen Anderson, Hickey and Kirkpatrick were excused.

B. APPROVAL OF MINUTES OF THE JUNE 27, 2013, MEETING.

SENATOR PARKS MOVED TO APPROVE THE JUNE 27, 2013, MINUTES.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

C. APPROVAL OF MINUTES OF THE AUGUST 6, 2013, MEETING.

SENATOR WOODHOUSE MOVED TO APPROVE THE AUGUST 6, 2013, MINUTES.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

D. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(b). INFORMATIONAL ONLY – REQUIRED EXPEDITIOUS ACTION WITHIN 15 DAYS.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that work program revisions in Agenda Item D required expeditious action and had been approved. They were provided to the Committee for information purposes only and no action was required. He said the Committee had requested testimony on Agenda Items D-4, Department of Employment, Training and Rehabilitation, and D-5, Silver State Health Insurance Exchange.

1. **Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Addition of \$29,686 in federal Title XXI funds and \$666,356 in federal Title XIX funds to support the development of the Eligibility Engine in Nevada's state-operated Health Insurance Exchange. Requires Interim Finance approval since the amount added to the Payments to State Agencies category exceeds \$75,000. **RELATES TO ITEM 2. Work Program #C27399**
2. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2014** - Addition of \$666,356 in federal Title XIX funds, \$29,686 in federal Title XXI funds, and \$1,916,361 in federal Cooperative Agreement to Support Establishment of state-operated Health Insurance Exchanges grant funds transferred from the Silver State Health Insurance Exchange for the development and operation of the eligibility engine necessary under the Affordable Care Act. Requires Interim Finance approval since the amount added to the Health Care Reform Eligibility Engine category exceeds \$75,000. **RELATES TO ITEM 1. Work Program #C27196**
3. **Department of Health and Human Services - Division of Public and Behavioral Health - Biostatistics and Epidemiology - FY 2014** - Addition of \$39,355 in federal Maternal and Child Health State Systems Development Initiative grant funds to provide data, statistics, and information to the Maternal and Child Health and Children and Youth with Special Health Care Needs Programs for program planning, community-based needs assessment, policy recommendations, and program evaluation. Requires Interim Finance approval since the amount added to the State System Development Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C26978**
4. **Department of Employment, Training and Rehabilitation - Employment Security - FY 2014** - Addition of \$1,870,000 in federal Workforce Investment Act National Emergency (WIA NEG) grant funds for dislocated worker training to implement a new on-the-job training and apprenticeship program targeted toward unemployed Nevadans that have been receiving unemployment benefits for at least 27 weeks. Requires Interim Finance approval since the amount added to the WIA NEG category exceeds \$75,000. **Work Program #C27363**

Grant Nielson, Chief, Workforce Investment Support Services Unit, Employment Security Division, Department of Employment, Training, and Rehabilitation, explained that the Workforce Investment Act (WIA) grant was a national emergency grant offered by the U.S. Department of Labor to help with sequestration cuts [the automatic across-the-board cuts known as sequestration, necessitated by the Budget Control Act of 2011]. The Department of Labor had requested that Nevada apply, which it did in collaboration with both Workforce Investment Boards in the state. Nevada was awarded \$1.87 million to provide limited services for classroom and workplace training, with a small amount of funds for administration. The grant funds could not be used for other services required by the WIA: all of the funds would go toward classroom or work-based training for persons considered long-term unemployed, which was a period of 27 weeks or more.

Chairwoman Smith asked how the funds would be distributed.

Mr. Nielson replied that requests were received from the state's two Workforce Investment Boards, and each was receiving the amount they requested. They would be amending their contracts to provide the workplace training; \$1.4 million would be distributed to the southern board and the remainder would be allocated to the northern board, with a small amount going to the state for administration of the grant.

Chairwoman Smith asked whether the training would be provided through apprenticeship programs, employers, or a combination thereof. Mr. Nielson replied the boards would be contracting with local providers to provide the training.

Chairwoman Smith asked Mr. Nielson to provide the Committee's Fiscal Analysis Division staff with documentation of the distribution of funds to the Workforce Investment Boards. She asked whether the training would be retraining in the individual's current field or training in another field.

Mr. Nielson explained that the training through the WIA would be based on an assessment of each individual, depending on the level of need. The training would involve both retraining and new job skills: some would be classroom training and some would be on-the-job training.

Chairwoman Smith said she was concerned that there was so much need for trained workers in various occupations, and she wanted assurance that individuals would be trained for jobs in available employment fields so they would not remain on unemployment.

Mr. Nielson said the performance standards for the grant were aligned with the regular Workforce Investment Boards' performance standards, which included entered employment, retention in employment, and wage gain. He noted it was in the local Workforce Investment Boards' best interest to train individuals for occupations that were available to satisfy their performance standards.

Assemblyman Eisen noted that the information provided with the work program indicated that the boards would work with 456 long-term unemployed individuals. He asked how many long-term unemployed persons would be eligible for the training if resources were available.

Mr. Nielson replied he did not have the total number of persons unemployed for 27 weeks or more. The 456 number provided by the Workforce Investment Boards was based upon their determination of how many individuals could be trained for that amount of money.

Chairwoman Smith thanked Mr. Nielson for his testimony and asked for an update on the status of the unemployment claims.

David Haas, Information Technology Administrator, Department of Employment, Training, and Rehabilitation, said the Department had recently moved to the new unemployment insurance application and was in the midst of getting it operational. He recalled that the process was started the end of August 2013, which was the last time the Legacy application was used, and approximately 1.5 million records were converted to the new application, which constituted about 25 million weeks of benefits.

Mr. Haas said that prior to the conversion, nearly two years had been spent scrubbing and cleansing the data, and the error rate was under 2 percent: 99.98 percent of the claims were reconciled between the Legacy application and the new application. The intent was to complete the conversion by September 1, 2013, but there were problems with the new security process. The security had been tested, but it had a glitch when it was brought up to the production environment, which prevented the system from going live. Mr. Haas said some of the work was able to begin on September 1, but the application itself was not available to constituents until September 4.

Mr. Haas said the new application was up and running, and millions of dollars of unemployment benefits were being processed for constituents. The sequestration amount was being set aside and, to date, approximately \$69 million in benefits had been paid and slightly more than \$21 million in sequestration funds had been collected. Over 300,000 weeks of benefits had been processed for constituents, and there were constituents still attempting to access the online registration because they were required to provide further information for the new security system. Over 30,000 constituents had completely registered online, and they were able to certify for their weekly claims and access information concerning their accounts.

Kelly Karch, Deputy Administrator, Unemployment Insurance, Employment Security Division, Department of Employment, Training, and Rehabilitation, explained that on the user side, the Division had been very aware of customers' problems and frustration. The Interactive Voice Recorder (IVR) had been left open to file claims, and the Internet service and telephonic claims system were available for constituents to register and file claims: three portals were available for customers to access the system.

Mr. Karch said Division employees had been working on Saturdays and during extended working hours to make callbacks to individuals who were having problems converting to the new system. Messaging was available on the IVR and the Internet, and he and other employees had done several television and radio interviews to inform clients on how to best use the system. Claims for those individuals who could not file their claims timely were being backdated to avoid any loss of benefits. The Division was making efforts to address every problem possible. The foundation of the system was working well, and going into the eighth week, the numbers were aligning with those before the new system went live, which meant that claimants were being paid.

Chairwoman Smith asked whether a Saturday schedule was available. Mr. Karch replied the schedule was dependent on the amount of staff overtime, and announcements of Saturday hours were placed on the IVR, the Internet, and through public service announcements on Thursdays.

Mr. Haas added that the Department also posted messages on Facebook and issued press releases concerning the Department's schedule. Chairwoman Smith asked Mr. Haas to have the Department's public information officer provide that information to Committee members to refer to when replying to constituents' questions.

Chairwoman Smith thanked Mr. Nielsen, Mr. Haas, and Mr. Karch for their testimony.

5. Silver State Health Insurance Exchange - Administration - FY 2014 - Addition of \$2,462,785 in federal Cooperative Agreement to Support Establishment of state-operated Health Insurance Exchanges grant funds to continue the transfer of funds to the Division of Welfare and Support Services (DWSS) for the development and operation of the eligibility engine necessary under the Affordable Care Act. Requires Interim Finance approval since the amount added to the Transfer to DWSS category exceeds \$75,000. **RELATES TO ITEM 2. Work Program #C27775**

Chairwoman Smith noted that Agenda Item D-5 was informational only, but she had asked Jon Hager to provide an update on the Silver State Health Insurance Exchange (Exchange) for the Committee's information.

Jon Hager, Executive Director, Silver State Health Insurance Exchange, introduced Shauna DeRousse, Operations Officer, and Damon Haycock, Finance and Research Officer.

Mr. Hager reported that the Exchange went live on October 1, 2013, as required by the federal Affordable Care Act (ACA). Approximately 164,000 unique visitors had visited the website, there were 1.4 million views of the Exchange's single streamline application, and 2,000 Nevada residents had completed the plan selection process, with several having paid for their plans. He said enrollment was expected to be low in the month of October as people were educating themselves concerning their options.

Mr. Hager said the main purpose of the Exchange was to ensure that individuals had access to healthcare and to increase the number of insured residents of Nevada through nevadahealthlink.com or directly with an insurer or broker outside of Nevada Health Link. The goal was to reduce the 24.9 percent of Nevadans under age 65 who were uninsured.

Mr. Hager acknowledged there had been website problems with the rollout of the Exchange, as usually occurred with any rollout of a new website, but Nevada had not experienced problems as serious as those reported in other states. He said it was a wise decision for Nevada to keep the Exchange under the state's control. Many of the reported problems had been resolved, and the process was improving with each passing week. New and improved tools were being released, and the website would be constantly improving.

Assemblywoman Carlton asked whether selection of a plan was a final selection or an applicant would be allowed to change. Mr. Hager explained that those who enrolled on October 1, 2013, would be allowed to change their selection during open enrollment, which would end on March 31, 2014. However, if a person changed plans after December 15, 2013, the change would not be effective until a later date.

Assemblyman Oscarson said he had participated in three conference calls with Mr. Hager, Scott Kipper [Commissioner, Insurance Division], Jacqueline Bryant in the Governor's Office, and the Nevada Rural Health Group. He wanted Committee members to know that Mr. Hager has been very accessible and helpful in ensuring that there were contractual arrangements with rural hospitals and that the rural residents would have services in those areas.

Senator Cegavske wanted to know what types of problems constituents were having with the Exchange website so that Committee members could advise their constituents when they called.

Mr. Hager replied that the problems were relatively minor at this point. Earlier there were difficulties creating accounts, but those problems had been resolved. There were various points throughout the process where data entered was confirmed with the federal data services hub. There were problems with the service that checked to see whether the applicant was covered under Medicare, Tricare, or other federal programs, which prevented applicants from getting through the process, but those problems should also be resolved.

Mr. Hager said there were no major stumbling blocks at this point, although there were still some issues with the broker/navigator portal. Brokers and navigators helped enrollees create individual accounts and enroll in the accounts. They could also create applications for individuals, but there was a portion in the application that was blocking access through the broker portal. Mr. Hager said the problem should be resolved within the next two days, and brokers should be able to take applicants through the complete process.

Senator Denis asked what percentage of the problems was caused by resources or the high volume of visitors to the website. He recalled there were similar programming problems with the unemployment benefits system.

Mr. Hager said the percentages had not been tracked, but some of the problems were probably caused by a combination of resources and volume. High volume in and of itself should not cause problems, but extremely high volume needed to be addressed quickly. He said on October 1, there were 6,000 unique visitors per hour, or 100 visitors per minute, accessing the website, but a correction was made to the system at mid-day that resolved the problem. Mr. Hager added that code issues were being addressed as quickly as possible.

Assemblyman Kirner said it was his impression that Nevada's experience was substantially better than the federal experience. He asked when the bilingual portal would be available.

Mr. Hager replied the Spanish web portal was scheduled to be released mid-November. He added that Nevada's experience had been significantly better than other states. He had heard that the federal government was bringing in resources to help the states. Nevada should not require additional help; the Exchange had the necessary talent and resources within the current vendors and staff to handle any problems, and the enrollment numbers were increasing. Mr. Hager reiterated that it was a wise decision for Nevada to operate a state-based exchange. He pointed out that if the state had not created its own exchange, the federal government would run it, and 50 jobs at the call center in Henderson, Nevada, would be moved to the federal call center in another state.

Assemblyman Sprinkle noted that most of the negative media was at the federal level, and he asked whether the state should conduct more public service announcements informing Nevada residents that the state's Exchange was operating better than at the federal level. He was concerned that Nevada residents would hesitate to use the Exchange because of the continuous negative reports at the federal level.

Mr. Hager replied the Exchange had tried to avoid public comparisons. An advertising campaign would begin in November for nevadahealthlink.com that would explain where to get insurance and tax credits. The advertising would not refer to the Affordable Care Act or make comparisons with the federal exchange: the information would be specific to Nevada. He said there were a number of public service announcements concerning how to avoid fraud and suggestions for contacts with Nevada Health Link approved navigators or brokers.

Assemblyman Hardy said he was receiving emails from constituents in the rural areas who were concerned about accessing healthcare through the ACA across borderlines in other states with closer facilities, such as Utah. They were being told that no plans were available.

Mr. Hager said there were plans in the rural areas: most, if not all, hospitals in Nevada were contracted with plans offered in Nevada. He said it would be difficult for the Exchange to become involved in the issue of networks serving neighboring states. He reiterated that carriers were offering plans in every county in the state, and carrier networks were spilling over into other counties, but he was not aware of any carriers contracted with hospitals in bordering states. It was a concern, and he hoped that carriers would make appropriate decisions to ensure that all Nevadans had access to care. The Exchange had network adequacy standards that required carriers to assure that those enrolled in their plans had access to a healthcare facility within a certain number of miles or minutes. All of the carriers had met those standards, but Mr. Hager agreed that options should be available in the larger cities, such as Salt Lake City, to provide opportunities for access to healthcare.

Chairwoman Smith said that carriers had to meet certain standards, but she questioned whether the market would take care of itself. Mr. Hager replied he would tend to agree, and he expected over the next several years to see more competition in the Exchange and more carriers offering coverage. Once the carriers understood the new environment, they would try to expand services and reduce premiums to gain more market share.

Mr. Hager noted that Nevada's network adequacy standards were some of the most robust standards in the country and were being used as a model by other states. Assembly Bill 425 (2013 Session) would move network adequacy standards from the Health Division and the Exchange to the Division of Insurance.

Assemblyman Hambrick said he had also received inquiries from constituents, and he went through the system and was surprised at the ease of the process. He speculated that many people were going to the federal website, and he asked whether they would be routed to Nevada's Exchange.

Mr. Hager replied that the national Healthcare.Gov website asked which state the person lived in and referred Nevada residents to the state's Exchange website.

Chairwoman Smith thanked Mr. Hager and his staff for their professionalism and hard work, adding that everyone should be proud of the fact that Nevada's Exchange was looked at in a positive light nationally.

E. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS AND POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353 OF NRS.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the following Agenda Items had been withdrawn: E-7, E-8, E-9, and E-14, Department of Education; E-19, E-20, and E-22, Department of Business and Industry; E-36, Department of Health and Human Services; E-42, Department of Employment, Training, and Rehabilitation; and E-46, Department of Motor Vehicles.

Mr. Krmpotic noted that the work program in Agenda Item E-44, Department of Motor Vehicles, was revised per correspondence from the Budget Division: the amount of \$211,896 in reimbursements from the Clark County Regional Transportation Commission was revised to \$239,289. The adjustment would provide for hardware and software for the contractors working on the information technology project resulting from the passage of Assembly Bill 413 (2013 Session).

Mr. Krmpotic said the Committee had requested testimony on Agenda Item E-17, Department of Agriculture, Pest, Plant Disease, and Noxious Weed Control; Items 28, Department of Health and Human Services (DHHS) Director's Office, and E-32 and E-34, DHHS, Division of Health Care Financing and Policy, would be heard together; Items E-40 and E-41, DHHS, Division of Public and Behavioral Health, would be heard together; Item E-43, Department of Corrections, Prison Medical Care; Items E-52 and E-54, Department of Public Safety, Division of Emergency Management, would be heard together; Items E-71 and E-73, Department of Conservation and Natural Resources, Division of Environmental Protection, would be heard together; and Item E-74, Department of Wildlife.

Mr. Krmpotic explained that the Committee had also requested testimony on Agenda Item E-80, which had been revised with additional federal Highway Administration grant funds of \$475,000 and funds in the amount of \$7,888,942, which were transferred from the Petroleum Clean-up Fund as authorized by Senate Bill 5 (2010 Special Session).

Chairwoman Smith asked whether Committee members wished to hear testimony on any other items.

Senator Goicoechea requested further information on Agenda Item E-75.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND REQUESTS FOR POSITION RECLASSIFICATIONS IN AGENDA ITEM E.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

- 1. Governor's Office - State Energy Office - Renewable Energy Fund - FY 2014 -** Transfer of \$158,584 from the Transfer to Office of Energy category to the Reserve category to properly account for expected Office of Energy revenues. Requires Interim Finance approval since the amount transferred from the Transfer to Office of Energy category exceeds \$75,000. **Work Program #C27181**

Refer to motion for approval under Agenda Item E.

2. **Office of the Attorney General - Violence Against Women Grants - FY 2014 -** Addition of \$40,000 in Justice Assistance Grant (JAG) funding from the Office of Criminal Justice Assistance for the Drug Endangered Children's Response Project. Requires Interim Finance approval since the amount added to the Drug Endangered Children category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27887**

Refer to motion for approval under Agenda Item E.

3. **Office of the Secretary of State - FY 2014 -** Addition of \$386,500 in federal Defense Human Resources Activity funds to develop an Effective Absentee System for Elections (EASE), which is a system for electronic delivery of military overseas absentee ballots and balloting materials pursuant to the requirements of the Military and Overseas Voter Empowerment (MOVE) Act and for other Nevada electors who reside outside the United States. Requires Interim Finance approval since the amount added to the EASE category exceeds \$75,000. **Work Program #C28109**

Refer to motion for approval under Agenda Item E.

4. **Department of Administration - Division of Human Resource Management - FY 2014 -** Transfer of \$3,116 from the In-State Travel category to the Agency Human Resource (HR) Services category, \$27,409 from the Operating category to the Agency HR Services category, and \$3,487 from the Information Services category to the Agency HR Services category to realign expenditure authority to maintain transparency with the Agency HR Services unit. Requires Interim Finance approval since the amount transferred to the Agency HR Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27315**

Refer to motion for approval under Agenda Item E.

5. **Department of Administration - Motor Pool - FY 2014 -** Transfer of \$20,832 from the Capital Finance category and \$58,032 from the Reserve category to the Operating category to provide for an additional quarter of lease expenditure due to the purchase of the Las Vegas facility being delayed until January 2014. Requires Interim Finance approval since the amount being added to the Operating category exceeds \$75,000. **Work Program #C28238**

Refer to motion for approval under Agenda Item E.

6. **Department of Administration - Nevada State Library and Archives - Nevada State Library - CLAN - FY 2014 -** Transfer of \$14,042 from the Reserve category to the Cooperative Libraries Automated Network (CLAN) category for the cost of replacing and upgrading wide area network and local area equipment and software applications at member libraries, as authorized by the CLAN Board. Requires

Interim Finance approval since the cumulative amount transferred to the CLAN category exceeds \$75,000. **Work Program #C27885**

Refer to motion for approval under Agenda Item E.

7. **Department of Education - State Programs - FY 2014** - Transfer of \$175,741 from the Personnel Services category to the Transfer to Education Staffing Services category and \$13,850 from the Personnel Services category to the Reserve for Reversion category to realign positions within the department to minimize the effects of sequestration. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 8, 9 AND 14. Work Program #C28124. WITHDRAWN 10-3-13.**
8. **Department of Education - Staffing Services - FY 2014** - Addition of \$906,662 in Cost Allocation Reimbursement funds to realign duties for ten positions within the department to minimize the impacts of sequestration. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 7, 9 AND 14. Work Program #C28127. WITHDRAWN 10-3-13.**
9. **Department of Education - Proficiency Testing - FY 2014** - Transfer of \$182,794 from the Personnel Services category to the Transfer to the Education Staffing Services category and \$266,333 from the Personnel Services category to the Reserve for Reversion category to realign positions within the department to minimize the effects of sequestration. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 7, 8 AND 14. Work Program #C28125. WITHDRAWN 10-3-13.**
10. **Department of Education - Other Unrestricted Accounts - FY 2014** - Addition of \$134,939 in Transfer from Health Division funds for a training program on methods of identification, prevention and reporting on bullying and cyberbullying. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category and includes a new position. **Work Program #C27764**

Refer to motion for approval under Agenda Item E.

11. **Department of Education - Discretionary Grants - Restricted - FY 2014** - Addition of \$169,171 in federal Refugee School Impact grant funds to support refugee student programs at various schools throughout the Clark County School District. Requires Interim Finance approval since the amount added to the Refugee School Impact category exceeds \$75,000. **Work Program #C28130**

Refer to motion for approval under Agenda Item E.

- 12. Department of Education - Discretionary Grants - Restricted - FY 2014 -** Transfer of \$106,052 from the English Language Acquisition category to the Personnel Services category, \$59,848 from the 21st Century Learning - State Activities category to the Personnel Services category and \$39,899 from the 21st Century Learning Administrative category to the Personnel Services category to realign positions within the department to minimize the effects of sequestration. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 13 AND 15. Work Program #C28122**

Refer to motion for approval under Agenda Item E.

- 13. Department of Education - Elementary and Secondary Education - Title I - FY 2014 -** Transfer of \$99,747 from the Personnel Services category to the Operating category and \$28,363 from the Transfer to Nevada Department of Education Staffing Services category to the Operating category to realign positions within the department to minimize the effects of sequestration. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **RELATES TO ITEM 12. Work Program #C28086**

Refer to motion for approval under Agenda Item E.

- 14. Department of Education - Elementary and Secondary Education Titles II, V, and VI - FY 2014 -** Transfer of \$236,872 from the Personnel Services category to the State Assessments Administration category and \$31,072 from the Personnel Services category to the Math and Science Partnerships Administration category to realign positions within the department to minimize the impacts of sequestration. Requires Interim Finance approval since the amount transferred from the Personnel Services category exceeds \$75,000. **RELATES TO ITEMS 7, 8 AND 9. Work Program #C28126. WITHDRAWN 10-3-13.**

- 15. Department of Education-Individuals with Disabilities Education Act (IDEA) - FY 2014 -** Transfer of \$106,052 from the Personnel Services category to the Operating category, \$28,834 from the Transfer to Nevada Department of Education Staffing Services category to the Operating category, and \$25,420 from the Transfer to Nevada Department of Education Staffing Services category to the Early Childhood Administration category to realign positions within the department to minimize the effects of sequestration. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **RELATES TO ITEM 12. Work Program #C28123**

Refer to motion for approval under Agenda Item E.

- 16. Department of Education - State Public Charter School Authority - FY 2014 -** Addition of \$47,168 in Transfer from Education SB504 English Language Learner (ELL) funds to provide ELL services to state authorized public charter schools. Requires Interim Finance approval since the amount added to the SB 504 ELL category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28179**

Refer to motion for approval under Agenda Item E.

- 17. Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2014 -** Deletion of \$37,246 in federal U.S. Department of Agriculture Pest Detection Core grant funds to transfer a full-time Agriculturalist position from the Pest, Plant Disease Noxious and Weed Control account to the Registration/Enforcement account to address a growing participation in the Good Agricultural Practices and Good Handling Practices programs, as well as assist in the regulation of commercial fertilizers sold in the state. Requires Interim Finance approval since the amount deleted from the Personnel Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28111**

James Barbee, Director, Department of Agriculture, explained that Agenda Item E-17 was a request to transfer an Agriculturalist 2 position from the Pest, Plant Disease, Noxious and Weed Control account to the Registration/Enforcement account. He noted that the position had been vacant since September 2012 because the Department wanted to determine how resources could be best used in the Mormon Cricket program in the event of an increase in the cricket population in the spring of 2013, which did not occur. Mr. Barbee said the new Food and Drug Administration (FDA) Modernization Act, effective in January 2014, would require FDA inspections of agricultural producers with a gross revenue of over \$500,000. For the first time, inspections would be required on farms, and the Department anticipated some problems relative to the inspection program. In 2016, inspections of all programs with a gross revenue of under \$500,000, which had been waived from inspections, would be required.

Mr. Barbee said the new requirements would have a significant impact on small agriculture producers and organics programs, and the new position would focus on helping small producers to find the finances and resources to comply with the new regulations. Testing would be significantly more stringent than previously required.

Senator Goicoechea affirmed that in 2016, the small operators would fall under the Food Modernization Act, and once the rules were in place, any producer with revenue of under \$500,000 would have to comply. Mr. Barbee said he was correct, and there were producers in the state that would meet the requirement.

Senator Goicoechea said the problem was that the inspection program was moving away from the U.S. Department of Agriculture (U.S.D.A.) to the FDA, and he asked whether there was a chance it would be moved back.

Mr. Barbee replied the National Association of State Departments of Agriculture (NASDA) was attempting to have all or part of the farm inspection portion of the Food Modernization Act transferred to the U.S.D.A. as the regulatory authority because the FDA had no practical experience or clear understanding of the production of agriculture. However, he said, it was not normal for the federal government to reverse a rule once it was issued.

Senator Goicoechea asked whether the vacant position in the Mormon Cricket program would be shifted to the Registration/Enforcement account to provide assistance to the smaller producers to comply with the Food Modernization Act regulations. He was aware that some of the regulations would be very expensive for the producers. Mr. Barbee agreed.

Assemblyman Hardy asked whether the position in the Mormon Cricket program would have to be filled in the future.

Mr. Barbee replied that currently the Department had two full-time positions dedicated to the Mormon Cricket program, in addition to the State Entomologist, who oversaw the pest control program, and seasonal positions could be hired to address any increase in the cricket population. Because of the current resources and needs in the program, it made sense to transfer the position to address the new needs that had emerged through the Food Modernization Act..

Chairwoman Smith recalled that the 2013 Legislature had contemplated potential problems with the Farm to Fork program, and she asked whether there was discussion during the hearings about the need to change staffing.

Mr. Barbee replied no, because the Department was under the perception at that time that the waiver for producers under the \$500,000 gross would be forever. He said the Department was not aware until after the 2013 Session that the waiver would be eliminated in 2016.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA
ITEM E-17.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson and Frierson
were not present for the vote.)

- 18. Department of Agriculture - Pest, Plant Disease, and Noxious Weed Control - FY 2014** - Addition of \$433,869 in federal U.S. Forest Service (USFS) Washoe County Fire Restoration ARRA grant funds to allow reimbursement to Washoe County for fire restoration work performed through September 30, 2013. Requires Interim Finance approval since the amount added to the ARRA USFS Hawken Fire category exceeds \$75,000. **Work Program #C28113**

Refer to motion for approval under Agenda Item E.

- 19. Department of Business and Industry - Administration - FY 2015 - Addition of \$20,000 in Qualified Equity Investment Application Fees and \$50,975 in Cost Allocation Reimbursement funds to add a Management Analyst II position to provide support in development and implementation of the program regulations and financial oversight for the New Markets Job Act, and to assist in the development and support of the new directives of the Industrial Development Revenue Bond Program for charter schools pursuant to Senate Bill 357, Section 16, and Senate Bill 384 of the 2013 Legislative Session. Requires Interim Finance approval since this work program includes a new position. **Work Program #C27910. WITHDRAWN 10-3-13.****

- 20. Department of Business and Industry - Insurance Division - Insurance Regulation - FY 2014** - Transfer of \$40,546 from the Reserve category to the Operating category and \$96,981 from the Reserve category to the Division of Insurance (DOI) Las Vegas Move category to relocate the division's Las Vegas office to allow extra space at the current location, shared with the Real Estate Division, for new positions approved in the 2013 Legislative Session for the Real Estate Division. Requires Interim Finance approval since the amount added to the DOI Las Vegas Move category exceeds \$75,000. **Work Program #C28094. WITHDRAWN 10-3-13.**

- 21. Department of Business and Industry - Housing - FY 2014** - Addition of \$2,000,000 in federal U.S. Department of Housing and Urban Development funds in support of the Federal Home Investment Partnership Program for affordable housing in Nevada. Requires Interim Finance approval since the amount added to the Home Program Administration category exceeds \$75,000. **Work Program #C27133**

Refer to motion for approval under Agenda Item E.

- 22. Department of Business and Industry - Real Estate Division - Common Interest Communities - FY 2014** - Transfer of \$45,160 from the Reserve category to the Operating category to increase the office space needed for Common Interest Community staff due to new positions added during the 2013 Legislative Session and at the August Interim Finance Committee meeting. Requires Interim Finance approval since the amount added to the Operating category exceeds 10 percent of

the legislatively approved amount for that category. **Work Program #C28098. WITHDRAWN 10-3-13.**

- 23. Department of Business and Industry - Manufactured Housing - FY 2014 -** Transfer of \$5,225 from the Reserve category to the Operating category and ~~\$45,548~~ **\$41,042** from the Reserve category to the Manufactured Housing Relocation category to cover the allocated portion of relocation costs of the Carson City office. Requires Interim Finance approval since the amount transferred to the Manufactured Housing Relocation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27124. REVISED 10-3-13.**

Refer to motion for approval under Agenda Item E.

- 24. Department of Tourism and Cultural Affairs - Museums and History - State Railroad Museums - FY 2014 -** Addition of \$57,000 in Transfer from the Nevada Department of Transportation funds to provide funding for the Nevada State Railroad Museum in Carson City Gateway Improvement Project. Requires Interim Finance approval since the amount added to the Gateway Improvement Project category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C27418**

Refer to motion for approval under Agenda Item E.

