

**MINUTES OF THE
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S
COMMITTEE ON INDUSTRIAL PROGRAMS
(NRS 209.4817)
October 11, 2019**

The first meeting of the 2019-20 Interim for the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs was held at 1:30 p.m. on Friday, October 11, 2019, in Room 4412 of the Grant Sawyer State Office Building in Las Vegas, Nevada. The meeting was simultaneously videoconferenced to Room 3138 of the Legislative Building in Carson City.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator David Parks, Chair
Senator Pete Goicoechea
Assemblywoman Daniele Monroe-Moreno
Assemblyman Glen Leavitt
Harold Wickham, Acting Director, Nevada Department of Corrections
Lisa Levine, Representing Manufacturing
Bruce Aguilera, Representing Business
Randy Soltero, Representing Organized Labor
Beverly Williams, Representing Organized Labor

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Kevin Doty, Administrator, Purchasing Division, Department of Administration

COMMITTEE MEMBERS ABSENT:

Allen J. Puliz, Representing Manufacturing

STAFF MEMBERS PRESENT IN LAS VEGAS:

Brody Leiser, Senior Program Analyst, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN CARSON CITY:

Alex Haartz, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Nick Anthony, Senior Principal Deputy Legislative Counsel, Legal Division
Kat Therres, Secretary, Fiscal Analysis Division

OTHERS PRESENT IN LAS VEGAS:

Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections
Bill Quenga, Deputy Director, Industrial Programs, Nevada Department of Corrections

OTHERS PRESENT IN CARSON CITY:

None

EXHIBITS:

Exhibit A: Agenda, Meeting Packet and Meeting Material

Exhibit B: Impact Studies for New Industry – Allwire, Inc.

I. ROLL CALL.

Brody Leiser, Senior Program Analyst, Legislative Counsel Bureau, Fiscal Division, called the meeting of the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs (Committee) to order at 1:30 p.m. The secretary called roll. All members were present except for Mr. Puliz, who was excused. Mr. Leiser stated that there was a quorum for the meeting.

II. PUBLIC COMMENT.

There was no public comment.

III. SELECTION OF CHAIR AND VICE CHAIR – NRS 209.4817.

Mr. Leiser directed the Committee to *Nevada Revised Statute* (NRS) 209.4817, Tab III ([Exhibit A](#)). The NRS section described the composition of the Committee and indicated that traditionally the chair was selected from the legislative members of the Committee. Although, not required by statute, it has been a prior practice of the Committee to select a vice chair in addition to the chair.

The regular members of the Committee on Industrial Programs were appointed by the members of the Interim Finance Committee (IFC) at its August 15, 2019, meeting. The Committee members consisted of Senator David Parks, Senator Pete Goicoechea, Assemblywoman Daniele Monroe-Moreno, Assemblyman Glen Leavitt, Bruce Aguilera, Allen Puliz, Randy Soltero, Beverly Williams and Lisa Levine. He added that Harold Wickham, Acting Director, Nevada Department of Corrections, and Kevin Doty, Administrator, Purchasing Division, Department of Administration were standing members of the committee by virtue of the positions they hold.

Mr. Leiser accepted nominations for chair of the Interim Finance Committee's Committee on Industrial Programs.

Chair Parks advised that in previous years the Committee alternated between the two houses and nominated Assemblywoman Daniele Monroe-Moreno for chair of the Committee.

CHAIR PARKS MOVED TO APPROVE ASSEMBLYWOMAN
MONROE-MORENO AS CHAIR OF NEVADA LEGISLATURE'S INTERIM
FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

SENATOR GOICOECHEA SECONDED THE MOTION. THE MOTION
CARRIED UNANIMOUSLY.

Mr. Leiser turned the gavel over to Chair Monroe-Moreno.

Chair Monroe-Moreno requested a motion to nominate a vice chair for the Committee.

SENATOR GOICOECHEA MOVED TO APPROVE SENATOR PARKS AS VICE CHAIR OF NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

MR. AQUILERA SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Chair Monroe-Moreno asked the Committee members to introduce themselves.

Harold Wickham, Acting Director, Nevada Department of Corrections, stated that he was pleased to be serving on the Committee.

Randy Soltero stated that he represented organized labor and has served on the Committee for approximately eight years. He was pleased to be serving again and believed the work of the Committee was important.

Assemblyman Leavitt, Senate District 23, Clark County, said it was his first time serving on the Committee.

Chair Monroe-Moreno, Assembly District 1, said it was her second appointment to the Committee. She expressed her excitement to be serving on the Committee again.

Senator Parks, Senate District 7, the southeast part of the Las Vegas Valley, stated that he has served on the Committee for over 20 years.

Senator Goicoechea, Senate District 19, stated that his district served the eastern half of the state and a portion of rural Clark County. He looked forward to working with the Committee.

Beverly Williams, Teamsters Union Local 986, stated she represented organized labor. She was honored to be a part of the Committee and looked forward to working on the important issues.

Bruce Aguilera, MGM Resorts, representing business, stated he has served on the Committee for over seven years.

Lisa Levine, Director of Government Relations, International Gaming Technology (IGT), stated that it was her first time serving on the Committee. She added that she was interested in serving on the Committee because IGT had an international manufacturing facility, which employed approximately 2,000 people in Northern Nevada, with the gaming headquarters in Southern Nevada.

Kevin Doty, Administrator, Nevada State Purchasing, said he was happy to serve on the Committee.

Chair Monroe-Moreno welcomed staff attending the meeting in Carson City.

IV. APPOINTMENT OF ALTERNATE MEMBERS OF COMMITTEE ON INDUSTRIAL PROGRAMS – NRS 209.4817.

Chair Monroe-Moreno asked Mr. Leiser to discuss the next agenda item, the appointment of alternate members to the Committee.

Mr. Leiser explained that Agenda Item IV, page 7 ([Exhibit A](#)) contained NRS 209.4817, which provided for the appointment of alternate members to serve a two-year term at the discretion of the Committee. The chair of the Committee may appoint nine alternate members to serve in the place of regular members who were unable to attend a meeting or perform their duties.

Chair Monroe-Moreno stated that due to the busy schedules of members alternates would be appointed at the meeting.

Mr. Leiser clarified the statute required that alternate members must serve in a similar industry as the non-legislative members. He noted that Ms. Levine provided an alternate; however, the alternate did not appear to represent manufacturing. He reiterated statute indicated the chair of the Committee may appoint nine alternate members to serve in the place of regular members who were unable to attend a meeting or perform their duties. He added if any members had names of alternates they wanted to appoint it could be considered at today's meeting. Mr. Leiser believed alternates could not be elected after today's meeting.

Senator Parks nominated Robert Conway as an alternate to represent organized labor for either Beverly Williams or Randy Soltero. He noted that Mr. Conway had previously served on the Committee as an alternate.

CHAIR MONROE-MORENO MOVED TO APPROVE MR. CONWAY AS AN ALTERNATE MEMBER ON NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR MS. WILLIAMS OR MR. SOLTERO.

