

**MINUTES OF THE  
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S  
COMMITTEE ON INDUSTRIAL PROGRAMS  
(NRS 209.4817)  
June 29, 2020**

The third 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 Monday, June 29, 2020, via videoconference. There was no physical location for the meeting pursuant to Governor Emergency Directive 006.

**COMMITTEE MEMBERS PRESENT IN VIRTUAL VIDEOCONFERENCE:**

Assemblywoman Daniele Monroe-Moreno, Chair  
Senator David Parks  
Senator Pete Goicoechea  
Assemblyman Glen Leavitt  
Bruce Aguilera, Representing Business  
Charles Daniels, Director, Nevada Department of Corrections  
Kevin Doty, Administrator, Purchasing Division, Department of Administration  
Allen J. Puliz, Representing Manufacturing  
Randy Soltero, Representing Organized Labor  
Beverly Williams, Representing Organized Labor

**COMMITTEE MEMBERS ABSENT:**

Lisa Levine, Representing Manufacturing

**STAFF MEMBERS PRESENT:**

Brody Leiser, Senior Program Analyst, Fiscal Analysis Division  
Dustin Speed, Program Analyst, Fiscal Analysis Division  
Nick Anthony, Senior Principal Deputy Legislative Counsel, Legal Division  
Kat Therres, Secretary, Fiscal Analysis Division

**OTHERS PRESENT:**

Diane Dastal, Administrative Services Officer II, Nevada Department of Corrections  
Bill Quenga, Deputy Director, Industrial Programs, Nevada Department of Corrections  
Matthew Brown, Supervisor, Prison Industries, Nevada Department of Corrections  
Justin Pope, Supervisor, Prison Ranch, Prison Industries, Nevada Department of Corrections

**EXHIBITS:**

Exhibit A: Agenda and Meeting Packet

## **I. ROLL CALL.**

Assemblywoman Daniele Monroe-Moreno, Chair, called the meeting of the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs (Committee) to order at 1:32 p.m. Brody Leiser, Program Analyst, Legislative Counsel Bureau (LCB), called roll. All members were present except for Lisa Levine, who was excused. Chair Monroe-Moreno stated there was a quorum for the meeting.

## **II. PUBLIC COMMENT.**

Pursuant to Governor Emergency Directive 006, there was no physical location for the June 29, 2020, meeting of the Committee on Industrial Programs. The meeting was broadcast on the Nevada Legislative website at [www.leg.state.nv.us](http://www.leg.state.nv.us). Public comment was accepted live via telephone. Written comments were accepted by e-mail, facsimile, and mail before, during, and after the meeting.

There was no public comment.

## **III. APPROVAL OF THE MINUTES OF THE MEETING OF THE NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S COMMITTEE ON INDUSTRIAL PROGRAMS FOR DECEMBER 12, 2019.**

Chair Monroe-Moreno requested a motion for approval of the minutes from the December 12, 2019, meeting of the Committee on Industrial Programs, page 3 ([Exhibit A](#)).

Mr. Leiser stated that a roll call vote was needed for the motion to approve the minutes. He added that he wanted the record to reflect that Assemblyman Leavitt was present at the meeting.

SENATOR PARKS MOVED TO APPROVE THE MINUTES OF THE DECEMBER 12, 2019, MEETING FOR THE COMMITTEE ON INDUSTRIAL PROGRAMS.

MR. AGUILERA SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

## **IV. UPDATE CONCERNING IMPACTS TO SILVER STATE INDUSTRIES IN RESPONSE TO COVID-19.**

Chair Monroe-Moreno directed members to Agenda Item IV of the meeting packet, page 17 ([Exhibit A](#)), Update Concerning Impacts to Silver State Industries in Response to COVID-19.

William Quenga, Deputy Director, Prison Industries (PI), Nevada Department of Corrections (NDOC), stated that he submitted a letter to the Committee on the activities of PI concerning the COVID-19 pandemic, page 17 ([Exhibit A](#)).

Chair Monroe-Moreno noted the letter indicated PI produced 132,835 masks but only 20,000 orange masks were issued to the inmate population. She asked if all the offenders

received masks, and Mr. Quenga replied that each offender at every institution were provided two orange masks.

## **V. STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.**

Diane Dastal, Administrative Services Officer II, PI, NDOC, presented the Status Report on Outstanding Debt Owed to Prison Industries, page 19 ([Exhibit A](#)). She stated that a balance of \$603,987 was owed to Prison Industries as of March 31, 2020. The largest balances outstanding were noted with an asterisk on the report and made up the top ten accounts with balances due, which amounted to \$472,650, or 78 percent of the total receivables due.