- 25. Department of Health and Human Services - Director's Office - Administration - FY 2014 -** Addition of \$136,378 in federal Early Childhood Comprehensive Systems Project grant funds and deletion of \$40,259 in federal Head Start grant funds to build and integrate early childhood service systems and reflect the correct amount available from the Head Start Collaboration. Requires Interim Finance approval since the amount added to the Early Childhood Comprehensive Systems Grant category exceeds \$75,000. **Work Program #C28055**

Refer to motion for approval under Agenda Item E.

- 26. Department of Health and Human Services - Director's Office - Grants Management Unit - FY 2014 -** Addition of \$63,750 in Casey Family Program funds *and transfer of \$16,250 from the Reserve category to the Differential Response category* to support and promote the implementation of differential response and alternative response efforts that allows Child Protection Services to respond differently to reports of child abuse and neglect, depending on the level of risk to the child. Requires Interim Finance approval since the amount added to the Differential Response category exceeds \$75,000. **Work Program #C27861**

Refer to motion for approval under Agenda Item E.

- 27. Department of Health and Human Services - Director's Office - Public Defender - FY 2014** - Addition of \$55,870 in federal John R. Justice grant funds to pay lending institutions for qualifying loans of recently graduated attorneys working in the public sector. Requires Interim Finance approval since the amount added to the John R. Justice Program Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28173**

Refer to motion for approval under Agenda Item E.

Chairwoman Smith announced that Agenda Items E-28, E-32, and E-34 would be heard together. Refer to discussion and motion for approval under Agenda Item E-34.

- 28. Department of Health and Human Services - Director's Office - UPL Holding Account - FY 2014** - Addition of \$5,411,315 in funds received from various divisions of the Department of Health and Human Services to establish the Upper Payment Limit (UPL) Holding Account budget account for the expansion of the UPL program to include private hospitals. Requires Interim Finance approval since the amount added to the Transfer to Other State Agency category exceeds \$75,000 and pursuant to A.B. 507, Section 51 of the 2013 Legislative Session. **RELATES TO ITEMS 32 AND 34. Work Program #C28071**

Refer to testimony and motion for approval under Agenda Item E-34.

- 29. Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2014** - Addition of \$191,249 in federal Money Follows the Person (MFP) grant funds transferred from the Division of Health Care Financing and Policy to continue the partnership with Aging and Disability Resource Centers (ADRC) to provide information and access to consumers and caregivers who are interested in transition services. Requires Interim Finance approval since the amount added to the MFP-ADRC category exceeds \$75,000. **Work Program #C27948**

Refer to motion for approval under Agenda Item E.

- 30. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Addition of \$4,752,000 in federal Title XIX funds to support the development of the Eligibility Engine in Nevada's State Operated Health Insurance Exchange per S.B. 485, Sections 1 through 4. Requires Interim Finance approval since the amount added to the Payment to State Agencies category exceeds \$75,000. **Work Program #C27400**

Refer to motion for approval under Agenda Item E.

- 31. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Addition of \$579,591 in federal Title XIX grant funds to pass through federal funds to Aging and Disability Services Division for a new computer system provided in A.B. 462. Requires Interim Finance approval since the amount added to the Payments to State Agencies category exceeds \$75,000. **Work Program #C27479**

Refer to motion for approval under Agenda Item E.

- 32. Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2014** - Addition of \$3,950,260 in funds transferred from various divisions of the Department of Health and Human Services from the Upper Payment Limit (UPL) Holding Account for the expansion of the UPL program to include private hospitals. Requires Interim Finance approval since the amount added to the Transfer to BA 3243 - Medicaid category exceeds \$75,000 and pursuant to A.B. 507, Section 51 of the 2013 Legislative Session. **RELATES TO ITEMS 28 AND 34. Work Program #C28141**

Refer to testimony and motion for approval under Agenda Item E-34.

- 33. Department of Health and Human Services - Health Care Financing and Policy - Administration - FY 2014** - Addition of \$4,962 in federal Title XXI funds and \$112,455 in federal Title XIX funds to support the development of the Health Care Reform Eligibility Engine project. Requires Interim Finance approval since the amount added to the Payments to State Agencies category exceeds \$75,000. **RELATES TO ITEM 35. Work Program #C27664**

Refer to motion for approval under Agenda Item E.

- 34. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2014** - Addition of \$5,068,598 in federal Title XIX grant funds and \$3,950,260 in Transfer from Intergovernmental Transfer Account funds for the expansion of the Upper Payment Limit program to include private hospitals. Requires Interim Finance approval since the amount added to the Offline category exceeds \$75,000 and pursuant to A.B. 507, Section 51 of the 2013 Legislative Session. **RELATES TO ITEMS 28 AND 32. Work Program #C28140**

Ellen Crecelius, Deputy Director, Fiscal Services, Department of Health and Human Services (DHHS), explained that Agenda Item E-34 established a new budget account in the Director's Office to assist with operation of the private hospitals' Upper Payment Limit (UPL) program. She said the initial authority was for approximately \$5.4 million, based on 30 percent of the value of the contracts that were thought to be convertible over to Nevada Clinical Services.

Ms. Crecelius said that the DHHS divisions would terminate their contracts with service providers, and Nevada Clinical Services would assume those contracts. The divisions would transfer funds to the Director's Office, which would transfer the General Fund savings, approximately \$4 million, to Nevada Medicaid for the private hospital UPL program, and the remainder for the state net benefit would revert to the General Fund.

Chairwoman Smith recalled that the 2011 Legislature had budgeted General Fund savings, which were not achieved, and no General Fund savings were budgeted in the 2013-2015 biennium. She affirmed that the Department had not anticipated receipt of the \$5.4 million.

Ms. Crecelius said that Chairwoman Smith was correct.

Assemblywoman Carlton asked how the Department had determined the amount of funds to the state hospitals and what the state net benefit might be.

Leah Lamborn, Administrative Services Officer, Division of Health Care Financing and Policy, Department of Health and Human Services, explained the program was similar to the current UPL program. The contracts and amount of funds budgeted for those contracts were called the contribution rate, which was basically 60 percent of the total outgoing payment. The contribution rate matched state fiscal year (SFY) 2012 to the public UPL program. The state share of the expenditures, approximately \$9 million, was approximately \$3.4 million, or 43.8 percent, for SFY 2012. The difference between the 60 percent and the 43.8 percent, approximately 16 percent, was the state net benefit for reversion.

Chairwoman Smith thanked the DHHS staff for their perseverance; the program should serve everyone well. She asked for public comment:

Dan Musgrove, testifying on behalf of the Valley Health System, which was a part of the Nevada Collaborative Clinical Services (NCCS), thanked the Legislature, DHHS staff, and the Attorney General's Office for their efforts. He said the Valley Health System would assume as many contracts as possible to get additional dollars flowing into the state as a net state benefit, which would help everyone.

Chairwoman Smith called for further public testimony and hearing none, she called for a motion.

ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA ITEMS E-28, E-32, AND E-34.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson and Frierson were not present for the vote.)

- 35. Department of Health and Human Services-Welfare and Supportive Services - Administration - FY 2014** - Addition of \$112,455 in federal Title XIX funds, \$4,962 in federal Title XXI funds and \$724,004 in 4th Level One Establishment grant funds transferred from the Sliver State Health Insurance Exchange to address business needs related to the system changes for the Health Care Reform Eligibility Engine (HCR-EE) project. Requires Interim Finance approval since the amount added to the HCR Eligibility Engine category exceeds \$75,000. **RELATES TO ITEM 33. Work Program #C27244**

Refer to motion for approval under Agenda Item E.

- 36. Department of Health and Human Services - Public and Behavioral Health - Radiation Control - FY 2014** - Transfer of \$78,825 from the Reserve category to the Operating category, \$62,020 from the Reserve category to the Information Services category, and \$1,762 from the Division Cost Allocation category to the Information Services category to allow the Radiological Health Program to continue with an approved Technology Investment Request Waiver for Enhancements to replace the Radiation Control Program database with current technology. Additionally, the program is requesting replacement computers for inspectors in the field. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C27837. WITHDRAWN on 10-16-13.**

- 37. Department of Health and Human Services - Public and Behavioral Health - Health Facilities - Admin Penalty - FY 2014** - Deletion of \$55,220 in Fines, Forfeitures and Penalties funds to realign revenue and expenditure authority of administrative sanctions collected from health facilities found to be in violation of statutes and regulations. Requires Interim Finance approval since the amount deleted from the Maintenance of Buildings and Grounds category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28160**

Refer to motion for approval under Agenda Item E.

- 38. Department of Health and Human Services - Public and Behavioral Health - Immunization Program - FY 2014** - Addition of \$1,476,527 in federal Prevention and Public Health grant funds to support Health Level 7 information security and school located vaccine programs, which are intended to streamline medical record processing by reducing multiple system entry and increase immunization rates in schools. Requires Interim Finance approval since the amount added to the Prevention and Public Health Performance category exceeds \$75,000. **Work Program #C27904**

Refer to motion for approval under Agenda Item E.

- 39. Department of Health and Human Services - Public and Behavioral Health - Immunization Program - FY 2014** - Addition of \$95,668 in Federal Prevention and Public Health grant funds for the strategic billing plan for Nevada health departments to implement billing changes for Medicaid and Medicare impacted by the Affordable Care Act and to allow these departments to become in-network providers for health insurance plans. Requires Interim Finance approval since the amount added to the Federal Immunization Billing Plan category exceeds \$75,000. **Work Program #C27907**

Refer to motion for approval under Agenda Item E.

- 40. Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2014** - Transfer of \$232,622 from the Personnel Services category to the General Medicine Services category to increase the contracted Internal Medicine services providing health screenings and physicals to all admissions to the psychiatric observation unit to assure compliance for Medicare and Medicaid reimbursement. Requires Interim Finance approval since the amount added to the General Medicine Services category exceeds \$75,000. **Work Program #C27146**

Chairwoman Smith said there was no need to discuss Agenda Item E-40, but the Committee had requested an update on the licensing and accreditation problems at the Rawson-Neal Hospital.

Tracey Green, M.D., Chief Medical Officer, Division of Public and Behavioral Health, Department of Health and Human Services, stated that the Division anticipated a resurvey by the Centers for Medicare and Medicaid (CMS) in the near future. The Rawson-Neal Hospital was preparing for the survey and in the process of establishing new policies and procedures to meet the plans of correction. The survey would involve the entire facility, including the laboratories and outpatient services. She said an unannounced visit for re-licensure from the Joint Commission was also anticipated in December.

Dr. Green recalled that the Committee had previously approved 23 positions—11 state and 12 contract—most of which had been filled or were currently being filled. She said there were problems filling the psychologist positions, so consideration was being given to working with current psychologists in the community. Three J-1 Visa psychiatrists had been hired and were currently working in the Hospital.

With regard to renovation of the buildings, Dr. Green said that Building 3A, which would provide 21 additional civil beds at Rawson-Neal Hospital, was in the final architectural phases, and work on the structure was anticipated soon, with completion by the end of November. She added that renovation of Building 3, the old Stein Hospital, was in the architectural stages, and work on the expansion of the Dini-Townsend facility at Lake's Crossing had begun.

Dr. Green recalled that a report was submitted by national psychiatrists and consultants that included several recommendations, including provision of comfort rooms in Rawson-Neal, which had been completed, and establishment of a drop-in center, which was open and serving more clients each day. She said the center would be used to enhance and support enrollment of clients in the Affordable Care Act and the State Health Insurance Exchange.

Finally, Dr. Green said the urgent care facility, which had been renamed the Rawson-Neal Behavioral Health Center to remove the implication that it was an emergency room or urgent care facility, would be expanding its hours. It was currently open from 8:00 a.m. to 5:00 p.m., Monday through Friday; by November 1, the hours would be 8:00 a.m. to 11:00 p.m. Monday through Friday and 8:00 a.m. to 5:00 p.m. on Saturdays. Designated psychiatrists and nurse practitioners would be staffing the center. Dr. Green added that the pharmacy hours would also be expanded through the weekend to provide clients with needed medication when they arrived at the Behavioral Health Center.

Chairwoman Smith asked Dr. Green to review statistics on the number of cases and whether they were improving.

Dr. Green replied there had not been any reduction in the newly presented Legal 2000s or clients at risk to themselves or others. September was the highest month, with an average of 43 new Legals on a daily basis. The Division was in the process of restructuring the mobile crisis team and standardizing procedures statewide. She pointed out that the mobile crisis team in the northern part of the state conducted ride-alongs and in-the-field interventions with law enforcement to reduce the number of Legal 2000s and to triage clients to alternative services other than emergency rooms. A memorandum of understanding had been developed with the Clark County Detention Center, specifically with the Las Vegas Metropolitan Police, and Division staff was involved in training programs for officers, which would be expanded to incorporate ride-alongs with law enforcement.

Chairwoman Smith noted that there were recent shootings in Las Vegas and Sparks, and a deputy was shot and killed in an emergency room in Reno two nights before, which pointed out the difficulties for emergency rooms.

Dr. Green said the Division was working with every emergency room in southern and northern Nevada, and the goal was to provide services to clients while they were waiting in emergency rooms and determine the best mechanism to get them evaluated. Discussions were being held with emergency rooms concerning the possibility of having contract psychiatrists working in the emergency rooms to facilitate referring those clients who no longer needed to be on Legal 2000s to the Rawson-Neal Behavioral Health Center for immediate services.

Assemblyman Eisen said he understood there was an upward trend in the number of Legal 2000s presenting overall, and no one seemed to know the reason. He said the idea behind the drop-in center was to divert some of those patients, and it appeared that had not yet occurred. He asked whether patients who otherwise would have been in the detention center were being diverted to the Rawson-Neal Behavioral Health Center and if there had been an impact on the Clark County Detention Center.

Dr. Green replied that the Rawson-Neal Behavioral Health Center was currently taking direct admissions from patients in the Clark County Detention Center and some impact was being seen. She said the main concern was that there was an increase in Legal 2000s, and it appeared that approximately 85 percent of the new Legal 2000s arriving were from law enforcement. The major focus currently was to divert clients that could either be deescalated and transferred or brought directly to the Behavioral Health Center.

Dr. Eisen asked whether the 85 percent reflected an increase, or the percentage had been steady. Dr. Green replied there was no prior data, and she did not know whether it was an increase. That data would be available from this point forward.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE AGENDA
ITEM E-40.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson and Senator
Roberson were not present for the vote.)

- 41. Department of Health and Human Services - Public and Behavioral Health - Substance Abuse Prevention and Treatment Agency - FY 2014** - Transfer of \$63,397 from the Reserve category to the State Outcomes Management Measurement System (SOMMS) category to pay for expenditures related to data migration from Substance Abuse Prevention and Treatment's current data system, Nevada Health Information Provider Performance System, to the myAvatar system due to the state's participation in Medicaid expansion. Requires Interim Finance approval since the amount transferred to the SOMMS category exceeds 10 percent of the legislatively approved amount for that category.
Work Program #C2793

Mary Wherry, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services, explained that the purpose of the work program in Agenda Item E-41 was to transfer \$63,397 from the Reserve category to the Special Use category for the federal State Outcomes Management Measurement System (SOMMS).