MS. WILLIAMS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Mr. Wickham asked if it was appropriate to nominate himself as an alternate once a permanent Director of Nevada Department of Corrections (DOC) was hired.

Mr. Leiser confirmed that statute only allowed for alternates of the legislative members and the members representing manufacturing, business and organized labor. Statute does not allow for alternates for the Director of the DOC, or for the Administrator of the Purchasing Division.

Chair Monroe-Moreno asked if the IFC made appointments of alternates for the legislators, and Mr. Leiser replied that IFC did not appoint alternates for the legislators on the Committee.

Assemblyman Leavitt nominated Assemblyman Gregory Hafen as his alternate.

ASSEMBLYMAN LEAVITT MOVED TO APPROVE ASSEMBLYMAN HAFEN AS AN ALTERNATE MEMBER FOR ASSEMBLYMAN LEAVITT FOR NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

SENATOR GOICOECHEA SECONDED THE MOTION. THE MOTION CARRIED UNAMIOUSLY.

Chair Monroe-Moreno nominated Assemblyman Alexander Assefa as her alternate.

CHAIR MONROE-MORENO MOVED TO APPROVE ASSEMBLYMAN ASSEFA AS AN ALTERNATE MEMBER FOR CHAIR MONROE-MORENO FOR NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYMAN LEAVITT SECONDED THE MOTION. THE MOTION CARRIED UNAMIOUSLY.

Senator Goicoechea nominated Senator Scott Hammond as his alternate. He noted that Senator Hammond lived in Southern Nevada, which was close to his district and he was familiar with the issues in his county.

CHAIR MONROE-MORENO MOVED TO APPROVE SENATOR HAMMOND AS AN ALTERNATE MEMBER FOR SENATOR GOICOECHEA FOR NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYMAN LEAVITT SECONDED THE MOTION. THE MOTION CARRIED UNAMIOUSLY.

Senator Parks nominated Senator Joyce Woodhouse as his alternate.

CHAIR MONROE-MORENO MOVED TO APPROVE SENATOR WOODHOUSE AS AN ALTERNATE MEMBER FOR SENATOR PARKS FOR NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS.

SENATOR GOICOECHEA SECONDED THE MOTION. THE MOTION CARRIED UNAMIOUSLY.

Senator Goicoechea noted for the record that he has not asked Senator Hammond to be his alternate.

Chair Monroe-Moreno asked if there were any other nominations for alternates from the members.

V. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR SEPTEMBER 21, 2018.

Chair Monroe-Moreno requested a motion for approval of the minutes from the September 21, 2018, meeting of the Committee on Industrial Programs meeting, page 9, ([Exhibit A](#)).

SENATOR GOICOECHEA MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 21, 2018, MEETING FOR THE COMMITTEE ON INDUSTRIAL PROGRAMS.

ASSEMBLYMAN LEAVITT SECONDED THE MOTION. THE MOTION CARRIED UNAMIOUSLY.

VI. APPROVAL OF MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR DECEMBER 14, 2018.

Chair Monroe-Moreno requested a motion for approval of the minutes from the December 14, 2018, meeting of the Committee on Industrial Programs, page 27, ([Exhibit A](#)).

ASSEMBLYMAN LEAVITT MOVED TO APPROVE THE MINUTES OF THE DECEMBER 14, 2018, MEETING FOR THE COMMITTEE ON INDUSTRIAL PROGRAMS.

MR. SOLTERO SECONDED THE MOTION. THE MOTION CARRIED UNAMIOUSLY.

VII. OVERVIEW OF THE COMMITTEE ON INDUSTRIAL PROGRAM'S STATUTORY AUTHORITY AND DUTIES.

Nick Anthony, Legal Division, Legislative Counsel Bureau, expressed his pleasure to serve as legal counsel to the Committee. He directed the Committee to Tab VII, page 35 ([Exhibit A](#)), Overview of Relevant Constitutional and Statutory Provisions. Mr. Anthony explained that the Committee was a statutory body created in Chapter 209 of the NRS 209.461. He noted the "Board" is the Board of State Prison Commissioners created by Art. 5 § 21 of the Nevada Constitution consisting of the Governor, the Attorney General and the Secretary of State. To the extent provided by law, the Board was charged with supervising the operation of the state prison system. The "Committee" was the Committee on Industrial Programs. "Department" is the Department of Corrections (DOC). The Committee on Industrial Programs was created by statute and has been in existence since approximately 2001.

Continuing, Mr. Anthony said the Director of DOC, was generally required to ensure that offenders spend 40 hours per week in vocational training or employment and to employ persons to supervise and instruct the offenders. The Director must also provide space and equipment for manufacturing and services and contract with public agencies and private employers for the employment of offenders and the sale of any goods manufactured by the prisoners. He stated that any such program must employ as many offenders as possible, generate income to offset or reduce the cost of incarceration, must not have a significant effect on the number of jobs available to residents of Nevada and must provide occupational training for offenders. In addition, offenders could not participate in telemarketing, the conduct of opinion polls or have access to the personal information of persons who were not incarcerated.

Mr. Anthony explained that the operation of all the PI programs, in aggregate, must produce a profit for the Department. If a "state-sponsored program" (one not involving a contract of employment with a private employer) loses money for two consecutive fiscal years, the Director must explain the reasons for the loss to the Committee and provide a plan to generate a profit in the following fiscal year. If the program still does not generate a profit, the Director must "take appropriate steps to resolve the issue."

With the approval of the Board, the Director may lease space and facilities within institutions of the Department to private employers to be used for prison industries programs. As a prerequisite to any contract with a private employer for the employment of offenders, the Director must obtain from the employer a personal guarantee, bond or other form of surety to ensure the employer's performance of its obligations under the contract. Senate Bill No. 30 (2019) revises the amount of a personal guarantee or surety bond obtained by the Director to not less than 25 percent of the prorated annual amount of the contract, but not more than 100 percent of the prorated annual amount of the contract for a contract that does not relate to construction; and maintains the requirement in existing law of a personal guarantee or surety bond of not less than 100 percent of the prorated annual amount of the contract for a contract that relates to construction. The bill

additionally requires the Director to appear before the Committee to explain the amount fixed for any personal guarantee or surety bond.

Mr. Anthony indicated the Director was required to report to the Committee on the potential impact of any new program on private employers and labor in Nevada. The report must include information about the number of private companies in Nevada currently providing the product or service in question, the number of persons living in Nevada who were employed by those companies, the number of offenders who would be employed in the new program, and the skills that they would acquire. The Director must seek this information from the Department of Employment, Training and Rehabilitation (DETR), the Department of Business and Industry (B&I), the Governor's Office of Economic Development (GOED) and representatives of organized labor.