Ms. Dastal noted four of PI's top ten accounts were private customers that had continued business with PI. Two of those customers, Diamond Mountain Distributors (DMD) and Sewing Collection continually did business with PI, and always had an outstanding balance. The other two private customers did not have contracts; however, those customers always paid their invoices promptly. The six remaining top ten customers were government agencies and were consistent with their payments.

Ms. Dastal reported that PI had two Auto Shop customers with past due balances over 120 days. One customer owed \$2,881.76, and the State Controller's Office was able to collect that balance; however, PI's share was \$2,256.21 after fees. Therefore, \$625.55 was written off as bad debt, which would be noted in the next financial statement. In addition, there was an outstanding balance of \$4,771 for a vehicle in the Auto Shop. The Auto Shop was in the process of completing some minor work on that vehicle and the customer assured PI that the balance would be paid upon completion and inspection of the vehicle. Additionally, as previously discussed at December 12, 2019, meeting, PI had issues collecting from Hawaii Correctional Industries, Hawaii Corrections Division (HCD), due to its pay system. However, Ms. Dastal reported that in January 2020, HCD paid the \$41,870 due, and paid an additional \$1,487 in interest in February 2020. She was confident there would be no more issues collecting the balances owed from the remaining receivables.

Chair Monroe-Moreno expressed her concern that the outstanding balance for HCD had not been paid, but was relieved the issues with its pay center were resolved and HCD was able to pay the balance owed.

In response to a question from Mr. Aguilera, Mr. Quenga explained that HCD purchased stainless steel top culinary tables for its culinary program because it did not have stainless steel fabrication capabilities. He indicated that HCD selected PI to design, fabricate, and coordinate the shipping of the tables.

Ms. Dastal clarified for Chair Monroe-Moreno that \$625.55 was written off as bad debt for the vehicle in the Auto Shop.

## **VI. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2016 THROUGH MARCH 2020.**

Ms. Dastal directed the Committee to the report on the number of inmates that worked July 2016 through September 2020, Tab VI, page 23 ([Exhibit A](#)). She stated at the December 12, 2019, meeting, PI reported in FY 2017, the average number offenders working was 465, or 3.3 percent of the offender population. In FY 2018, the average number of offenders working was 494, or 3.6 percent of the offender population. In FY 2019, the average number of offenders working was 530, or 3.9 percent of the offender population. In the first nine months of FY 2020, the average number of inmates working was 582, or 4.5 percent of the offender population. Ms. Dastal indicated that there was a reduction in the prison population with a higher percentage of offenders working. In July 2019, 571 inmates were working and in March 2020, there were 616 offenders working. She stated that PI was looking forward to an increase in the number of inmates working once Allwyre Wyo, INC. (Allwyre) was able to start its operation and the COVID-19 pandemic settled down.

Chair Monroe-Moreno asked, that with the inmate population decreasing and the numbers of inmates working remaining the same, if COVID-19 had an impact on the ability for offenders to work in PI.

Mr. Quenga replied that COVID-19 had no effect on the inmates working in PI. He stated that the Allwyre contract was approved at the Board of Examiners (BOE) meeting on April 14, 2020. He said that PI expected to employ 15 offenders and gradually increase the number of offenders working to 40. The Garment Factory had 126 offenders working and recently added 20 additional offenders because of COVID-19, to assist in the increased demand in the Sewing operation. Additionally, the card sorting operation at Southern Desert Correctional Center (SDCC) was expected to increase the number of offenders working from 10 to 25. Mr. Quenga stated that the process for staffing offenders was to ensure the offenders were qualified and properly screened, and their credentials and files contained the proper identification and forms. He added that PI used E-Verify to validate the offender's ability to work, even though the process was time consuming. He noted that job coordinators were assigned to a majority of NDOC institutions to screen inmates and then a list was prepared and PI would hire inmates from the list.

Continuing, Mr. Quenga said the PI program through DMD provided the card sorting operation and increased PI's workload and the number of offenders working from 10 to 25. He added that DMD acquired additional work from the Dollar Tree stores. Mr. Quenga said that Erickson Framing employed 12 offenders, but due to the COVID-19 shutdown, and as a result of offenders not being allowed off prison grounds, the partnership with Erickson was put on hold.

## **VII. REVIEW THE DEDUCTIONS FROM INMATE WAGES FOR ROOM AND BOARD, THE PRISONS CAPITAL IMPROVEMENT FUND, AND THE VICTIMS OF CRIME FUND – FY 2018, FY 2019, AND FY 2020 YEAR-TO-DATE.**

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 VII, page 25 ([Exhibit A](#)). She stated that 24.5 percent of 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 2018, \$456,883 in wages were deducted for the three funds. In FY 2019, \$513,485 in wages were deducted; and for the first nine months in FY 2020, deductions included \$249,238 for Room and Board; \$50,865 for the Victims of Crime Fund; and \$50,865 for the PI CIP Fund, which totaled \$350,968. She stated that, as a result of the COVID-19 pandemic, PI projected deductions would be down approximately \$39,000, as compared to FY 2019, which was mainly due to Erickson Framing closing due to the pandemic.