Ms. Wherry recalled that a work program submitted to the Committee in August was \$114,000 short of being able to subsidize all of the activities that needed to occur for the SOMMS, including purchasing the Netsmart licenses to move the Substance Abuse Prevention and Treatment Agency (SAPTA) providers to the state's new Avatar records system. The transfer would provide the funding needed to subsidize the contract with Netsmart.

Assemblyman Eisen noted that the \$473,170 approved by the Committee in August was \$114,000 short of what was needed, and the current request was for \$63,397. He asked whether additional requests were anticipated for the approximately \$50,000 remaining.

Ms. Wherry replied that the amount was less because the number of licenses to be purchased had been reduced from 100 to 83.

Assemblyman Eisen asked whether the state was paying the cost of the licenses for all providers in the state and would be reimbursed or if the providers were paying their own license fees.

Ms. Wherry explained that according to the agreement with Netsmart, the state had to own the licenses. Access would be extended to the providers to use the Avatar system. The state would purchase the licenses and, beginning in January 2014, the providers would be required to reimburse the state after they gained access to the system.

Assemblyman Eisen affirmed the providers would ultimately bear the cost of the licenses, but that would not occur until after the providers were using the system, which would improve their ability to reimburse the state.

Ms. Wherry said that the state did not have enough money to purchase a license for every main user, and the Division was still waiting for results of a survey of the providers to know the exact number of licenses needed. Additional licenses could not be purchased until there was a flow of revenue.

Assemblyman Eisen asked whether the cost of the licenses would potentially be a problem for some providers to gain access, especially in the rural areas. Ms. Wherry replied there could potentially be an access problem.

Assemblyman Eisen asked whether the Division had a plan to deal with the access problem. Ms. Wherry replied that until the exact number of licenses needed by the providers was known, she would not know the potential problems. Some providers would be purchasing their own software and would not need the Avatar system. She added that there were still many variables and unknowns concerning the Affordable Care Act.

Assemblywoman Carlton summarized that the state would front the cost of the licenses for some providers, which would reimburse the state later, and as revenue came in from the reimbursements, the state could pay for licenses for other providers. If the providers did not reimburse the state, the state would not be able to provide more licenses and access would be limited. She suggested that an enforcement mechanism would be needed to ensure that the providers reimbursed the state.

Ms. Wherry responded that she understood Assemblywoman Carlton's concerns. When the assurances were developed for the SAPTA provider application process, one of the requirements was that if providers had an outstanding reimbursement, the state would withhold reimbursement to them for services they were providing.

Assemblywoman Carlton questioned whether the Division had the authority to withhold payment.

Ms. Wherry said the provision would be included in the provider application when contracts were issued on July 1, 2014.

Senator Cegavske said she had received complaints from constituents concerning the adequacy of some of the homes operated by the providers, and she asked who was responsible for regulation of provider facilities.

Ms. Wherry replied that the Division was responsible for assessing the quality of services being provided and not the quality of facilities. She asked Senator Cegavske to send her question to the Division and staff could provide her with further information.

Chairwoman Smith asked for public comment and hearing none, she called for a motion. She asked that the motion include a request for the Division to provide the Committee with an update at the December meeting.

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA ITEM E-41 AND TO REQUEST THAT THE DIVISION OF PUBLIC AND BEHAVIORAL HEALTH PROVIDE THE COMMITTEE WITH AN UPDATE AT ITS DECEMBER MEETING .

SENATOR PARKS SECONDED THE MOTION..

THE MOTION CARRIED. (Assemblymen Anderson and Bobzien were not present for the vote.)

- 42. Department of Employment, Training and Rehabilitation - Employment Security - Special Fund - FY 2014** - Addition of \$4,736,034 in federal Reed Act grant funds to establish the remainder of grant funding available in FY 2014 to provide for the anticipated completion of Phase II of the department's Unemployment Insurance (UI) Modernization Project. Requires Interim Finance

approval since the amount added to the UI Modernization Phase II category exceeds \$75,000. **Work Program #C28167. WITHDRAWN on 10-18-13..**

- 43. Department of Corrections - Prison Medical Care - FY 2014** - Transfer of \$474,240 from the Personnel Services category to the Professional Services category and \$62,001 from the Inmate Driven category to the Medical Inmate Driven Stale Claims category to maintain the required level of licensed medical staffing and reimburse medical stale claims. Requires Interim Finance approval since the amount added to the Professional Services category exceeds \$75,000. **Work Program #C28065**

Scott Sisco, Deputy Director, Support Services, Nevada Department of Corrections (NDOC), explained that the work program in Agenda Item E-43 provided for a transfer of \$474,240 from the Personnel Services category to the Professional Services category to pay for contract medical services needed to meet the Department's constitutionally mandated provision of medical care to inmates under the state's care.

Mr. Sisco further explained that the work program also transferred \$62,001 from the Inmate Driven category to the Stale Claims category, from which medical claims from prior fiscal years could be paid to take advantage of discounts offered for payment of claims made in a timely manner. He noted that NDOC had incurred several catastrophic medical cases near the end of fiscal year (FY) 2013.

Mr. Sisco said the transfer of funds from the Personnel Services category to pay for contract services was necessary because the Department, like most state departments that employed professional medical staff, struggled with competing salaries in both rural and urban areas of the state. Shortly after the start of FY 2014, the Department had 14 vacancies out of 34 positions, and currently 8 of those positions were being filled and 3 contract providers remained. He said there were several applicants for the other 6 positions, which was encouraging.

Senator Parks asked Mr. Sisco to discuss the appointment of the new Medical Director for the Department. Mr. Sisco referred the request to Mr. Schardin.

Chuck Schardin, Medical Administrator, Department of Corrections, said the new Medical Director, Dr. Romeo Aranas, had been with the Department since 2006 and assumed the Medical Director position in September 2013.

Senator Parks asked whether Dr. Aranas had a vision for the future of the Medical Division that might differ from the past few years.

Mr. Schardin presumed that since Dr. Aranas had just assumed the position, he would continue to use the National Commission on Correctional Health Care Standards as a basis for providing medical care for the inmates.

Senator Parks asked for further information on the nature of the stale claims.

Mr. Sisco explained that in past years, the Legislature provided funds in the NDOC budget to allow payment of stale claims and medical claims. There was an opportunity to take advantage of discounts offered by the hospitals if claims were paid within a certain number of days. By transferring the \$62,001, the Department could pay the bills for the catastrophic claims that occurred prior to the close of FY 2013 and take advantage of the discounts. He added that currently there were 13,000 inmates, and the number and type of catastrophic incidents could not be anticipated.

Senator Parks affirmed that 8 of the 14 vacancies had been filled, leaving 6 vacancies. Mr. Sisco said that was correct: there were 6 vacant positions, some of which were full-time and others part-time.

Senator Parks asked what contract positions the Department anticipated hiring in the second half of the fiscal year. He calculated that if the existing contract positions were extended through the fiscal year, the cost would total approximately \$1.5 million.

Mr. Sisco reiterated there were only three contract positions remaining. The Department would always maintain a contract with the providers because when a vacancy occurred, particularly in the rural areas, it was necessary to have contract staff available.

Senator Parks asked what costs were anticipated for medical overtime over the 2013-2015 biennium.

Mr. Sisco replied the Department continued to struggle with medical staff overtime. Physicians and professional medical staff were scheduled to see the maximum number of inmates possible. However, medical situations occurred outside of normal working hours, and the staff served over 13,000 inmates. Physicians and medical staff were scheduled all hours of the day, but not all medical staff were available all hours of the day, and there were times staff had to be called in for overtime.

Senator Parks asked about the status of the American Civil Liberties Union (ACLU) Consent Decree based on the current medical staff shortage at the Ely State Prison.

Mr. Schardin replied that the facility was required to be monitored for two years, and those visits and the settlement were complete. The Department was continuing to comply with all of the commitments it made during the audit [conducted by the state's Division of Internal Audits in December 2012].

Assemblyman Sprinkle affirmed that the catastrophic incidents were not chronic and there was no way to project future costs. Mr. Schardin replied he was correct.

Assemblyman Sprinkle noted that there had been a reduction in the availability of chronic care clinics for inmates, and he asked whether that could result in costly chronic problems for patients.

Mr. Schardin replied that chronic disease clinics were created to follow up with inmates who had asthma, diabetes, hypertension, and similar afflictions, and depending upon the state of their disease, follow-up care was conducted every three to six months to avoid long-term problems. He said that follow-up visits to chronic disease clinics may be delayed to every four to eight months until the vacant positions could be filled.

Assemblyman Sprinkle asked what was being done to attract more physicians. Mr. Schardin replied that Dr. Aranas had some excellent contacts in the community and had been instrumental in recruiting additional candidates. The Department was also trying to be flexible by filling a full-time position with two half-time providers.

Chairwoman Smith said that one of her concerns was that the Department was losing staff because of a 40-hour week schedule, but the recent audit disclosed that people were working within multiple areas in the state and were being paid for more time than physically possible. She asked how the Department planned to attract medical professionals who would work less than 40 hours a week and ensure that the integrity of the system was maintained to avoid double dipping.

Mr. Sisco replied that he had many extensive conversations with NDOC Director Greg Cox about the problem, and the new Medical Director was charged with developing the most conducive schedules and educating the wardens about the constraints of the Fair Labor Standards Act for exempt employees. He reiterated that the Department would continue recruitment and, if necessary, split positions to make them more appealing to applicants.

Chairwoman Smith remarked that recruitment and retention of medical personnel in the state was not going to improve because of lower salaries. She was concerned because it was more costly to contract with outside providers: contract employees were usually paid more than state employees were. The problem was ongoing, and she asked that the Department track the cost of contracting with providers versus the cost of Department personnel.

Mr. Sisco said the Department would incorporate that information in its next biennial budget. He noted that the medical budget was reduced by approximately \$2.5 million in FY 2014 and \$5 million in FY 2015, and the Department was working closely with the Division of Health Care Financing and Policy to seek Medicaid reimbursements for inmates to receive Medicaid.

Chairwoman Smith asked the Department to provide the Committee's Fiscal Analysis Division staff with updated information on the medical staffing prior to the December meeting.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE AGENDA ITEM E-43.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson and Senator Goicoechea were not present for the vote.)

Chairwoman Smith called a recess at 11:19 a.m. She called the Committee back to order at 11:30 a.m.

- 44. Department of Motor Vehicles - Automation - FY 2014** - Addition of ~~\$211,896~~ **\$239,289** in reimbursements from the Clark County Regional Transportation Commission (RTC) for all one-time costs associated with the development of the collection process for an indexed tax on motor and special fuels due to the passage of Assembly Bill 413 of the 2013 Legislative Session. Motor Vehicle Information Technology will incur costs for overtime and contract programming while completing the required computer programming. Requires Interim Finance approval since the amount added to the RTC - AB413 category exceeds \$75,000. **Work Program #C28104. REVISED.**

Refer to motion for approval under Agenda Item E.

- 45. Department of Motor Vehicles - Motor Vehicle Pollution Control - FY 2014** - Transfer of \$1,497,052 from the Reserve category to the City/County Air Quality category for distribution of excess reserve funds to county governments. Requires Interim Finance approval since the amount transferred to the City/County Air Quality category exceeds \$75,000. **Work Program #C27006**

Refer to motion for approval under Agenda Item E.

- 46. Department of Motor Vehicles - Verification of Insurance - FY 2014** - Transfer of \$230,400 from the Reversion to Highway Fund category to the Online Insurance Verification category for two contract programmers to provide a more effective system for Nevada's authorized insurance companies and registered owners when needing to verify insurance liability. Requires Interim Finance approval since the amount transferred to the Online Insurance Verification category exceeds \$75,000. **Work Program #C26552. WITHDRAWN 9-27-13.**

- 47. Department of Public Safety - Forfeitures - Law Enforcement - FY 2014** - Transfer of \$13,875 from the Reserve category to the Parole and Probation Federal category, \$22,200 from the Reserve category to the Nevada Division of Investigations (NDI) Federal category, \$13,875 from the Reserve category to the Training category, \$4,440 from the Reserve category to the Capitol Police Federal category, and \$6,660 from the Reserve category to the Director's Office category to purchase software for hand-held radios acquired from the Las Vegas

Metropolitan Police Department. Requires Interim Finance approval since the amount added to the NDI Federal category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28075**

Refer to motion for approval under Agenda Item E.

- 48. Department of Public Safety - Highway Safety Grants Account - FY 2014 -** Addition of \$481,068 in federal Motor Carrier Safety Assistance Program grant funds to support the commercial vehicle safety public information and education campaigns. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C28079**

Refer to motion for approval under Agenda Item E.

- 49. Department of Public Safety - Division of Investigations - FY 2014 -** Addition of \$73,452 in federal Office of Criminal Justice Assistance Grant (JAG) funds transferred from the Department of Public Safety - Justice Assistance Grant Trust account to appropriately align authority to provide narcotics enforcement and conduct major case investigations. Requires Interim Finance approval since the amount added to the JAG Overtime/Travel category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28188**

Refer to motion for approval under Agenda Item E.

- 50. Department of Public Safety - Division of Investigations - FY 2014 -** Addition of \$194,867 in federal Homeland Security Program grant funds to balance forward authority to continue the support of law enforcement and public entities statewide with the collection, analysis, and dissemination of relevant and timely criminal and threat information from the Nevada Threat Analysis Center and Silver Shield - Critical Infrastructure Protection Initiative. Requires Interim Finance approval since the amount added to the Department of Emergency Management 2010 State Homeland Security Program Grant category exceeds \$75,000. **Work Program #C27472**

Refer to motion for approval under Agenda Item E.

- 51. Department of Public Safety - Emergency Management Division - FY 2014 -** Addition of \$73,539 in Department of Emergency Management - Federal Emergency Management Agency, Pre-Disaster Mitigation grant funds transferred from the Nevada Department of Public Safety - Emergency Management Assistance Grant account to support program management costs. Requires Interim Finance approval since the amount added to the Operating category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C28082**

Refer to motion for approval under Agenda Item E.

Chairwoman Smith announced that Agenda Items E-52 and E-54 would be heard together.

- 52. Department of Public Safety - Emergency Management Division - FY 2014 -** Addition of \$986,333 in federal U.S. Department of Commerce - Federal, State, and Local Implementation Grant Program (SLIGP) funds transferred from the Nevada Department of Public Safety - Emergency Management Assistance Grant account to support planning and assessment activities for the nationwide interoperable public safety broadband network. Requires Interim Finance approval since the amount added to the SLIGP category exceeds \$75,000. **RELATES TO ITEM 54. Work Program #C28097**

Refer to testimony and motion for approval under Agenda Item E-54.

- 53. Department of Public Safety - Emergency Management Assistance Grants - FY 2014 -** Addition of \$754,647 in federal Department of Energy Emergency Preparedness Working Group (DOE EPWG) grant funds to balance forward and align authority to enhance emergency response capabilities related to the transportation of low-level radiological waste. Requires Interim Finance approval since the amount added to the DOE EPWG category exceeds \$75,000. **Work Program #C27856**

Refer to motion for approval under Agenda Item E.