The Committee is required to: (1) remain informed on issues and developments relating to PI programs; (2) submit a report to the IFC semiannually on the status of current and proposed prison industries programs; (3) report to the Legislature on any other matter involving PI programs, as the Committee deems appropriate; (4) meet at least quarterly and at the call of the chair to review the operation of current and proposed PI programs; (5) whenever a vacancy exists, recommend three persons to the Director for appointment as Deputy Director for Industrial Programs; (6) review any proposed new prison industries program for compliance with the statutory requirements governing such programs; and (7) review each "state-sponsored" PI program (a program not involving a private employer) to determine whether the program was operating at a profit.

Mr. Anthony pointed out that the complete Overview of the Committee on Industrial Programs Statutory Authority and Duties was located behind Tab VII, page 35 ([Exhibit A](#)).

Chair Monroe-Moreno thanked Mr. Anthony for his testimony.

VIII. STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.

Ms. Dastal, Administrative Services Officer II, Nevada Department of Corrections (DOC), directed the Committee to review the Status Report on Outstanding Debt Owed to Prison Industries (PI), Tab VIII, page 47 ([Exhibit A](#)). The balance of \$701,118 was owed to Prison Industries as of the end of June 30, 2019. The largest balances outstanding on the aging report were noted with an asterisk and made up the top ten accounts with balances due and owed \$470,654, or 67 percent of the total receivables due. Three of the top ten accounts were private customers that had continued business with PI. The other private customers do not have contracts; however, those customers always paid their invoices promptly. Six of the top ten customers were government agencies and a sure pay.

Ms. Dastal indicated that two Auto Shop customers had past due balances over 121 days. She said that PI was unable to contact one customer that had a balance of \$3,606. She noted that it appeared the customer moved and the account had been turned over to the

Controller's Office for collection. The second customer with a past due balance paid \$1,000 towards their balance, and had a remaining balance of \$6,138. Ms. Dastal indicated the customer promised to inspect and pickup his vehicle in the near future. Ms. Dastal noted that PI would not release the vehicles until the balances were paid in full. In addition, PI had the option to place a lien on vehicles with an outstanding balance.

Chair Monroe-Moreno asked the procedure for an unpaid balance on a vehicle, or for a vehicle that was left at the Auto Shop.

Mr. Quenga explained that PI had a procedure to follow when a customer did not pay their balance due. A certified letter with a return receipt was sent to the customer if there was an outstanding balance to prove that PI made numerous attempts to contact the customer to satisfy the debt, and to provide an opportunity for the customer to pay the outstanding balance. He said PI referred to the Deputy Attorney General (DAG) assigned to PI, for guidance and the legal process to avoid violating NRS and to ensure proper legal action.

Senator Goicoechea asked if the value for both of the vehicles with outstanding debt was more than \$7,000, and Mr. Quenga confirmed that the cars were classic vehicles and PI was in possession of those vehicles. He added that PI sent a certified letter with return receipt to one vehicle owner, which was returned as "not deliverable." He noted he would make another attempt to notify the owner. He reiterated that the owner of the second vehicle made a partial payment toward his vehicle. Mr. Quenga said that PI has been working with the customers to ensure a pleasant relationship.

Senator Goicoechea commented that he was aware that PI would have to perform its due diligence to ensure the vehicles were worth the restoration work before accepting the job, and Mr. Quenga confirmed that PI was diligent in meeting the customer in the beginning stages to ensure that PI understood the customer's needs. In addition, PI maintained contact with the customer during the process in case there were any unforeseen damages noted during the process. PI could not perform any services until the customer was aware of any changes to the scope of the work.

Mr. Aguilera asked the process when the customer had the title to a vehicle that was abandoned, and Mr. Quenga replied that customers were in possession of the title to their vehicle while the work was being done. Additionally, PI worked with its DAG in the case of an abandoned vehicle.

IX. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2015 THROUGH JUNE 2019.

Ms. Dastal directed the Committee to the report on the number of inmates that worked from FY 2015 through FY 2019, Tab IX, page 51 ([Exhibit A](#)). PI averaged 492 offenders working in FY 2015, or 4.1 percent of the offender population; in FY 2016, PI averaged 482 offenders working, or 3.6 percent of the offender population; and in FY 2017,

PI averaged 465 offenders working, or 3.3 percent of offender population; FY 2018, PI averaged 494 offenders working, or 3.6 percent of the total offender population. She stated that in FY 2019, PI averaged 530 offenders working, and the average prison population was 13,699 offenders accounting for 3.9 percent of the prison population. Fiscal Year 2019 started with 478 offenders working and ended with 565 offenders working.

Responding to a question from Ms. Levine regarding the longevity of offenders working in PI programs, Mr. Quenga replied that offenders must meet criteria to classify to work in PI. For example, offenders could not be within a year of being released because it took a minimum of three to five years to gain the necessary skills needed to work in the private sector upon release.

Senator Goicoechea asked if the camp numbers and the fire crew information were incorporated into the reports because those inmates were part of the Nevada Division of Fire (NDF).

Mr. Quenga replied that NDF was a separate entity. He explained that PI was just manufacturing; whereas, the camp and fire crews were under the Stewart Conservation Camp (SCC), which was under the ward of Northern Nevada Correctional Center (NNCC) and SCC. Therefore, the numbers were separate from PI.

Senator Goicoechea noted that he thought the numbers for the conservation camps and fire crews would be of interest to the Committee. He requested that PI provide informational data that included man days and crew hours for the camp and fire crews.

Mr. Quenga replied that he would speak with Mr. Wickham, Acting Deputy Director, DOC and John Borrowman, Deputy Director, Support Services and provide that information to the Committee.

Assemblyman Leavitt stated that the average number of inmates working in PI appeared low. He asked if the number in the report was for the entire offender population or just the qualified offender population. He indicated that he would like know the percentage of inmates who were qualified and met the criteria to work in PI versus the inmates that were actually working.

Responding to Assemblyman Leavitt, Mr. Quenga replied that it was an estimated average population of the whole statewide prison system. He said he would provide the information requested by Assemblyman Leavitt to the Committee.

Ms. Williams asked for the total inmate population in the System and the total number of inmates working. In addition, she asked if the jobs were open to any offender that wanted to work, or did the offender have to qualify to work in PI.

Mr. Quenga responded that offenders had to qualify and meet certain criteria to work for PI. He noted that some of the major institutions were medium security facilities and others were maximum security facilities, such as the Ely State Prison. Depending on how the facilities were setup in the institution, the population and industries available determined how many positions could be filled with qualified offenders.

Senator Goicoechea asked Mr. Quenga if the approximately 14,000 average offender population, shown on page 55, ([Exhibit A](#)) included the conservation camps, and Mr. Quenga replied that he believed that number reflected the total inmate population.

Senator Goicoechea thought it was critical to have the number of inmates working in the camps, because otherwise it seemed that only 3 to 4 percent of inmates were working, when realistically, 400 to 500 inmates could be gainfully employed in the camps.