Responding to a question from Mr. Aguilera, Mr. Quenga said that Marsy's Law approved by voters and effective November 2018 would make payments to court-ordered victim restitution a priority above all other offender deductions, including deductions for Room and Board, Victims of Crime Fund, and CIP Fund. He explained that John Borrowman, Deputy Director, Support Services, NDOC, worked with the Deputy Attorney General (DAG) to update the Administrative Regulation 258 (AR 258), Inmate Banking Fiscal Procedures, and implemented a revised offender payment schedule for restitution. Mr. Quenga said that according to Mr. Borrowman, the payments would begin August 1, 2020, and after restitution was paid, the offenders would get the remaining amount. Prison Industries expected a decrease in all the deductions for room and board; however, he noted there were not many offenders in the system that owed restitution.

## **VIII. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDING MARCH 31, 2020.**

Ms. Dastal reviewed the financial statements from Silver State Industries, Tab VIII, page 29 ([Exhibit A](#)). The total unrestricted cash for PI decreased by approximately \$606,000, compared to the same period last year. The total cash for the Prison Ranch increased approximately \$360,000. Historically, Silver State Industries always had more cash than the Prison Ranch; however, Ranch sales were catching up. She added that Accounts Receivables increased approximately \$100,000; livestock inventory increased approximately \$101,000; and shop inventory increased by \$194,000. Under the Other Assets, restricted cash remained flat, and the CIP Fund was used to purchase needed equipment. Moving to the liabilities and capital balance, PI's retained earnings decreased approximately \$242,000 to a balance of approximately \$3,903,378.

Continuing to the Consolidated Statement of Operations, page 30 ([Exhibit A](#)), Ms. Dastal stated the net income decreased approximately \$179,644. She said that PI had a loss of approximately \$337,523; the Prison Ranch contributed approximately \$172,382 toward program support; and the CIP Fund ended with a loss of \$14,503.

Ms. Dastal stated the Consolidated Statements of Changes in Retained Earnings, page 32 ([Exhibit A](#)), showed the retained earnings balance of \$4,083,022 as of July 1, 2019, and with the net income loss of \$179,644, the unreserved retained earnings at the end of the year were \$3,903,378.

Continuing to PI Central Administrative Statement of Operations on page 33 ([Exhibit A](#)), showed that license plate fees revenue decreased by approximately \$54,000; the CIP revenue remained relatively flat; rental income increased by \$20,000 due to Sewing Collection; administrative fees decreased by approximately \$20,000 primarily due to DMD; and total revenue decreased by approximately \$63,000. General and Administrative (G&A) expenses had a net loss that increased by approximately \$522,000, which was attributed to PI's investment to replace the membrane on the sprung structure at SDCC, which cost approximately \$164,000. She added that Allwyre signed a multimillion-dollar contract and would utilize the sprung structure at SDCC putting offenders to work. The State Cost Allocation increased \$277,129 over FY 2019 for the nine-month period ending March 31, 2020. She added that she indicated at a previous Committee meeting that the Statewide Cost Allocation ballooned to almost \$500,000, which was crippling to PI.

Moving to page 34 ([Exhibit A](#)), Ms. Dastal stated the new NNCC Detergent Shop was created in response to COVID-19 and also included the production of hand sanitizer, gowns, masks and face shields. She indicated that the production of hand sanitizer began on March 23, 2020, which was shown in the pandemic update letter on page 17 ([Exhibit A](#)). In addition, the start-up costs for the Detergent Shop for the first week of production were listed in the letter. She noted at the end of May 2020, that the Detergent Shop produced 3,508 gallons of hand sanitizer.

The NNCC Mattress Factory Statement of Operations, page 35, showed sales increased by approximately \$70,000, or 84 percent, which was still high; however, the shop supervisor was working on reducing costs even more. The total G&A manufacturing expenses decreased by approximately \$9,000. The Mattress Factory had a \$76,367 turnaround, from a \$69,736 loss in FY 2019 to \$6,631 available for program support in FY 2020.

The NNCC Print and Bindery Shop sales increased by approximately \$91,000, mainly due to selling officer uniforms, page 36, ([Exhibit A](#)). General and Administrative manufacturing expenses decreased approximately \$20,000 and earnings available for program support was \$11,663. She noted that the supervisor of the Print and Bindery Shop retired after 19 years of state service, and PI had to pay out the supervisor's leave; however, the length of time the position remained vacant made up for the payout.