- 54. Department of Public Safety - Emergency Management Assistance Grants - FY 2014 -** Addition of \$1,972,666 in federal U.S. Department of Commerce - Federal, State, and Local Implementation Grant Program (SLIGP) funds for planning and assessment activities for the nationwide interoperable public safety broadband network. Requires Interim Finance approval since the amount added to the SLIGP category exceeds \$75,000. **RELATES TO ITEM 52. Work Program #C28052**

Chris Smith, Chief, Division of Emergency Management, Department of Public Safety, explained that the National Communications, Telecommunications, and Information Administration (NCTIA) had established a federal State and Local Implementation Grant Program (SLIGP). The program would assist state, local, and tribal governments with identifying, planning, and implementing the most effective and efficient means to use and integrate the current infrastructure, equipment, and architecture associated with the National Public Safety Broadband Network (NPSBN).

Mr. Smith further explained that the NPSBN would allow public safety entities to migrate between jurisdictional boundaries in areas where incidents may occur: incidents did not stop at jurisdictional lines, and neither should data. Information could be shared with public safety in a secure manner from jurisdiction to jurisdiction.

Mr. Smith said that Nevada had received \$1.972 million in SLIGP grant funds. The grant was for a three-year program that must be completed by July 31, 2016, and the funding was for information gathering only: there was to be no purchase of equipment at this time. He said the Division of Emergency Management (DEM) was selected by Governor Sandoval to administer the grant, and upon Committee approval, DEM staff would begin the process to move forward with deliverables for the grant program.

Assemblyman Oscarson asked whether the Division would work on the broadband process with Connect Nevada.

Mr. Smith replied yes, the Connect Nevada staff was already engaged with the committee that had been formed by the Commission on Homeland Security, which was the State of Nevada network, to begin advising the Division on how to proceed with the grant program.

Chairwoman Smith asked whether the program would involve both state and contract staff. She noted there was \$1.4 million for contractual services, as well as a Project Manager, Coordinator, and Legal Counsel.

Rick Martin, Programs Manager, Division of Emergency Management, Department of Public Safety, explained that the Division originally wanted to request a state Management Analyst (MA) 2 position, but the decision was made to request a temporary staff member instead, and a project change request would be made to move the MA 2 to a contractual position.

Chairwoman Smith affirmed that \$1.2 million was budgeted for contract staff and contract fees, and there would be additional state staff; she asked when that change would be made. Mr. Martin replied the project change request was in process.

Assemblyman Sprinkle asked whether there was collaboration between SONnet (State of Nevada Network) and FirstNet through the process or if they worked independently.

Mr. Smith replied that SONnet was an advisory body to the Homeland Security Commission on all matters related to the Public Safety Broadband Network, and SONnet would work with FirstNet, the governing body for the National Public Safety Broadband Network. There was collaboration between FirstNet and the State of Nevada through the Division of Emergency Management, as well as SONnet.

Assemblyman Sprinkle asked who would be responsible for the first phase of the infrastructure and what responsibilities the local jurisdictions would have.

Mr. Smith explained phases 1 and 2 involved information gathering to establish what would be best for the State of Nevada. Outreach to the local jurisdictions, tribes, and other potential users of the NPSBN would occur in phase 1. Phase 2 would involve development of the plan on how to move forward within the statewide comprehensive

interoperable communications plan. He said that other than identification of particular resources and infrastructure, the local jurisdictions would have no responsibilities during phases 1 and 2.

Mr. Smith said that the ultimate goal was to create a public safety broadband network that local responders would see as useful. The costs must be competitive with what the responders were currently paying to encourage them to sign on: they would not be compelled to do so.

Assemblyman Sprinkle asked whether current infrastructure would be used; he assumed that more infrastructure would need to be put in place.

Mr. Smith replied that utilization of the current infrastructure would be paramount to the project: there was no funding identified for additional infrastructure. The Division must identify the state's gaps and strengths and report that information to the NCTIA, which would ascertain what the state would need to ensure that it would be able to functionally participate with the FirstNet Public Safety Broadband Network.

Assemblyman Sprinkle asked whether ultimately the local jurisdictions would be responsible for maintenance when the network was implemented. .

Mr. Smith replied that was too far out to gage on public record, but it was anticipated that both private and public infrastructure would be leveraged. Some responsibility would fall on the state and local jurisdictions to maintain some portion of the infrastructure, but he hesitated to say what that might be at this time.

Assemblyman Sprinkle asked whether the Division had worked with the state's Division of Enterprise Information Technology Services (EITS) on the project.

Mr. Smith replied that Dave Gustafson, Chief Information Technology Officer for EITS, was in regular consultation with the Division as well as the SONnet body, to which he would also be appointed.

Assemblyman Sprinkle asked Mr. Smith to elaborate on what would be involved in phase 1.

Mr. Smith said the phase 1 deliverables were as follows:

- Establish a governance structure to consult with FirstNet.
- Develop procedures to ensure that local and tribal representation and participation in the consultation process existed with FirstNet.
- Create a process for education and outreach through program development and other efforts among local tribal officials, public safety users, and other stakeholders of the national public safety broadband network.

- Identify potential public safety users for the network itself.
- Develop a standard memorandum of agreement to facilitate the use of existing infrastructure to help with the private sector entities, which had to be chosen by FirstNet to build, operate, and maintain a network on the public safety infrastructure.
- Develop staffing plans that included local and tribal representation to participate in the public safety governing structure and prepare for data collection and activities in consultation with FirstNet.

Assemblyman Sprinkle thanked Mr. Smith for the information, adding that working in public safety, he understood the need and importance of the broadband network, and he would be interested to hear updates from the Division.

Chairwoman Smith asked whether the network would enhance the opportunities for various responders to communicate with each other more efficiently.

Mr. Smith replied the intent was to allow responders from a variety of agencies and entities across the state and the nation to descend to a place where there was an emergency and communicate effectively through both voice and data transmission. The secure public safety network would enhance the ability to share essential data with the mobile data terminals in vehicles, as well as video, to respond more effectively.

Chairwoman Smith asked Mr. Krmptic to clarify what was involved in the Committee's approval of the request in light of the change of the MA 2 position to a contract position.

Mark Krmptic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the change to the position would involve a revision to the federal application and the plan that was proposed by the agency as to how the grant funds would be spent. The change was not related to the work program and, therefore, there did not appear to be a need to modify the work program request since all of the funds would remain in one category.

Mr. Martin said that Mr. Krmptic was correct: it was a categorical change on the federal application and not a change in the award or the work program.

Assemblyman Grady noted that the grant was for federal, state, and local implementation of the broadband system, and he asked how much the state and local governments would have to contribute.

Mr. Smith replied that at this time, the cost share required on the grant would be borne by in-kind services already provided by the state, and no additional funds were currently required. He could not speak to anticipated costs in the future if the local jurisdictions wanted to subscribe to the system.

Mr. Smith wanted to clarify that the State of Nevada was not building out or operating a public safety broadband network at this time; phases 1 and 2 were to identify the current resources and facilitate assistance to first responders to participate in the broadband network nationally.

Senator Goicoechea asked what would be done in areas with large lapses in coverage.

Mr. Smith replied that Nevada was going to pose a significant challenge to the National Public Safety Broadband Network. In initial conversations with FirstNet, the Division explained the variety of mountain ranges and difficulties with communications in the rural areas. FirstNet's intent was to ensure that the state would have data coverage where and when it was needed. He said the question was asked regularly how the rural areas in the state would be supported to ensure those first responders had access to the same data capabilities as the major metropolitan areas.

Chairwoman Smith asked for public testimony and hearing none, she called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA ITEMS E-52 AND E-54.

ASSEMBLYMAN EISEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

- 55. Department of Public Safety - Criminal History Repository - FY 2014** - Addition of \$121,922 in federal Justice Assistance grant funds transferred from the Department of Public Safety - Justice Assistance Grant Trust account to balance forward remaining authority for the Nevada Criminal Justice Information System modernization project. Requires Interim Finance approval since the amount added to the Modernization Project category exceeds \$75,000. **Work Program #C28077**

Refer to motion for approval under Agenda Item E.

- 56. Department of Public Safety - State Emergency Response Commission - FY 2014** - Transfer of \$300,000 from the Reserve category to the State Emergency Response Commission (SERC) Grants category to fund grants awarded to Local Emergency Planning Committees and state agencies. Requires Interim Finance approval since the amount transferred to the SERC Grants category exceeds \$75,000. **Work Program #C27280**

Refer to motion for approval under Agenda Item E.

- 57. Department of Public Safety - State Emergency Response Commission - FY 2014** - Addition of \$166,926 in federal U.S. Department of Transportation (USDOT), Hazardous Materials Emergency Preparedness (HMEP) grant funds and transfer of \$41,732 from the Reserve category to the USDOT/HMEP grant category to accept the FFY 2014 grant award and meet match requirements to support emergency planner and responder personnel throughout the state in training and planning for hazardous materials emergencies. Requires Interim Finance approval since the amount added to the USDOT/HMEP Grant category exceeds \$75,000. **Work Program #C27703**

Refer to motion for approval under Agenda Item E.

- 58. Department of Public Safety - Traffic Safety - FY 2014** - Addition of \$1,538,023 in federal Traffic Safety grant funds, \$82,953 in federal Alcohol Incentive grant funds, \$224,281 in federal Motorcycle Incentive grant funds, \$334,320 in federal Occupant Protection Incentive grant funds, \$766,743 in federal Traffic Records Incentive grant funds, \$280,370 in federal 406 grant funds, and \$33,552 in flex funds transferred from the Nevada Department of Transportation to balance forward federal authority to continue highway safety programs. Requires Interim Finance approval since the amount added to the Aid to Local Agencies category exceeds \$75,000. **Work Program #C27951**

Refer to motion for approval under Agenda Item E.

- 59. Department of Public Safety - Traffic Safety - FY 2014** - Addition of \$87,447 in federal Traffic Safety grant funds, \$34,286 in federal Motorcycle Incentive grant funds, \$220,872 in federal Occupant Protection Incentive grant funds, \$387,783 in federal Traffic Records Incentive grant funds, and \$400,000 in flex funds transferred from the Nevada Department of Transportation (NDOT) to align authority in accordance with the 2014 Highway Safety Plan and support statewide programs aimed at improving alcohol related highway safety programs. Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$75,000. **Work Program #C28118**

Refer to motion for approval under Agenda Item E.

- 60. Department of Public Safety - Highway Safety Plan and Administration - FY 2014** - Addition of \$9,614 in federal Fatality File Analyst grant funds, \$76,810 in federal Office of Traffic Safety - 402 Highway grant funds transferred from the Traffic Safety account, \$1,209,000 in Nevada Department of Transportation (NDOT) flex funds transferred from the Traffic Safety account, \$23,892 in federal Office of Traffic Safety - Motorcycle Safety Awareness grant funds transferred from the Traffic Safety account, \$76 in federal Office of Traffic Safety - 405 Occupant Protection grant funds transferred from the Traffic Safety account, \$212,328 in federal Office of Traffic Safety - 408 Traffic Safety grant funds transferred from the Traffic Safety account, and \$281,220 in federal Office of Traffic Safety - 406

Incentive grant funds transferred from the Traffic Safety account and deletion of \$7,943 federal Office of Traffic Safety - 410 Impaired Driving grant funds transferred from the Traffic Safety account to balance forward federal authority to continue highway supporting statewide programs aimed at improving highway safety programs. Requires Interim Finance approval since the amount added to the NDOT Flex Funds category exceeds \$75,000. **Work Program #C27923**

Refer to motion for approval under Agenda Item E.

- 61. Department of Public Safety - Highway Safety Plan and Administration - FY 2014** - Addition of \$776,820 in federal Office of Traffic Safety - 402 Highway grant funds transferred from the Traffic Safety account, \$651,047 in Nevada Department of Transportation flex funds transferred from the Traffic Safety account, \$140,598 in federal Office of Traffic Safety - Motorcycle Awareness grant funds transferred from the Traffic Safety account, \$839,560 in federal Office of Traffic Safety - Impaired Driving grant funds transferred from the Traffic Safety account, and \$88,792 in federal Office of Traffic Safety grant funds transferred from the Traffic Safety account and deletion of \$17,152 in federal Office of Traffic Safety - Occupant Protection grant funds transferred from the Traffic Safety account to align funding in accordance with the 2014 Highway Safety Plan, which funds programs specifically aimed at improving the state's highway safety programs. Requires Interim Finance approval since the amount added to the Impaired Driving category exceeds \$75,000. **Work Program #C28119**

Refer to motion for approval under Agenda Item E.

- 62. Department of Public Safety - Justice Assistance Act - FY 2014** - Addition of \$121,067 in federal Residential Substance Abuse Treatment grant funds, \$58,186 in federal Forensic Science Improvement grant funds, and \$359,756 in federal National Criminal History Improvement Program (NCHIP) grant funds to align authority and continue providing pass-through funding to sub-recipients for new and ongoing federal projects. Requires Interim Finance approval since the amount added to the NCHIP Grant category exceeds \$75,000. **Work Program #C28138**

Refer to motion for approval under Agenda Item E.

- 63. Department of Public Safety - Justice Assistance Act - FY 2014** - Addition of \$1,705 in federal Congressionally Selected Justice Assistance Grant (JAG) Reid Appropriation funds, \$299,080 in federal Residential Substance Abuse Treatment (RSAT) grant funds and deletion of \$65,099 in federal Community Oriented Policing Services Child Sexual Predator Program grant funds, \$41,872 in federal Forensic Science Improvement grant funds, \$61,454 in federal Project Safe Neighborhood grant funds, \$7,651 in federal National Criminal History Improvement Program grant funds, \$114,588 in federal National Instant Criminal System Background Investigations grant funds, \$1,466 in federal Bulletproof Vest grant funds, and \$11,683 in federal Congress Select 10 grant funds to appropriately align authority and continue to provide pass-through funding to

sub-recipients. Requires Interim Finance approval since the amount added to the RSAT Aftercare - Federal Portion category exceeds \$75,000.
Work Program #C27849

Refer to motion for approval under Agenda Item E.

- 64. Department of Public Safety - Justice Assistance Grant Trust - FY 2014 -** Addition of \$39,668 in federal Justice Assistance Grant (JAG) funds, deletion of \$750,000 in federal ARRA JAG funds, and transfer of \$1,582,075 from the Reserve for Federal Funds category to the JAG category to align authority to provide pass-through funding to state and local government agencies for various law enforcement projects and programs. Requires Interim Finance approval since the amount transferred to the JAG category exceeds \$75,000.
Work Program #C28107

Refer to motion for approval under Agenda Item E.

- 65. Department of Conservation and Natural Resources - Historic Preservation - FY 2014 -** Addition of \$147,807 in federal Folk Arts grant funds, \$146,267 in federal Share Health Service Cost grant funds, \$122,830 in federal Bureau of Land Management grant funds, and \$198,508 in funds transferred from the Nevada Department of Transportation to balance forward remaining authority to continue funding existing programs. Requires Interim Finance approval since the amount added to the Cultural Resources Information category exceeds \$75,000.
Work Program #C27242

Refer to motion for approval under Agenda Item E.