Mr. Quenga added there were inmates working in one camp that were trustee status. For example, the Stewart Conservation Camp used approximately ten inmates that traveled from Carson City to Reno to work at the Erickson facility (Erickson Framing NV, LLC.). The program was approved over a year ago and was very successful. He noted that he was trying to increase the number of inmates working at the truss company. He indicated the company came from Arizona and was new to Nevada and still learning the industry in the state.

Senator Goicoechea stated that recently met with Harold Wickham, Acting Director, DOC, regarding the community trustees working in Carson City, and also now in Carlin. He said it was a camp but the trustee status inmates were working in the communities, similar to the inmates from the Stewart Conservation Camp traveling to Reno to work at the truss facility.

Mr. Quenga added that inmates from the Prison Ranch were served by the Stewart Conservation Camp.

Senator Goicoechea added that he thought the number of inmates working were a lot higher than what was shown in the Committee report.

Mr. Wickham clarified that many of the 14,000 inmates incarcerated were working, but not working for PI. Many inmates worked for other industries, such as, culinary, law library, unit porters, or working in the prison facilities, but they were not paid by PI. He noted it was a misnomer when the numbers reflected that only 4.2 percent of 14,000 inmates were working. He noted a large number of inmates, which he thought was approximately 50 percent of the prison population, were working in some capacity.

Senator Goicoechea added that typically the inmates working in the conservation camps or on fires were paid from an outside source, such as NDF, or by a city jurisdiction. He assumed the culinary or law library jobs would be paid from the prison system rather than an outside source.

Mr. Wickham confirmed that inmates working within a prison facility were paid by the prison system, albeit a different rate. The inmates working in the conservation camps or on fires were paid by other sources, such as federal funds if it was a federal wildland fire. If the inmates were working on projects for the local municipalities or communities they were paid through the prison system.

Chair Monroe-Moreno requested a breakdown on the number of inmates incarcerated and working; whether, it was contractual work with one of the city governments, working within PI, or on federal wildland fires, or within the prison facilities.

Mr. Quenga confirmed that he would work with John Borrowman, Deputy Director, Support Services, DOC, to obtain the statistics on the number the inmates working and how they were paid and provide that information to the Committee.

Mr. Aguilera expressed his surprise that the Tag Facility, which produced the license plates at the Stewart Conservation Camp, had not increased the number of inmates working due to all the specialized license plates in the state.

Mr. Quenga explained that the license plate facility moved to robotic technology and was using more equipment, as opposed to ten inmates to produce one license plate. After touring the tag operation at the Stewart Conservation Camp, Mr. Quenga stated that most of the work at the facility was automated, which reduced the number of inmates required to make license plates.

X. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISONS CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2017, FY 2018, AND FY 2019.

Ms. Dastal reviewed the Deductions from the Inmate Wages for Room and Board, the Prison Industry Capital Improvement Fund (CIP) and the Victims of Crime Fund, Tab X, page 57 ([Exhibit A](#)). She stated that 24.5 percent of the wages for offenders were deducted for Room and Board; 5 percent of wages for offenders were deducted for the Victims of Crime Fund; and 5 percent of wages were deducted for the Prison Industry CIP fund. In FY 2017, \$450,620 in wages were deducted for the three funds; in FY 2018, \$456,883 in wages were deducted; in FY 2019, \$513,485 in wages were deducted from offenders pay, which included \$364,900 for Room and Board and \$74,292 for the Victims of Crime Fund and \$74,292 for PI CIP Fund, respectively.

Mr. Quenga noted that PI was looking at Marsy's Law to determine the impact it could have on inmate payroll deductions. He discussed Marsy's law with Mr. Borrowman and was waiting for additional counsel from the DAG. He was aware there were certain wages, such as minimum wage, below minimum wage and above minimum wage to see how inmate banking would begin redirecting payments to the different funds. He stated at this point, PI would continue with its regular deductions; however, Marsy's Law could impact the deductions for Room and Board and the Victims of Crimes Fund. Mr. Quenga added that he would provide an update on the impact of Marsy's Law at the next meeting.

In response to Chair Monroe-Moreno, Mr. Quenga explained that Marsy's Law stated when an inmate was paid, a percentage of their wages would be deducted to satisfy any restitution, or fines levied against the offender. He noted that PI was unsure how the reduction would impact the Room and Board Fund, which supported and offset the cost of incarceration. He agreed that the amounts had the potential to change dramatically; although, the changes were unknown until the DAG issued its final recommendations.

Senator Parks asked if the deduction of fees related to Marsy's Law could be retroactively implemented once the DAG has finalized its recommendations. He was aware of past fees being imposed retroactively, which may have a substantial financial impact. He presumed that this particular deduction would be assessed prospectively, as opposed to a retroactive assessment.

Mr. Quenga did not have additional information at this time but would provide an update to staff and the Committee once he received information from its DAG.

XI. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2019.

Ms. Dastal reviewed the financial statements from Silver State Industries, Tab XI, page 59 ([Exhibit A](#)). The total cash for PI decreased approximately \$40,000, or 1.6 percent compared to the same period last year. The total cash for the Prison Ranch increased approximately \$213,000, or 16 percent. The total unrestricted cash balance for PI and the Prison Ranch increased approximately \$173,000, or 4.5 percent. The PI other assets restricted cash balance decreased approximately \$98,600, due to equipment purchases. Retained earnings increased approximately \$26,000, to a balance of approximately \$4.0 million.

Continuing to the Consolidated Statement of Operations, Ms. Dastal stated the net income totaled approximately \$26,330. She said that PI had a loss of approximately \$173,623; the Prison Ranch contributed approximately \$233,754 toward program support; and PI Capital Projects Fund ended with a loss of \$33,801.

Ms. Dastal directed the Committee to page 65, which showed the changes in cash flows for the year and summarized the amount of cash and cash equivalence at the beginning of the year and at the end of the period. The report begins with net income and lists adjustments to reconcile net income to net cash, as provided by PI's operating activities.

Ms. Dastal explained that PI's Central Administration Section, page 66 ([Exhibit A](#)), reflected that license plate fee revenue decreased by approximately \$27,000; Capital Improvement Revenue was relatively flat; rental income was also flat; and administrative fees decreased by \$7,000, due to Diamond Mountain Distributors. Total revenue decreased approximately \$43,000. General and Administrative Expenses increased approximately \$58,000. The Central Administration sections net loss increased approximately \$163,000, to almost \$274,000. The State Cost Allocation increased \$145,000 to approximately \$500,000. She stated that the Administrative Services Division was investigating the increase in the State Cost Allocation and thought the increase could be due to depreciation.

Mr. Quenga expressed his concern that the State Cost Allocation had also doubled for upcoming Fiscal Year (2020). He asked Ms. Dastal to investigate the increase with the entities involved because one report showed that PI was being charged for depreciation on sheds, garages and buildings in Pioche, which had nothing to do with PI. Mr. Quenga stated that he would request details on the items being charged to PI for State Cost Allocations to avoid paying for items not related to PI, because those charges reduced PI's cash flow.

Continuing, Ms. Dastal moved to the Northern Nevada Correctional Center (NNCC) Mattress Shop Statement of Operations, Tab XI, page 67 ([Exhibit A](#)), and noted sales decreased approximately \$55,000. Although, sales were down, material costs increased tremendously. Some of the Mattress Shop prices were locked into a contract; therefore, the costs of the mattresses could not be increased. Ms. Dastal explained that raw material costs were significantly higher and shipping costs increased due to tariffs. The total General and Administrative Manufacturing expenses increased approximately \$13,000 and the Mattress Shop loss totaled \$80,000.

Chair Monroe-Moreno asked if PI was locked into one contract, or could it look for other vendors that provided affordable material.

Mr. Quenga stated that the Mattress Shop had a contract for mattress cores with DOC and the shop was losing approximately \$5.00 per mattress core. He found a company in Las Vegas that could provide cores but they declined the job. The previous bid was cancelled because PI could not continue to operate without a profit. He noted that PI started using a three-bid process in which three or more service or contract providers competed for a particular job or contract. However, the companies that provided bids through the three-bid process were higher than PI's previous contract. Therefore, PI used a three-bid process without a contract and the bids were lower than through a contract

price, which reduced the costs for material. He noted when PI cancelled the contract at the same time the supplier in Arizona had equipment issues so PI had to shop elsewhere for suppliers. In order to fulfil the contract, PI had to purchase material from other sources, so there were incurred shipping costs. However, the numbers should stabilize in the future because of the three-bid process and PI was getting a better value for the cores to produce the product.

Mr. Aguilera asked why the General and Administrative Manufacturing expenses, page 67 ([Exhibit A](#)), for dues and subscriptions was \$9,218 in FY 2019, when in FY 2018 the cost was \$352.

Ms. Dastal explained the increase in expenses were a result of the burn test that was required for mattresses before the cores could be sold. She noted the cost of the burn test was approximately \$9,000.

Continuing with her presentation, Ms. Dastal stated that NNCC Printing/Bindery Shop, page 68 ([Exhibit A](#)), sales increased approximately \$75,000, or 16.7 percent. The Shop expanded its selling of uniforms for correctional officers. General and Administrative Manufacturing expenses were relatively flat and earnings available for program support increased \$27,000 to \$56,845, or 91 percent.

Ms. Dastal indicated that the Statement of Operations for the Furniture and Metal Shop, page 69 ([Exhibit A](#)), showed the Furniture Shop revenue decreased approximately \$68,000. The Metal Shop revenue decreased approximately \$132,000. The Furniture Shop's share of the combined total revenue was \$354,537, or 57 percent and the Metal Shop had \$264,025 in revenue, or 43 percent of the total revenue. Furniture had a negative contribution to General and Administrative (G&A) expenses due to increasing costs, and the Metal Shop had a positive contribution of \$31,860. Applying the revenue expenses percentages to the G&A manufacturing expenses, the Furniture Shop experienced a loss of \$114,367, while the Metal Shop experienced an approximate \$20,499 loss. She stated that the Furniture and Metal Shop's combined loss was approximately \$134,866.

Ms. Dastal moved to the SDCC Auto and Upholstery Shop Statement of Operations, Tab XI, page 70 ([Exhibit A](#)), which showed auto sales increased approximately 131 percent compared to FY 2018. The Auto Shop contributed approximately \$91,000 to G&A manufacturing expenses and the card sorting operation contributed approximately \$13,000 for program support. Allocating one-half of the G&A expenses to the Auto Shop, and one-half to Manpower operations (card sorting) the Auto Shop ended FY 2019 with a \$35,255 contribution for program support, while Manpower operations had a loss of approximately \$43,000. The allocation of G&A expenses according to the percentage of revenue, Auto experienced a loss of \$13,473 and Manpower operations contributed \$6,000 for program support. The Auto Shop and Manpower operations contributed approximately \$6,000 for program support, the SDCC Auto Shop experienced a combined \$7,457 loss. The combined loss decreased approximately \$62,000 from FY 2018.

Ms. Dastal continued to the Garment Factory Statement of Operations, page 71 ([Exhibit A](#)), and noted the garment sales decreased approximately \$153,000, or 13.7 percent, compared to the same period in FY 2018. She added that the garment industry was the hardest hit by the tariffs because the material was imported from overseas. The Garment Factory contribution to G&A expenses was down approximately 11 percent and G&A manufacturing expenses were flat. Earnings decreased approximately \$50,000, with contributions of \$231,898 for program support.

Ms. Dastal stated that total sales for the Prison Ranch, page 72 ([Exhibit A](#)) increased approximately \$305,000, or 15 percent, and all sections provided a positive contribution. The Bureau of Land Management (BLM) section performed the best and the Ranch was boarding 643 horses and 87 burros. The daily per diem rate was \$5.15 per horse in September, and the Prison Ranch ended the year with a contribution of \$233,754 for program support. PI as a whole ended the year with \$26,330 available for program support.

Responding to a question from Ms. Levine regarding reversing the losses for PI, Mr. Quenga explained that due to the loss experienced with the Mattress Factory, instead of focusing solely on mattresses, PI started manufacturing high-end backpacks used for snow sports for a local company from Truckee, California. In addition, the Mattress Shop was manufacturing reusable bags and other items from recycled sails for a green company. He said that DOC was also working on a contract with a new card sorting operation; which, would employ 15 to 20 inmates and increase revenue for PI.

Continuing, Mr. Quenga stated that he hired a new marketing supervisor, a position which had been vacant for years, for the SDCC to generate more revenue for PI. He indicated that PI was in the process of implementing a new business for the Steel Factory. It lost one of its biggest contractors because the owner of the company opened his own shop to manufacture steel products. He noted that the employees of the new steel factory were former offenders who were hired upon release.

Mr. Quenga noted he was recently appointed as the Deputy Director, PI, and introduced Teri Vance, the new Marketing Coordinator. He said Ms. Vance was from the private sector and would work with the supervisors of PI, market PI products, as well as work with the entities involved with PI to bring in additional business without displacing private sector employees. He indicated that Jacobs Trading Company contract ended October 15, 2019. He said the owners of Jacobs Trading passed away and the survivors of the company decided not to renew its contract with PI at the Florence McClure Women's Correctional Center (FMWCC).

Mr. Quenga stated that the hanger recycling operation, Sewing Collection, Inc. (SCI), at High Desert State Prison (HDSP) started off with 14 offenders working in mid-August 2019, and was currently up to 40 offenders working. He noted the first day of operation the offenders sorted 6,000 hangers; in August the offenders sorted 250,000

hangers; in September the offenders sorted 500,000 hangers; and in October, 800,000 hangers were sorted. He noted approximately 1.0 million hangers would be sorted within the next month. He stated that the vice president of SCI was interested in a hanger recycling operation for specialty hangers at the FMWCC. Mr. Quenga said PI was looking at the square footage at the FMWCC, reviewing the numbers and pay, because it had to follow the proper protocol before an addendum was made to the existing contract with SCI.