- 66. Department of Conservation and Natural Resources - Water Resources - FY 2014 -** Addition of \$85,094 in Federal Emergency Management Administration - Dam Safety grant funds to support the agency's ongoing dam safety projects throughout the state. Requires Interim Finance approval since the amount added to the Federal Dam Safety Grant category exceeds \$75,000.
Work Program #C28213

Refer to motion for approval under Agenda Item E.

- 67. Department of Conservation and Natural Resources - Forestry - FY 2014 -** Addition of \$64,700 in federal U.S. Forest Service (USFS) 2013 Forest Health/Western Bark Beetle grant funds to support the agency's efforts to inform the public of the potential destruction the insects and diseases have on our forests and also provide funding to treat the infestations on public and private land throughout the State of Nevada. Requires Interim Finance approval since the cumulative amount added to the USFS Insects and Diseases Grant category exceeds \$75,000. **Work Program #C27041**

Refer to motion for approval under Agenda Item E.

- 68. Department of Conservation and Natural Resources - Forestry - FY 2014 -** Addition of \$2,064,756 in federal U.S. Forest Service Consolidated Payment Grant 2013 (CPG13) funds to continue maintaining and improving fire protection efficiency and effectiveness on nonfederal lands in Nevada. Requires Interim Finance approval since the amount added to the CPG13 Grant category exceeds \$75,000. **Work Program #C27060**

Refer to motion for approval under Agenda Item E.

- 69. Department of Conservation and Natural Resources - Forestry - FY 2014 -** Addition of \$349,000 in federal U.S. Forest Service Fuels Reduction grant funds to support the division's fuels reduction programs in high hazard communities in high priority areas of Clear Creek and Mt. Rose Nevada, which are adjacent to National Forest System lands where similar fuels reduction treatments are planned. Requires Interim Finance approval since the amount added to the Fuels Reduction Grant category exceeds \$75,000. **Work Program #C27578**

Refer to motion for approval under Agenda Item E.

- 70. Department of Conservation and Natural Resources - Environmental Protection-Air Quality - FY 2014 -** Addition of \$75,442 in federal Environmental Protection Agency Clean Diesel grant program funds to cover the cost of replacing one on-road street sweeper in Carson City with a new, cleaner engine vehicle, which will reduce particulate matter, hydrocarbons, carbon monoxide, and nitrogen oxide. Requires Interim Finance approval since the amount added to the Clean Diesel Grant Program category exceeds \$75,000. **Work Program #C28176**

Refer to motion for approval under Agenda Item E.

- 71. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Federal Facilities - FY 2014 -** Addition of \$618,480 in funds transferred from the Petroleum Trust Fund account to develop an interactive database to more efficiently and effectively administer the State of Nevada Petroleum Trust Fund program. Requires Interim Finance approval since the amount added to the Petroleum Fund category exceeds \$75,000. **Work Program #C27443**

Leo Drozdoff, Director, Department of Conservation and Natural Resources, explained that there had been an ongoing inventory of databases throughout the Department, including an old Foxpro database. He said the request for funding had not been included in the Department's budget in the 2013 Legislative Session because the need for a new database was not known at the time.

Mr. Drozdoff said that when Senate Bill (S.B.) 236 (2013 Session) was passed, which included a number of new requirements, the Department determined that a new database would need to be developed to administer the Petroleum Trust Fund program.

He said the Department had been in contact with Division of Enterprise Information Technology Services (EITS), which indicated that a Technology Investment Request (TIR) was not required because of the state's master services agreement (MSA). He said the Department was confident that, based on its experience and program manager, it had the capacity to implement the program.

Mr. Drozdoff said the Department stood by its decision to develop the program, but he realized that the request was not included in the biennial budget and, if the Committee had a concern, the Department would pursue alternatives.

Assemblyman Bobzien said he understood why the request might not have fit within the budget process, but he did not understand why EITS had indicated that a TIR was not required because of the MSA. He noted that the 2013 Legislature had worked toward advancing the Administration's consolidation of information technology services. Without a TIR, a thorough analysis, and a business plan, there was no transparency concerning the expenditure, and the request was now before the Interim Finance Committee.

Assemblyman Bobzien asked for clarification of the reason a TIR was not needed and what analysis had been done on the program. He thought it was a worthy program, but the Committee must exercise due diligence before approving the request.

Colleen Cripps, Administrator, Division of Environmental Protection, Department of Conservation and Natural Resources, responded that the Department's information technology manager had contacted EITS and was told that as long as an MSA was being used, a TIR was not required. The work program was moved forward based on that information.

Mr. Drozdoff added that the Department had considered all of the elements of a TIR to determine whether the program would make sense, and the decision was made that it did. The Department had gone through a web-based permit application process for the Bureau of Water Pollution Control under the same arrangement, and it was seamless. He surmised that because the program was a replacement of an antiquated database and the Department had personnel with sufficient experience and expertise, EITS had determined that a TIR was not needed.

Assemblyman Bobzien understood the need to replace FoxPro, and he affirmed that that EITS was comfortable without a TIR. Mr. Drozdoff said he was not aware of the reasons for the decision to not require a TIR, but he would make the commitment to work with EITS, as the Department did for the water pollution permit application, to ensure that the program would meet EITS' requirements.

Assemblyman Bobzien suggested that there should be a higher-level conversation with EITS about when a TIR was required and when it was not. There needed to be transparency to allow the Legislature to adequately track information technology projects throughout the state.

Mr. Drozdoff said that if the Committee desired, the Department would be willing to defer the project until it could be included in the budget process for the next biennium.

Senator Denis said that Foxpro was an inexpensive program compared to the new database. He asked what the Department could do with the new program that could not be done on Foxpro.

Ms. Cripps replied that the current Foxpro database was not a simple straightforward database: it was a complex and expensive system to put in place. She said it would be more expensive to develop a new database and create a web-based application, but it was a cost of doing business.

Senator Denis thanked Ms. Cripps for the information; he understood why it was necessary to replace Foxpro with a much larger database.

Assemblyman Bobzien said he saw no reason that the request should not go forward. He wanted the conversation with EITS to be ongoing; he was in support of the Administration's goal to provide more consolidated services. The relationship with the Executive Branch concerning information technology services was constantly changing, and the Legislature should be advised of changes in procedures.

Senator Denis said that the clarification provided by Ms. Cripps might have been one reason EITS had determined that a TIR was not needed. He asked whether the Department was receiving complaints from users of the current system.

Ms. Cripps replied that there were not many complaints, but the process was cumbersome, and the applications for claims could take Department staff hours, and sometimes days, to input. She was sure the users also had to spend an inordinate amount of time to get through the process. The new web application would ensure that fewer errors were introduced and the process would be easier for everyone.

Senator Denis asked whether Department staff currently entered all data from paper application forms, and the new application would require businesses to input the information on the website, which would require more work on their part.

Ms. Cripps said the users would input their information, but it would be structured with dropdown screens and selection choices that would make it easy for them to follow the process. The process would be similar to the water pollution program database referred to earlier.

Senator Denis said he was not sure a new database was necessary at this time, but the funds were available to automate the program and make it easier for staff and the applicants, and he was in favor of moving the request forward.

Assemblyman Oscarson asked what the timeframe would be for implementation of the program and how the applicants would be trained.

Mr. Drozdoff replied that the applicants would be completing digital forms, rather than paper, with the same information. There would always be an arrangement to provide a computer to an applicant if he did not have one. The underlying logic behind S.B. 236 was if applicants were allowed to input their own data one time in real time in a web-based application, it would be viewed as preferable. From a management standpoint, Mr. Drozdoff said the program was a large endeavor for the Department to undertake, but it could be developed now, and he was confident that the applicants would not have problems. There would always be an opportunity to use hardcopies if there were problems.

Assemblyman Oscarson asked whether the Department would come to the 2015 Legislature in 18 months to request a different system. Mr. Drozdoff replied no, it would not.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR DENIS MOVED TO APPROVE AGENDA ITEM E-71.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

72. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Federal Facilities - FY 2014 - Addition of \$642,817 in federal Environmental Protection Agency Super Fund grant funds and \$616,036 in funds transferred from the Hazardous Waste Management account to fund the existing contract for environmental consulting services. This funding will enable the agency to provide these service at the Yerington Mine Site as needed. Requires Interim Finance approval since the amount added to the Super Fund category exceeds \$75,000. **Work Program #C27632**

Refer to motion for approval under Agenda Item E.

73. Department of Conservation and Natural Resources - Environmental Protection - Waste Management and Federal Facilities - FY 2014 - Addition of \$2.0 million in funds transferred from the Petroleum Trust Fund account to clean up discharges (releases) of petroleum from underground storage tanks. This funding is to be used to augment, not replace or supplant other available sources of funding for cleanup related activities. Requires Interim Finance approval since the amount added to the Petroleum Fund category exceeds \$75,000. **Work Program #C27636**

Colleen Cripps, Administrator, Division of Environmental Protection, Department of Conservation and Natural Resources, explained that the work program in Agenda Item E-73 would allow the Division to be reimbursed through the Petroleum Trust Fund for the cleanup of petroleum-contaminated soil and groundwater from leaking underground storage tanks at the Eagle Gas North facility in Carson City.

Ms. Cripps pointed out that it was a rare and unprecedented case in which the property owner was not working through the Petroleum Trust Fund to address soil and groundwater contamination on his property. The property owner was unwilling to clean up the property, and the case had gone to court on a number of occasions. Judgments had been issued requiring fines and penalties and reimbursement for expended cleanup costs of over \$1.6 million, and most recently injunctive relief was granted to require permanent closure of all of the tanks on the property and to allow the state access to do the cleanup. In addition, Ms. Cripps said, the state had placed a lien on the property to ensure that if it were sold, any proceeds would be used to reimburse the Petroleum Trust Fund. To date, no money had been collected despite attempts by both the Division and the State Controller.

Ms. Cripps said the Division was actively working at the site. The leaking tanks had recently been removed, and eight discrete leaks were identified. The funds being requested would be used to reimburse the Division for costs already expended, as well as the Division's costs to complete a detailed assessment of the residual contamination and to pay for the remediation.

Ms. Cripps added that the Division had investigated the possibility of federal funding, and there were currently no funds available. However, the Division would check with the federal Environmental Protection Administration throughout the process before expending any of the Petroleum Trust Fund monies. She said the Division would also be willing to work in any way possible to address reimbursement by the property owner for the costs. The Division had been working with the owner for a number of years and he remained recalcitrant, and the Division believed the cleanup needed to be accomplished.

Ms. Cripps said that until the contamination was cleaned up, the contamination that existed within the soil, both above and below the groundwater, would continue to leach and serve as an ongoing source of groundwater contamination. The longer the contamination continued, the further the plume would migrate, which would not only increase overall costs, but also increase the potential for the contamination to impact other businesses in the area and threaten a municipal water well.

Chairwoman Smith asked whether establishments with underground tanks were required to post any kind of bond.

Ms. Cripps replied the leaking underground storage tank program was established to address those incidents. There was national recognition that some of the tanks, which had been underground for decades, had the potential to leak. The Petroleum Trust Fund was established as an insurance fund, and normally property owners would go through the Fund to clean up their sites. In this case, the owner was unwilling to perform the cleanup, which was why the state was doing it.

Chairwoman Smith affirmed that the Fund had a balance of \$7.4 million, the Committee had just approved \$618,480 for the new database, and \$2 million, or nearly one-third of the balance, would be used for the cleanup.

Mr. Drozdoff responded that the Fund would continue to accumulate funds from a variety of sources, including tank registrations and a small percentage of the fuel tax.

Assemblyman Bobzien said he sensed the frustration of the Division staff. He observed that everyone who consumed gas and all of the other small businesses across the state paying annual registration fees were paying for one property owner's violation. He suggested that there might be a better way to handle this type of incident in the future. This was a huge demand on one statewide resource for one isolated problem, and he asked whether a bond might be a more appropriate mechanism for the Legislature to consider.

Mr. Drozdoff replied anytime this type of incident occurred, the policy needed to be considered. He explained the program was put in place to avoid overwhelming the vast majority of compliant facilities. The Division had taken the unprecedented step of filing several judgments and placing a lien on the property, and the Division, the Controller's Office, and the Attorney General's Office were not ready to declare that those steps had not worked.

Mr. Drozdoff speculated that bonding would be expensive for the vast majority of facilities. The Division was considering whether there was a way to ensure that a property owner in violation of the law could never own a storage tank again, which would require legislation. He said research would need to be conducted with the petroleum marketers to weigh the possible impact of a bonding requirement. Currently, the majority of the Division staff's time was focused on completing the cleanup before the contamination spread to other properties.

Ms. Cripps added that the program was set up as a trust fund rather than bonding because many owners of the facilities were small mom-and-pop operations, and tanks had been in place since the 1930s or 1940s. She said it was recognized that many would be leaking, which would have a large impact on the small operations and probably result in them going out of business, and therefore the state was cleaning up the facilities.

Ms. Cripps pointed out that whenever an operation had a leaking underground storage tank, \$1 million per tank from the Petroleum Trust Fund account was allowed for cleanup costs, and if the costs exceeded \$1 million, the owner could apply for additional funds. Typically those funds, minus 10 percent off-the-top costs, were used by the operator to work with contractors and perform the cleanup. She said in the current case, the funds would be allocated to the Division to conduct the cleanup; funds would have been expended even if the cleanup were done according to normal procedures.

Assemblyman Bobzien said he appreciated the potential difficulties of implementing a bonding program, but he was concerned that there was exposure and risk to the state. The current incident was an indicator of how serious a situation could become, and he suggested that the 2015 Legislature should look at the current policy and possible alternatives. He was concerned that multiple incidents could deplete the Fund.

Ms. Cripps noted that over \$140 million had been disbursed over the course of the program and over 1,000 cleanups had been conducted.

Senator Goicoechea asked what the property was worth. He recalled that when the program started, thousands of tanks were removed from the ground, which clearly would not have occurred if bonding had been required. The program worked, and he cautioned against making any changes.

Mr. Drozdoff replied he did not know what the property was worth, but the site was in the corridor off of the main street, and the problem had to be mitigated. He added that the Division was willing to work with the Legislature on possible alternatives to the current policy.

Assemblyman Hardy asked how far the petroleum had migrated and whether it was outside of the property boundaries. He noted that the project budget reflected that the estimated cost of soil excavation and removal was from \$500,000 to \$1.2 million.

Ms. Cripps explained that the tanks had just been removed from the facility, and the Division was in the process of assessing the contamination. Part of the cost would depend upon how much soil would have to be removed and whether it would be easily removable. If it was determined that some of the material had migrated under sidewalks and the highway, the costs would be much larger than cleanup of the material at the site. She said the evaluation was ongoing, which was why there was a large variation in the potential cleanup costs. Ms. Cripps added that the costs were based on the Division's 25 years of experience dealing with contaminated sites.