Responding to a question from Chair Monroe-Moreno, Mr. Quenga clarified that Jacobs Trading Company purchased old stock and returns, similar to a liquidation operation from brokers and retailers. The products were repackaged and shipped to a liquidator. Jacobs Trading Company started seeing flat revenue and began reducing its hours of operation. Mr. Quenga stated that he provided multiple opportunities to continue working with Jacobs Trading Company; however, PI was not able to continue operation without a contract in place.

Chair Monroe-Moreno asked the timeline for SCI to begin operating at the FMWCC, and Mr. Quenga replied that he hoped the contract would be finalized soon. The contract had to be reviewed to see how it would affect the surety bond and the agreements in place for NRS 209.461. He added that once negotiations were complete, the amended contract would require the Board of Examiners (BOE) approval.

Chair Monroe-Moreno asked if the inmates working for Jacobs Trading Company required additional training to be qualified to work with SCI.

Mr. Quenga responded that the inmates would need minimal training as their current skills could transfer seamlessly to SCI. He added that SCI would train the inmates using the same process it used at the HDSP. Mr. Quenga said he was impressed by the successful production the inmates provided separating the large volume of hangers. The hangers were removed from the large Gaylord boxes and the inmates separated 40 different styles of hangers. He reiterated that originally 14 inmates sorted hangers, which has increased to approximately 40 inmates and he expected another increase in the in the future. SCI was looking into leasing the second 10,000 square foot bay at the HDSP because of the demand for production. In addition, SCI recently shut down its Mexico facility and the operation in Nevada would be its Western Regional Distribution Center.

Mr. Soltero recalled that he was somewhat skeptical of the process when the representatives from SCI testified at a previous meeting. He understood that SCI had other operations in the United States and Mexico. Mr. Soltero said it was good to hear that SCI was successful at HDSP and there was a demand for additional space for production. He welcomed the success of the program and the opportunities it created to employ more inmates.

Mr. Quenga added that SCI maintained additional facilities; one in the Ohio Prison System and the second in the Oregon Corrections Enterprises. He noted those facilities have been in operation longer than PI; however, the operation in Nevada exceeded SCI's Ohio and Oregon operations.

Mr. Aguilera was aware there was a requirement in statute that if a state-sponsored program incurred a net loss for two consecutive fiscal years, the Director was required to explain the reasons for the loss to the Committee and reevaluate the program. He said there were a lot of negative numbers in the financial statements and he hoped those numbers would increase prior to the end of the current fiscal year.

Mr. Quenga recalled that the Drapery Factory was always a struggling operation. He noted that PI eliminated the drapery operation as its own cost center and integrated it into the Garment Factory. He noted that currently, the Garment Factory was one of the most profitable shops for PI. He said that PI needed to "think outside the box" and work to make all the programs that were seeing a loss more successful, because the mission of PI was to keep inmates working.

Chair Monroe-Moreno commented that she appreciated that PI was not going to pay the large State Cost Allocation bill that doubled for the upcoming fiscal year until an investigation was conducted to see where the charges were from. She did not believe PI should be charged for depreciation on any buildings that were not part of PI.

Mr. Quenga commented that approximately \$150,000 was already deducted by Central Administration for the State Cost Allocation. He anticipated the next deduction would be close to \$500,000 and he was working rigorously to investigate the charges. He thought he might have to ask the Committee for guidance because the money was an automatic deduction.

Chair Monroe-Moreno noted for the record that the Committee and staff would be more than willing to assist Ms. Dastal and Mr. Quenga into investigating those charges.

XII. STATUS OF AND PROPOSED EXPENDITURES FROM THE FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES – NRS 209.192.

Ms. Dastal referred to Tab XII, page 87 ([Exhibit A](#)), Fund for Construction of Facilities for Prison Industries and stated that currently the Capital Improvement Project (CIP) ending balance was \$539,940. In FY 2016, PI was able to purchase \$297,118 in equipment, which reduced the end-of-year balance to \$303,821. In FY 2017, the balance increased to \$371,715 and the FY 2018 balance was \$443,622. In FY 2019, PI purchased more equipment which totaled \$181,235. The June 30, 2019, ending CIP balance was \$345,765. Ms. Dastal stated that PI was requesting additional equipment, which was beneficial to PI because it was difficult to work with old equipment that was constantly breaking down. In addition, offenders would be trained on new technology to enhance

their employability skills upon release from prison. Prison Industries was requesting equipment for two industries – the Garment Factory and the Prison Ranch. The Garment Factory wanted enough equipment to meet customer demand for products.

Ms. Dastal indicated that The Prison Ranch was currently purchasing milk for resale from a local dairy because the pouch machine was non-operational and unrepairable. She stated the Prison Ranch was desperate for a milk pouch machine so it could offer powdered milk to the prisons in Southern Nevada. Additionally, feeder panels for the BLM corrals would be a big improvement to the horse program, which would also be beneficial to the Metal Shop because it could fabricate the panels for the Prison Ranch.

Ms. Levine asked if the broken equipment could be sold for parts and if PI would benefit from the resale of the unused equipment, and Mr. Quenga replied that it depended on the equipment value. He explained that PI would attach a state tag on broken equipment, which would be processed as surplus to State Purchasing. Mr. Quenga confirmed PI would receive credit for the return of the equipment.

Senator Goicoechea said he was intrigued with the high cost of feeder panels and thought the panels could be built through the Metal Shop at \$100.00 per panel. Mr. Quenga responded that the cost would depend on the price of material and tariffs and whether the material was coming offshore.

Justin Pope, Manager, Prison Ranch, stated that the panels built for the Prison Ranch were more extreme in strength for the mustangs. He noted the panels for the Prison Ranch were bid to use well casing and sucker rod, which provided extra support. He noted that the \$25,000 requested for equipment purchases would provide 90 panels.

Senator Goicoechea added when the Prison Ranch received additional horses that it would need more panels, and Mr. Pope agreed.

SENATOR PARKS MOVED TO APPROVE THE MILK POUCH MACHINE AND FEEDER PANELS FOR THE PRISON RANCH AND UPDATED EQUIPMENT FOR THE DRAPERY SHOP FROM THE FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES.

MR. SOLTERO SECONDED THE MOTION. THE MOTION PASSED UNANIMOUSLY.

XIII. INFORMATION ITEM: DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRY PROGRAM – NRS 209.4818 – Ink2Work, LLC.

Ms. Dastal stated that Ink2Work recycled larger printer cartridges for businesses. She said that PI obtained the required approvals for the new PI program from the Committee, the Board of Prison Commissioners and the Board of Examiners. However, Ink2Work had not signed the contract because it was waiting for the sprung structure to be repaired.

She indicated the sprung structure's membrane had to be replaced due to the numerous holes and the condition of the material. Ms. Dastal stated the repair process was slow and PI was waiting for State Public Works to issue a permit to start the repair work. However, Allwire, Inc., (Allwire) a new PI industry was interested in working with PI and would like to utilize all the square footage in the sprung structure. Ms. Dastal said PI should be able to make room for Ink2Work in a suitable place located in the Auto Shop at the Indian Springs Facility.

Mr. Quenga stated the IFC approved the funds requested by PI to reskin the sprung structure. He stated that State Purchasing assisted in purchasing the skin material for the sprung structure. Prison Industries applied for the permit, which cost approximately \$2,000. He said the permit would not be released until a special inspection and certifications were provided prior to the issuance of the permit. Mr. Quenga said with help from State Public Works a company was located to perform the specialized inspection. Prison Industries would seek a three-bid process for the private inspection. However, PI would incur an additional cost of approximately \$3,500 for the inspection because the inspector had to examine the material and structure. Mr. Quenga added that Sprung Structures, offered to provide a consultant for technical support, because inmate labor was being used and other specialized equipment was needed. The specialized inspection company had to review the processes to ensure procedures were followed, which could require up to four visits. However, if only two visits were needed, PI would only be charged for those visits. He reiterated that PI was in the process of negotiating with Ink2Work so it could begin production in the Auto Shop at the Indian Springs Facility.

Continuing, Mr. Quenga shared that he recently spoke with Mr. Herbert, Ink2Work, who indicated that Ink2Work wanted to change the scope of work from remanufacturing ink toner cartridges using 10 to 12 inmates, to a distribution center using only 2 inmates. In addition, Mr. Herbert asked PI to provide its own customer base, which was never previously discussed. Mr. Quenga recalled that at a previous Committee meeting, Mr. Herbert shared that its Ventura, California operation was expensive to run and Ink2Work wanted to move operations to Dallas, Texas. However, it was not feasible to ship from Dallas to the West Coast; therefore, Mr. Herbert wanted to use the prison facility in Nevada for production. Mr. Quenga stated that he wanted the Committee to be aware of his concerns and he would be monitoring the situation and potential changes with Ink2Work. Mr. Quenga expressed that he did not want a distribution center that only employed 2 inmates and preferred the original plan to employ 10 to 12 inmates. In addition, he did not like the requirement of providing a customer base for Ink2Work, because PI could only supply the manufactured cartridges to state entities. He recalled that Mr. Herbert informed the Committee that its Ventura operation had an extensive distribution channel throughout the West Coast. Mr. Quenga said Ink2Work would have to provide its own customer base and sales team for business development.

Chair Monroe-Moreno echoed the concerns of Mr. Quenga. She recalled the meeting when Mr. Herbert, Ink2Work, discussed its plans for production in Nevada and only employing 2 inmates was not part of the discussion. She was happy to see that there was another potential industry, Allwire, which would employ more inmates.

XIV. DISCUSSION OF AND RECOMMENDATIONS REGARDING POTENTIAL PRISON INDUSTRY PROGRAM – NRS 209.4818 – Allwire. Inc.

Ms. Dastal stated that Allwire, would like to partner with PI and as required by NRS 209.459, PI requested the Committee on Industrial Programs consideration for approval of the new business partnership. Allwire manufactured poly pipe with a secondary business that manufactured cable and wire harness assembly, printed circuit board assembly, and electromechanical assembly. Allwire planned to begin production with 20 offenders manufacturing poly pipe and 20 offenders in the wire business. Ms. Dastal noted that PI did not uncover any other poly pipe or wire manufacturers in Nevada.

Mr. Leiser explained that the Discussion of and the Recommendations Regarding Potential Prison Industry Program for Allwire was located in the meeting packet under Tab XIV, page 89 ([Exhibit A](#)). In addition, he noted that Mr. Wickham provided a hard copy of the handout, Impact Studies for New Industry, which was provided to the members and included on the Committee webpage ([Exhibit B](#)).

Ms. Dastal explained that the handout included detailed written analysis on the estimated impact of the contract on private industry in Nevada. The handouts contained the Department of Employment, Training and Rehabilitation (DETR) Employment Wage Data Report, the Governor's Office on Economic Development (GOED) research, and information received from the Department of Business and Industry (B&I) and representatives of organized labor in the state for an analysis on the impact of Allwire. She said the information from B&I indicated that it could not provide impact studies and the information from organized labor indicated it did not have any issues with Allwire. She added that DETR provided the Occupational Employment and Wage Data for Silver State Industries. She said that PI originally requested wages for all of Nevada locations since Allwire had not selected a location at the time. However, Allwire has toured the prison facilities and believed the sprung building at Southern Desert Correctional Center (SDCC) would best suit its needs.

Continuing, Ms. Dastal said Las Vegas data showed there were 2,410 assemblers and fabricators employed in the Las Vegas area that earn a mean wage of \$15.00 per hour. The electrical assemblers employed in Las Vegas totaled 380 and earned a mean wage of \$15.13 per hour.

The GOED provided its economic and modeling research and the relationships that existed as a result. The GOED model was based on patterns that emerged based on relationships, such as where goods were purchased and who bought the merchandise, because every action produced consequences that rippled in the economy. For the

changes to the plastics pipe and pipe fitting manufacturing scenario, the effect on earnings from adding 20 jobs was \$2,430,378, which resulted in a \$1.3 million initial effect, which produced a \$221,182 direct effect. The direct effect was Allwire purchasing supplies needed for its company and the model determined this would produce a \$73,569 indirect effect, which were items the workers purchased. The ripple effect on earnings from adding 20 jobs had a \$796,023 induced effect, which were the jobs that supported the workers, such as doctors, mechanics, and food service, etc. Ms. Dastal noted that the plastics and pipe fitting manufacturing model showed that 20 pipe workers would also add 4 direct jobs, 2 indirect jobs, and 16 induced jobs.

Ms. Dastal added that electronic assembly manufacturing on the GOED model showed a \$2,920,226 change in earnings for a \$1.4 million initial effect and \$367,003 direct effect. The indirect effect was \$91,118 and the induced effect was \$1.1 million. She noted that adding 20 jobs to wire manufacturing would result in a total of 49 additional jobs; the 20 initial jobs, 5 direct jobs, 2 indirect jobs and 22 induced jobs as a result of the relationships.

Ms. Dastal said that offenders would learn pipe or wire manufacturing and other benefits such as customer service, interpersonal skills, oral communication, diversity, work ethic, responsibility, dependability, teamwork, strategic thinking, motivation, planning and organizing, professionalism, and the importance of quality and quantity, safety and security, and adaptability. She noted that Allwire would provide valuable job training, assist NDOC with room and board as deductions were taken out of offenders pay and would enhance PI's financial position. Additionally, more deductions from contributions would be made to the Victims of Crime Fund and CIP Fund, which would assist with the goals of PI to reduce government operating costs, provide offenders the skills necessary to successfully reenter society and enhance the safe operation of correctional facilities.