Assemblyman Hardy asked whether the soil mitigation work would be bid out to the public or if there were only a few companies qualified to perform the work.

Ms. Cripps replied that she understood the work would be performed by the current Division contractor.

Assemblyman Hardy said he was concerned that there was one budget and one contractor and that the project would cost \$1.2 million rather than \$500,000.

Assemblyman Sprinkle noted that he was not in the Legislature in 2005 when the program was created, and he asked for clarification of the \$250,000 cap from the Petroleum Trust Fund for reimbursement of costs incurred by the Division.

Mr. Drozdoff replied there was ambiguity in the statute (*Nevada Revised Statutes* (NRS) 590.835). He explained that Division staff had conducted a tracer test on the Eagle Gas North property and found eight discrete points of discharge: some from the tanks, some from the dispenser, and some from the piping system. The Division evaluated that information to determine the amount of the cap.

Mr. Drozdoff said the \$250,000 cap for the entire site would probably not be enough for the Division to make much progress, and it would slow the mitigation process down. The Division determined the \$2 million cost based on the fact that there were eight documentable discharges.

Assemblyman Sprinkle asked whether the amount of funds available to the Division would be contingent upon how the cap was defined.

Mr. Drozdoff acknowledged that the range of potential costs was broad, and the Division had worked with the Fiscal Analysis Division staff to determine the appropriate amounts. He said the work program was prepared based on the eight discharges, and the request for \$2 million would enable the Division to complete the work quickly. Mr. Drozdoff said that based on one of the engineer's estimate of \$1.5 million, the total \$2 million might not be needed.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated that the Fiscal Analysis Division staff had consulted with the LCB Legal Counsel, who had advised that there was no conflict in the Department's interpretation of the statute and application of the \$250,000 cap to each discharge.

Assemblyman Oscarson said he was also concerned with the wide variance in estimated costs. He noted it was the Committee's responsibility to ensure that the funds were spent appropriately.

Chairwoman Smith said it was her understanding that working with the Fiscal staff, the Division had determined that up to \$1.5 million would be adequate at this time, and the Division could return to the Committee if the costs exceeded that amount. Mr. Drozdoff said she was correct.

Senator Goicoechea remarked that ultimately the state would own the property, and it had to be cleaned up.

Chairwoman Smith suggested that the 2015 Legislature consider legislation to clarify the \$250,000 cap language.

Chairwoman Smith called for public comment and hearing none, she called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA
ITEM E-73 IN THE AMOUNT OF UP TO \$1.5 MILLION.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not
present for the vote.)

74. Department of Wildlife - Operations - FY 2014 - Addition of \$56,979 in Sportsmen Revenue transferred from the Wildlife Fund account to fund additional temporary housing expenses and final moving costs associated with the renovation at the department's headquarters in Reno. Requires Interim Finance approval since the cumulative amount added to the Administration category exceeds \$75,000. **Work Program #C28142**

Patrick Cates, Deputy Director, Department of Wildlife, explained that Agenda Item E-74 was a request to fund the move of the Department's Reno headquarters staff from the leased facility on Kietzke Lane back to the Valley Road headquarters building. He recalled that in 2012, a capital improvement project was started to upgrade the headquarters building, and additional work was approved by the Interim Finance Committee in January 2013.

Mr. Cates said the work had been completed, final inspections were ongoing, and the staff should be able to move into the headquarters building within the next month. The request for \$56,979 would provide funding for the move and additional lease expenses incurred during the first half of FY 2013.

Chairwoman Smith recalled the Committee had extensive discussions concerning the renovation of the headquarters, and some clarification was needed.

Assemblyman Bobzien noted that in December 2012, the Committee authorized \$13,798 for moving costs. He asked how those funds were expended.

Mr. Cates replied those funds were used to move staff from the Valley Road headquarters building to the Kietzke Lane leased facility. The current request was to pay the costs to move back to the Valley Road headquarters.

Assemblyman Bobzien asked why the information technology (IT) staff was selected to be located at the Kietzke Lane site rather than moved back to the headquarters building on Valley Road. He questioned whether there would be an impact on collaboration with staff at the headquarters.

Mr. Cates explained that two employees in the IT section had been located at the Kietzke Lane facility for the last decade. The additional IT position would be housed with them. The IT staff went to the headquarters when needed, but much of their work could be done remotely.

Assemblyman Bobzien asked why the additional office space for the new position was not included in the Department's biennial budget.

Mr. Cates said there was some space in the headquarters building, but it was not adequate for the new IT position. The original intent was to house the position at the headquarters, but the additional space on Kietzke Lane would provide adequate space for the new position as well as storage capacity for IT equipment.

Upon further questioning, Mr. Cates clarified that the original allocation of moving funds in December 2012 was for the move to the Kietzke Lane location. He said the Department knew the move back to the headquarters on Valley Road would not take place until the next fiscal year.

Chairwoman Smith asked why the moving costs were not included in the 2013-2015 biennial budget.

Mr. Cates replied that when the capital improvement project was developed, the Department did not anticipate having to move all of the staff at one time. The decision was made late in the process that it would be less disruptive to staff if most of them were moved out of the building for the duration of the project. He acknowledged that the Department could have requested an amendment to its biennial budget, but that did not occur.

Chairwoman Smith asked why the lease costs for the additional space for IT staff were not included in budget.

Mr. Cates replied the IT staff thought the existing space in the headquarters building would be adequate to house the new position. However, all of the needed storage space would have been eliminated. He said a more suitable office suite in the Kietzke Lane building was available.

Chairwoman Smith remarked that Committee members were frustrated when agencies incurred additional costs after the Legislative Session. It was the Committee's preference to review all costs associated with expanding staff in agency budgets during the Legislative Session.

Chairwoman Smith asked for public testimony and hearing none, she called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA
ITEM E-74.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

**75. Department of Wildlife - Game Management - FY 2014 - Addition of \$380,000 in Elk Damage Fees transferred from the Wildlife Fund account to fund projects to mitigate property damage on private land caused by elk. Requires Interim Finance approval since the amount added to the Elk Damage category exceeds \$75,000.
Work Program #C27889**

Senator Goicoechea said he wanted assurance from the Department of Wildlife that once the funds were approved to mitigate elk damage on private property, construction would begin in the fall. He noted that the projects were developed between the Department's biologist and the landowners. Even though the negotiations did not take place until after the 2013 Legislative Session, most of the landowners thought the project would be completed this year.

Patrick Cates, Deputy Director, Department of Wildlife, replied that the Department had some existing authority with which work had begun with the Nevada Division of Forestry (NDF) honor camp crews. Much of the work had to be put out to bid to contractors, and those bids were opened the previous week. Two contractors were selected, and the Department was currently negotiating the terms of their contracts.

Mr. Cates said the on-the-ground work should move forward rapidly after approval of the funding. The Game Management Division was committed to completing the work by winter, depending upon the weather. He said if all of the work could not be completed because of weather, the projects would certainly be completed in the spring. If the fencing could not be completed, the contingency plan was to wrap the haystacks to protect them over the winter. However, Mr. Cates added, the Division was optimistic that the projects could be completed by winter.

Senator Goicoechea said it was difficult to feed hay out of a wrapped haystack with elk standing by. The more work that could be accomplished before winter, the better off the landowners would be.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE AGENDA ITEM E-75.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

- 76. Department of Wildlife - Habitat - FY 2014** - Addition of \$37,946 in federal U.S. Fish and Wildlife Service (USFWS) Wildlife Restoration grant funds, \$9,163 in federal USFWS Sportfish Restoration grant funds, \$9,141 in federal USFWS State Wildlife grant funds, and \$18,750 in Sportsmen Revenue transferred from the Wildlife Fund account to fund research on the impact energy and mining projects have on migratory birds in Nevada. Requires Interim Finance approval since the cumulative amount added to the Technical Guidance category exceeds \$75,000. **Work Program #C27256**

Refer to motion for approval under Agenda Item E.

- 77. Department of Wildlife - Habitat - FY 2014** - Addition of \$522,023 in Habitat Conservation Fees transferred from the Wildlife Fund account to continue funding approved conservation projects. Requires Interim Finance approval since the amount added to the Habitat Rehabilitation/Restoration category exceeds \$75,000. **Work Program #C27373**

Refer to motion for approval under Agenda Item E.

- 78. Department of Transportation - FY 2014** - Transfer of \$166,000 from the Equipment category to the Airplane Operations category to complete an Avionics upgrade required for the Gulfstream Commander. Requires Interim Finance approval since the amount transferred to the Airplane Operations category exceeds \$75,000. **Work Program #C28084**

Refer to motion for approval under Agenda Item E.

- 79. Department of Transportation - FY 2014** - Addition of \$2,773,997 in U.S. Federal Transit Administration grant funds to establish sufficient authority for the department's Transportation/Multimodal Planning Division to administer these federal programs. Requires Interim Finance approval since the amount added to the Administrative Consultants/Other Federal Programs category exceeds \$75,000. **Work Program #C27996**

Refer to motion for approval under Agenda Item E.

80. Department of Transportation - FY 2014 - Addition of \$7,776,585 in Highway Fund Authorization to reestablish remaining FY 2013 authority for the F Street Project for the purpose of reopening F Street under Interstate 15 in Las Vegas, Nevada. Requires Interim Finance approval since the amount added to the F Street Project category exceeds \$75,000. **Work Program #C28087**

Bill Hoffman, Deputy Director, Nevada Department of Transportation, explained that Agenda Item E-80 contained a work program request to reinstate budget authority for the F Street project in Las Vegas in the amount of \$16,140,527. The amount was based upon the balance forward of \$7,776,585, \$475,000 in federal funds, and \$7,888,942 in transfers from the Fund for Cleaning Up Discharges of Petroleum.

Mr. Hoffman said that expenditures from the Fund for Cleaning Up Discharges of Petroleum [created in Senate Bill (S.B.) 5 of the 2010 Special Session] did not typically come before the Interim Finance Committee (IFC). After discussion with Fiscal Analysis Division staff, in order to be transparent and consistent and to consolidate all of the funding sources for the F Street project, the Department determined the work program revision was appropriate. He noted that no funding was being added to the project: the work program was simply bringing the funds into fiscal year (FY) 2014. He added that the project included \$8.1 million in City of Las Vegas funds, \$7,888,942 in Clark County Funds (S.B. 5), and \$475,000 in federal funds

Chairwoman Smith asked Mr. Hoffman to provide a brief update on the F Street project.

Mr. Hoffman explained that the project was originally awarded to Las Vegas Paving in the amount of \$13.6 million. The project was on budget and on schedule, and substantial completion should be accomplished by December 2014.

Senator Cegavske noted that Mr. Hoffman had stated there was no new money in the project, but the transfer of over \$7 million from the Fund for Cleaning Up Discharges of Petroleum appeared to be new money. She questioned the justification for using those funds.

Felicia Denney, Chief, Financial Management, Nevada Department of Transportation, testified from Carson City that when the project was contemplated, the 2009 Legislature passed Assembly Bill (A.B.) 304 (2009 Session), which required the City of Las Vegas to pay the first \$20 million of the project, and NDOT was to fund the balance. At that time, the City's contribution was estimated to be one-third of the project.

Ms. Denney said that in the 2010 Special Session, the Legislature passed S.B. 5, which provided that funds in excess of \$7.5 million in the Fund for Cleaning Up Discharges of Petroleum were to be dedicated to NDOT for roadway projects, and 70 percent of those funds had to be spent in Clark County. She said S.B. 5 required NDOT to allocate money to projects, and in accordance with A.B. 304, 70 percent of that funding was allocated to the F Street project.

Ms. Denney explained that in FY 2012, it appeared the City could contribute about half of the new estimate of \$16 million to the project, and on August 23, 2012, the IFC approved NDOT's request to reduce the City's share of the project costs to \$8.1 million and to use the money that had been allocated through S.B. 5 and the City and federal contributions. Ms. Denney said the purpose of the work program was to true-up the amounts that had been allocated since July 2010 through the present in preparation of issuing bids.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR DENIS MOVED TO APPROVE AGENDA ITEM E-80.

ASSEMBLYMAN HORNE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Cegavske voted no. Assemblymen Anderson and Sprinkle were not present for the vote.)

- 81. Department of Transportation - FY 2014** - Transfer of \$704,189 from the Reserve category to the Bike Path Planning category to align authority in the appropriate category to allow the department to continue its mission of providing bicycle and pedestrian safety. Requires Interim Finance approval since the amount transferred to the Bike Path Planning category exceeds \$75,000. **Work Program #C28184**

Refer to motion for approval under Agenda Item E.

- 82. Public Employees' Benefits Program - Retired Employee Group Insurance - FY 2014** - Deletion of \$88,225 in Receipts/Retired Employee Insurance to accurately reflect available authority. Requires Interim Finance approval since the amount deleted from the Retired Employee Group Insurance category exceeds \$75,000. **Work Program #C28193**

Refer to motion for approval under Agenda Item E.

- 83. Office of Military - Adjutant General and National Guard - FY 2014** - Addition of \$379,180 in federal Department of Defense funds to support the completion of contracts initiated in prior state fiscal years in the areas of Geographical Imaging Software (GIS), dust suppression, on-going environmental contracts such as sand-oil separators and other environmental operating needs. Requires Interim Finance approval since the amount added to the Environment category exceeds \$75,000. **Work Program #C28143**

Refer to motion for approval under Agenda Item E.

- 84. Office of Veterans' Services - Veterans' Home Account - FY 2014** - Transfer of \$19,353 from the Reserve category to the In-State Travel category, \$116,424 from the Reserve category to the Operating category, \$60,954 from the Reserve category to the Maintenance of Buildings and Grounds category, and \$34,980 from the Reserve category to the Information Services category to align current budgetary authority to reflect future and immediate programming needs. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C28186**

Refer to motion for approval under Agenda Item E.

- 85. Silver State Health Insurance Exchange - Administration - FY 2014** - Addition of \$2,871,669 in federal Cooperative Agreements to Support Establishment of State-Operated Health Insurance Exchanges grant funds to support the establishment of a state-operated health insurance exchange. Requires Interim Finance approval since the amount added to the Contract Services category exceeds \$75,000. **Work Program #C28102**

Refer to motion for approval under Agenda Item E.

- 86. Silver State Health Insurance Exchange - Administration - FY 2014** - Addition of \$145,270 in federal Cooperative Agreement to Support the Establishment of State Operated Health Insurance Exchanges grant funds to support the establishment of a state-operated health insurance exchange. Requires Interim Finance approval since the amount added to the Transfer to Governor's Consumer's Health Assistance category exceeds \$75,000. **Work Program #C28081**

Refer to motion for approval under Agenda Item E.

- 87. Department of Health and Human Services - Health Division - Chronic Disease - FY 2014** - Addition of \$183,278 in federal Quitline Capacity grant funds to continue direct services for the Nevada Tobacco Users Helpline to answer live calls, and provide quit tips, referrals and encouragement to assist those who attempt to quit smoking. Requires Interim Finance approval since the amount added to the Quitline Capacity category exceeds \$75,000. **Work Program #C28190. RECEIVED AFTER SUBMITTAL DEADLINE 10-3-13.**

Refer to motion for approval under Agenda Item E.