Mr. Quenga introduced Alan Hopkins, President, Allwire and Michael Lawson, Technical Sales Director, Joint Venture Electronics, a division of Allwire, Inc. He said that Allwire reached out to Prison Industries to begin a partnership with PI. Mr. Quenga said Mr. Hopkins and Mr. Lawson toured the NNCC and the NDOC Administration building to view the furniture made by the inmates from PI. Mr. Quenga stated he toured the Allwire headquarters at the Central California Women's Facility (CCWF) in Chowchilla, California. He added Allwire also toured the SDCC and HDCC facilities to see the potential of each facility and the opportunities available. Mr. Quenga believed with the approval of the Committee, the business relationship with Allwire would be beneficial to PI because it would provide usable skills for offenders, as proven at the CCWF in Chowchilla.

Mr. Hopkins stated that he established Allwire in February 1967, and the business has been in existence for approximately 53 years. Allwire was a quality supplier of wire and cable. Based on the years of experience in the wire and cable industry, manufacturing soon became the primary focus of the company. Currently headquartered in Chowchilla,

California, Allwire's reputation as a control cable and CIC manufacturer is widely known, serving customers from California to Florida. He added that Allwire had been working in prison industries for approximately 29 years. The work in the prison system started when California was having financial problems and Smith Corona Marchant was laying off approximately 1,100 people. Mr. Hopkins was aware that California had one of the largest women's prison in the nation and realized that he could utilize the offenders in the CCWF to stop the flow of business offshore. He had continued conversations with the California prison system and was able to convince the prison system in California to reach out to Smith Corona. Smith Corona notified the California prison system that it already had active labor contracts and a location for manufacturing. Mr. Hopkins stated he explained the proposed new program to several of Allwire's customers in the Silicon Valley, and as a result of those conversations he was able to hire three people from those businesses that were interested in overseeing the program at CCWF. He stated that Mr. Lawson, who was present at the meeting was managing the program in the CCWF, which turned out to be the largest and most successful prison industry program for the California correctional system. In addition, the recidivism rate was 5 percent for the offenders that worked in the program and offenders often found employment upon release with the skills learned at the CCWF.

Continuing his presentation, Mr. Hopkins stated that Allwire had three plants – one at CCWF in California; a wire factory in California; and a plant in Cheyenne, Wyoming and hoped to expand its operation to Nevada. He said the largest customer for Allwire was Comcast and supplies were shipped to New Mexico, Arizona and Utah, and a facility in Nevada would be an ideal location for shipping and would considerably cut expenses. He added that the Nevada facility would produce three-quarter inch pipe. Mr. Hopkins said that Allwire was excited to bring production to PI in Nevada. He indicated that it was a pleasure to work with Mr. Quenga and the wardens from the Nevada prison system. He added that the prison system in Nevada seemed to be more interested in securing a future for the offenders and advocated for offenders to learn a profession that would help them find employment upon release.

Senator Goicoechea asked Mr. Hopkins to explain the type of work the offenders would perform in the prison system.

Mr. Hopkins explained the facility would be similar to a typical assembly plant with rows of tables equipped with an automatic system to move the product to different stations for electronic assembly. In addition, offenders would be using molding machines to mold certain attachments to the cables, along with grinding, pelletizing, and extrusion equipment.

Replying to a question from Senator Goicoechea, Mr. Hopkins explained that the offenders would be assembling cable conduit and operating equipment. Mr. Hopkins stated that Allwire would move the equipment to the Nevada facility. Generally, the equipment cost approximately \$150,000 for an extrusion line and \$30,000 for a pelletizing

line. Mr. Hopkins anticipated the Nevada facility would eventually employ 40 to 50 offenders. He added that the electronic assembly portion of the business in California employed 30 offenders and the Allwire portion of the business employed approximately 40 offenders.

Michael Lawson, Technical Sales Director, Joint Venture Electronics, stated that he managed the CCWF, supported sales and inmates, in addition to managing three staff members. He indicated that he worked at the CCWF for approximately 24 years, and the primary focus at the facility was manufacturing cable and wire harness assemblies. Typically, the plant used high-tech laser systems, industrial control panel assembly, printed circuit board assembly, and control panel electromechanical assembly. He noted the production at CCWF was very successful and the facility experienced consistent growth and profit. The inmates were provided hands-on skills and the company offered assistance creating a resume, job coaching, and how to transition the offenders into the workforce. The offenders working were trained and prepared to work outside of the prison system upon release. In addition, Mr. Lawson said that he wrote a self-help manual for the inmates transitioning into society. He shared that the inmates who worked in the CCWF were hired by Allwire upon release from incarceration. He also expressed how thankful he was for the opportunity to do business in Nevada.

Chair Monroe-Moreno asked how many inmates who worked for the CCWF found employment upon release, and Mr. Lawson replied that he was not able to provide a definite number, but thought more than 24 women found employment upon release from the CCWF.

Senator Parks asked Mr. Hopkins if he could provide the number of company employees and inmate contract employees, and Mr. Hopkins replied there were approximately 80 to 90 employees. He said that approximately 40 to 50 were company employees and 30 to 40 inmates worked for prison industries.

Senator Goicoechea asked Mr. Quenga to confirm that PI had adequate space for Allwire at the SDCC without impacting inmates.

Mr. Quenga replied that Allwire toured the SDCC and confirmed that the sprung building offered adequate space for Allwire. Currently, the card sorting business was leasing half of the 10,000 square feet inside the sprung building and would relocate to HDSP while the repairs were being made to the sprung structure. He said PI employed businesses that were beneficial to the success of inmates and provided the necessary skills inmates needed to be successful upon release.

ASSEMBLYMAN LEAVITT MOVED TO APPROVE THE PROPOSED NEW PRISON INDUSTRY PROGRAM – ALLWIRE, INC.

SENATOR PARKS SECONDED THE MOTION. THE MOTION PASSED UNANIMOUSLY.

XV. PUBLIC COMMENT.

Senator Goicoechea said it was his understanding that all NDOC employees would receive the 5 percent pay increase; however, he recently became aware that employees receiving the rural pay differential did not qualify for the 5 percent increase. Consequently, several correctional officers filed grievances, for which there would be a meeting next week. Senator Goicoechea noted that he was not permitted to attend the meeting. He said he had discussed the matter with Mr. Wickham, but he also wanted the Committee to be aware of the situation.

In addition, Senator Goicoechea reported that a resolution had been reached concerning the Carlin Conservation Camp. During a 90-day trial period, community trustees and honor crews would be used whenever possible, such as for landscaping and maintenance. Senator Goicoechea said he wanted to bring the matter to the attention of the Committee, because although the conservation camps were separate from PI, the situation still pertained to working inmates.

There was no other public comment.

XVI. ADJOURNMENT.

Respectfully submitted,

Kat Therres, Committee Secretary

APPROVED:

Assemblywoman Daniele Monroe-Moreno, Chair

Date: _____