Reclassifications

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade & Salary	Proposed Class Title, Class Code, Grade & Salary
Department of Business and Industry – Director’s Office	740/4681	0064	Accountant Technician III Code 07.140, Grade 34, Step 01, Employee/Employer Paid Retirement \$43,639.20	Accounting Assistant II Code 02.303, Grade 25, Step 01, Employee/Employer Paid Retirement \$30,192.48
Department of Business and Industry – Director’s Office	740/4681	0035	Accountant Technician II Code 07.141, Grade 32, Step 01, Employee/Employer Paid Retirement \$40,110.48	Accounting Assistant II Code 02.303, Grade 25, Step 01, Employee/Employer Paid Retirement \$30,192.48
Department of Transportation	800/4660	930 298	Engineering Technician III Code 06.313, Grade 30, Step 01, Employee/Employer Paid Retirement \$36,915.84	Highway Maintenance Worker III, Code 09.120, Grade 29, Step 01, Employee/Employer Paid Retirement \$35,475.12
Department of Transportation	800/4660	930 109	Engineering Technician III Code 06.313, Grade 30, Step 01, Employee/Employer Paid Retirement \$36,915.84	Highway Maintenance Worker III, Code 09.120, Grade 29, Step 01, Employee/Employer Paid Retirement \$ 35,475.12
Department of Transportation	800/4660	930 374	Engineering Technician IV Code 06.308, Grade 33, Step 01, Employee/Employer Paid Retirement \$41,906.16	IT Professional II, Code 07.926, Grade 37, Step 01, Employee/Employer Paid Retirement \$49,694.40
Department of Transportation	800/4660	930 192	Engineering Technician III Code 06.313, Grade 30, Step 01, Employee/Employer Paid Retirement \$36,915.84	Highway Maintenance Worker III, Code 09.120, Grade 29, Step 01, Employee/Employer Paid Retirement \$35,475.12

Refer to motion for approval under Agenda Item E.

F. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported the current balances in the Interim Finance Committee Contingency Account (as shown on the Contingency Account balance statement on page 267 of volume II of the meeting packet; copy attached as [Exhibit C](#)), which reflected the following balances for fiscal year (FY) 2014 as of October 22, 2013:

Unrestricted General Fund Balance	\$12,158,017
Unrestricted Highway Fund Balance	\$ 1,690,085
Restricted General Fund Balance	\$ 7,796,897

Mr. Krmptic said that since the last Interim Finance Committee meeting on August 29, 2013, there had been reported FY 2013 reversions to the Contingency Account of \$579,926. There had been no change in the Highway Fund balance. He noted there were a number of appropriations set aside in the Contingency Account for allocation by the Committee based on legislation that appropriated those dollar amounts. There were no current requests from the Contingency Account.

Chairwoman Smith asked for questions from the Committee; there were none.

G. REQUESTS FOR APPROVAL TO ACCEPT GIFTS AND GRANTS PURSUANT TO NRS 353.335(2)(c).

1. Department of Tourism and Cultural Affairs – Division of Museums and History – Request for approval to accept a monetary gift of \$24,000 from Land Rover Las Vegas.

Peter Barton, Administrator, Division of Museums and History, Department of Tourism and Cultural Affairs, explained that Agenda Item G.1. was a request to accept a gift of \$24,000 from Land Rover of Las Vegas, which had volunteered to assist the Nevada State Museum, Las Vegas with its sesquicentennial exhibit called, “Every Age is an Information Age: 150 Years of Communication in Nevada.” Mr. Barton said there was a pending award of \$25,000 from the Las Vegas Centennial Commission, which would come before the Committee at its December meeting, that required a match of \$24,000 as provided by Land Rover. The funds would be used to purchase a modular wall system to support the [exhibit](#).

Chairwoman Smith asked whether the modular system would be a temporary display for the sesquicentennial celebration.

Mr. Barton said the exhibit was anticipated to open in April 2014 and continue through the end of 2014. The exhibit walls would become the property of the Museum and could be reused for many exhibits in the future.

Chairwoman Smith asked whether there was other advertising within the Museum or only in certain situations such as this.

Mr. Barton replied there were various areas of the Museum, such as the Library, which were dedicated to a donor that provided substantial funding and resources. Sponsorships and dedications were not without precedence, but they were limited.

For future reference, Chairwoman Smith requested further information on regulations concerning advertising in public facilities. She had no concerns with the current request.

Assemblyman Eisen noted that the contribution letter stated that the Museum would hold a free admission day every Nevada Day for the next five years in which Land Rover would participate and sponsor. He asked what was involved in that arrangement.

Mr. Barton replied the specifics had not been decided upon. Typically, Nevada Day was a free admission day in all state museums, and the Division would be working with Land Rover concerning what would be involved in its sponsorship on Nevada Day.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN EISEN MOVED TO APPROVE AGENDA
ITEM G.1.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

2. State Department of Conservation and Natural Resources – Division of State Parks – Request for approval to accept a monetary gift of up to \$25,000 from the Nickel Aid Bag program sponsored through Raley's Supermarkets.

Eric Johnson, Acting Administrator, Division of State Parks, Department of Conservation and Natural Resources, explained that in the past two years Raley's Supermarkets had provided a \$25,000 donation to the Division of State Parks to use in northern Nevada where the company was based. The funds were from the proceeds of the Nickel Aid Bag program, whereby customers who used reusable grocery bags were given a five-cent credit to Raley's for that use.

Senator Goicoechea noted the funds would be used to replace and upgrade UTVs. He asked Mr. Johnson to provide further explanation.

Mr. Johnson said that in its biennial budget request, the Division had requested to replace some of the UTVs (utility task vehicles) used at State Parks, specifically Washoe Lake and Sand Harbor.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

ASSEMBLYMAN KIRNER MOVED TO APPROVE AGENDA
ITEM G.2.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Anderson was not present for the vote.)

H. APPOINTMENT OF MEMBER TO THE COMMITTEE ON INDUSTRIAL PROGRAMS – NRS 209.4817.

Chairwoman Smith said that it had been difficult to find another manufacturing representative to serve on the Committee on Industrial Programs. One group had been contacted who said it was not interested in providing a representative, and the Fiscal Analysis Division staff had been working hard to find a prospective member.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, recalled that the 2013 Legislature had added a second organized labor member to the Committee on Industrial Programs, and in the process of reappointment of the existing members, the previous manufacturing representative resigned. Fiscal staff had been working with the Chair of the Committee to solicit applications and identify potential candidates to serve on the Committee.

Mr. Krmpotic said that since the last Committee meeting, an application had been received from Thomas Dickman, who owned a manufacturing business in Sparks. Mr. Dickman expressed interest in serving on the Committee and appeared to meet the requirements of membership. His company was involved in custom high-end hydraulics and pneumatics for a wide range of industries, including mining, agriculture, food processing, construction, automotive, and more. In Mr. Dickman's letter of application, he had said, "Properly implemented and operated, Prison Industries can play an important role in the lives of inmates to provide education, rehabilitation, and training to become valuable employees in the Nevada economy upon the end of their terms."

Mr. Krmpotic said no other applications for membership on the Committee had been received by the Fiscal Analysis Division, and one vacancy remained: a representative of manufacturing.

Chairwoman Smith asked for public comment and hearing none, she called for a motion.

SENATOR GOICOECHEA MOVED TO APPROVE THE APPOINTMENT OF THOMAS DICKMAN TO THE COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson and Bobzien were not present for the vote.)

I. INFORMATIONAL ITEMS

Mark Krmptic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Committee wished to hear testimony on Agenda Item I-1.b., the Agency for Nuclear Projects, and Item I-6, the Department of Wildlife. There were no further requests for testimony on the informational items.

1. GOVERNOR'S OFFICE

- b. Agency for Nuclear Projects – Status on the Yucca Mountain licensing proceedings.

Chairwoman Smith said she had requested an update on the status of the Yucca Mountain licensing. She recalled that the state had eliminated funding for the project, and now licensing was again being considered.

Robert Halstead, Executive Director, Agency for Nuclear Projects, Office of the Governor, introduced Chief Deputy Attorney General Marta Adams, who authored the background informational memorandum that was submitted to the Committee ([Exhibit D](#)).

Mr. Halstead explained that the Governor's Office and the Attorney General's Office worked together on all aspects of the state's position on Yucca Mountain licensing and litigation. He said since important updated information would not be available until the third or fourth week in November, it might be more appropriate to return to the Committee's December meeting to discuss funding.

Mr. Halstead said a Power Point presentation had been prepared for the Committee, but given the late hour, he requested that he be allowed to dispense with the presentation and instead provide a brief update.

Chairwoman Smith agreed that it would be appropriate to delay a detailed update until the December meeting when more information would be available.

Mr. Halstead recalled that in 2008, the U.S. Department of Energy filed an application for a license to construct a repository for spent nuclear fuel and high-level waste at Yucca Mountain. An application consisting of several thousand pages was submitted to the U.S. Nuclear Regulatory Commission (NRC), accompanied by a multi-volume final supplemental environmental impact statement, which started the formal licensing proceeding and hearings in 2009.

In 2010, the Department of Energy moved to terminate the project by withdrawing its license application and making no funding requests to the U.S. Congress. Subsequently, the NRC suspended the licensing proceeding in 2011 for lack of funding, and no funding was provided by the U.S. Congress in fiscal years 2012, 2013, and 2014.

Mr. Halstead said the NRC had some ending year carryover funding, as did the Department of Energy, which was estimated to be less than 10 percent of the funds needed to carry out a licensing proceeding or to successfully carry through the license application. However, parties that wanted to see the Yucca Mountain project move forward had filed two different lawsuits. In 2012, the second lawsuit was filed in the U.S. Court of Appeals for the District of Columbia Circuit, which resulted in an Order of the Court issued August 13, 2013, for the U.S. Nuclear Regulatory Commission to promptly restart the licensing proceeding, despite the fact that the Court acknowledged that funds were not available to complete the licensing process.

Mr. Halstead further explained that the order of the Court was not directed at the Department of Energy: it was directed at the U.S. Nuclear Regulatory Commission ordering it, through a Writ of Mandamus arguing that the NRC should have continued the proceeding as long as funds were available. The NRC was ordered to restart the licensing proceeding, and the NRC issued an order asking the parties to the proceeding to file comments on how the action, which the dissenting Chief Judge of the Court called “useless,” should occur.

Within the 45-day period for appeals, the State of Nevada, through the Attorney General’s Office, filed a petition on September 27, 2013, for rehearing and reconsideration by all ten judges on the Court. Nevada and the other parties also filed comments with the NRC concerning how the structure and schedule of the licensing proceeding should be carried out if, in fact, it should go forward.

Mr. Halstead said the Governor’s Office, the Attorney General’s Office, and the Agency for Nuclear Projects were monitoring three events that were expected to occur over the next four to six weeks:

- The Nuclear Regulatory Commission would have a meeting ordering the resumption of the Yucca Mountain licensing proceeding.
- The U.S. Court of Appeals for the District of Columbia Circuit would make a decision whether to accept Nevada’s petition for a rehearing. If that were to occur, the NRC would likely stay its action to resume the licensing proceeding.
- Legislative action in the U.S. Senate where the Energy and Natural Resources Committee was considering a comprehensive bill to restructure the U.S. Nuclear Waste Program according to the recommendations of the Presidential Blue Ribbon Commission on America’s Nuclear Future. The most important elements of the bill would be to take the nuclear waste program out of the Department of Energy and move it to a voluntary basis for seeking sites for nuclear waste storage and disposal facilities.

Mr. Halstead noted that two of the potential actions going forward, the court case and the NRC licensing proceeding, could have implications for the financial needs of the Nevada Attorney General’s Office and the Agency for Nuclear Projects.

Chairwoman Smith remarked that the Committee was most concerned about the state's fiscal responsibility. She asked for questions from the Committee and hearing none, she thanked Mr. Halstead for his presentation and said the item would be placed on the Committee's December agenda.

6. DEPARTMENT OF WILDLIFE – Habitat Division and Game Management Division – Notification of the transfer of one full-time Wildlife Staff Specialist and associated costs from the Habitat Division to the Game Management Division to better align the duties and functions of the position with the appropriate management division.

Patrick Cates, Deputy Director, Department of Wildlife, explained that the Department was moving one Biologist Staff Specialist position from the Habitat Division budget account to the Game Management Division budget account. The position was originally created by the Interim Finance Committee prior to the 2013 Legislative Session as part of the Sagebrush Ecosystem Technical Team and Council, which was a multidisciplinary team with the Department of Conservation and Natural Resources (DCNR). The position served on the Technical Team as the Department's representative.

Mr. Cates said there was no change in scope of the position's duties. When the position was originally budgeted, the Sagebrush Ecosystem Technical Team and Council had not yet been formed, and as the Technical Team and Council started doing their work, it was determined that the incumbent in the position spent most of her time working with the Biologist Staff Specialist for upland game and was the resident sage-grouse expert in the Game Management Division. He said originally it was believed most of the issues would relate to habitat, but practically, the position belonged in the Game Management Division.

Chairwoman Smith reminded the Committee that the item was informational only and required no action.

Assemblyman Bobzien affirmed that the Sagebrush Ecosystem Coordinator position was in the Habitat Division, but the Biologist Staff Specialist position was being moved to the Game Management Division. He asked why the other Biologist Specialist remained in the Habitat Division.

Mr. Cates replied it was important to recognize that all of the NDOW Divisions often worked across division lines. The Sagebrush Ecosystem Coordinator position, which predated the Council, coordinated federal and state partners to identify and manage habitat projects on the ground: the bulk of the Coordinator's work was related to habitat improvement projects. The Biologist Staff Specialist served on the Technical Team to represent NDOW's position on the science of the sage-grouse, which was a habitat issue. He said there seemed to be more synergy and interaction between the position and the Game Management Division on the science of the sage-grouse rather than specific on-the-ground habitat projects in the Habitat Division.

Chairwoman Smith asked for further questions on the item; there were none, and she thanked Mr. Cates for his testimony.

J. PUBLIC COMMENT.

Chairwoman Smith asked for public comment in Carson City and Las Vegas; there was none.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, announced the next meeting of the Committee was scheduled for Monday, December 9, 2013, at 9:00 a.m. in Las Vegas.

K. ADJOURNMENT.

There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 1:27 p.m.

Senator Debbie Smith, Chairwoman
Interim Finance Committee

Rick Combs, Director, Legislative Counsel
Bureau, and Secretary, Interim Finance Committee

**EXHIBITS
INTERIM FINANCE COMMITTEE
October 22, 2013**

Exhibit	Witness/Agency	Description
A	*****	Agenda
B	*****	Meeting Packet
C	Mark Krmpotic, Senate Fiscal Analyst	Statement of IFC Contingency Account Balance as of October 22, 2013.
D	Robert Halstead, Executive Director, Agency for Nuclear Projects, Office of the Governor	Memorandum from Marta Adams, Chief Deputy Attorney General, dated October 10, 2013: Update on the Yucca Mountain Project