Mr. Quenga stated that the new supervisor of the Print and Bindery Shop was motivated and collaborated well with Teri Vance, Marketing Coordinator, PI. The Print and Bindery Shop saw an increase in work and recently a latex printer was purchased for the production of materials for state agencies and for labeling PPE equipment. Prison Industries was working with the Department of Emergency Management (DEM) to supply

PPE equipment, which also created additional opportunities for private industries and other state entities. For example, the Washoe County School District and other school districts were preparing for the upcoming school year, and PI was able to create and manufacture banners, posters, stickers, and magnets for the schools. In addition, the latex printer enhanced PI's capability to reduce labor. The Print and Bindery Shop also produced boat stickers for the Department of Wildlife. Additional work included a \$60,000 job for literature and trinkets for the Nevada Census Bureau. The Print and Bindery Shop also produced coupons for the Department of Health and Human Services, Division of Public and Behavioral Health, Women, Infants and Children (WIC) program. He noted the new equipment enhanced the shops' capabilities to support additional state and local entities, which helped reduce agency budgets and allowed additional offenders to work.

In response to a question from Chair Monroe-Moreno, Mr. Quenga said the supervisor position for the Print Shop remained vacant for four months, which created a vacancy savings and allowed PI to hire a new supervisor.

Chair Monroe-Moreno asked Mr. Quenga to elaborate on the operations and expansion of the Detergent Shop.

Mr. Quenga replied that he hoped PI could continue producing hand sanitizer even though the immediate rush for the sanitizer settled down. He said that during the early production of the hand sanitizer it was difficult to obtain the raw material needed to produce the sanitizer, such as alcohol, bottles and other material. However, since the rush slowed, material prices were dropping and PI hoped to continue producing the hand sanitizer. He added that PI was looking at potentially producing soap for the department and for other correctional facilities and local jails. In addition, PI was researching the benefits of manufacturing cleaning solutions and was working with private industries on a disinfectant spray for the airlines, which Boeing and other airlines used. He noted the disinfectant spray could be sprayed onto surfaces without the need to wipe down the surface after spraying. He indicated that the disinfectant spray was good for the MRSA infection and COVID-19 virus. Mr. Quenga shared that he worked with a representative and watched a video where a cutting board was sprayed with the disinfectant solution, and once dry, could immediately be used to cut vegetables without contamination. Mr. Quenga stated he was working on expanding the shop to include producing disinfectant spray. He was looking forward to working with the local jails to help reduce expenditures and maintain healthy institutions.

Responding to a question from Mr. Puliz, Mr. Quenga explained the increased cost of sales for the Print Shop was due to the purchase of new equipment. He noted that the purchase of the new equipment was already helping to reduce the cost of labor and materials. Previously, producing boat stickers was labor intense, the material was expensive, and the shop made very little revenue on those items. However, the purchase of the new equipment and latex printer enhanced technology, and helped reduce Print Shop expenses and increased retained earnings.



Chair Monroe-Moreno asked Mr. Quenga to expand on the increased revenue the Prison Ranch experienced and the reason for the increase in revenue.

Mr. Quenga confirmed that the revenue for the Prison Ranch increased and said that Justin Pope, Ranch Manager, did a tremendous job in cutting costs for the Ranch. He indicated that the biggest factor for the increase in revenue was due to the horse boarding program. The horse inventory at the Prison Ranch was low in December 2019, with approximately 500 to 700 horses, and currently the count was approximately 1,526 horses and 30 burros. He said that when the horse numbers increased so did the retained earnings for the Ranch. The horse inventory increased boarding capacity at the Ranch, which was permitted to board up to 2,000 horses. Recently, the Ranch shipped out 30 horses and he thought the Ranch would be receiving more horses. Mr. Quenga stated that the Bureau of Land Management (BLM) worked closely with PI and he was glad that the Committee could refrain from sending the letter to the BLM and Nevada's Congressional Delegation for assistance increasing the wild horse boarding program, which was approved at the December 12, 2019, Committee meeting. He noted that Mr. Pope worked closely with the local BLM director and the burro manager and since working with them, the horse capacity increased, which increased retained earnings.

Senator Goicoechea added there would be extensive horse gathers in the fall of 2020 and he would like to see the Ranch enhance its capacity to board horses beyond the 2,000 horses permitted.

Mr. Quenga remarked that, the Prison Ranch was permitted to board 2,000 horses, and was running low on space to board additional horses. In addition, there was as a pond on the Ranch property and per the Environmental Protection Agency (EPA), the Ranch could not increase the horse inventory beyond the permitted capacity. Increasing the horse and burro capacity would require EPA assessments and studies to determine if the Ranch had the capability to increase its boarding capacity. He added, if the horse capacity increased, the Ranch might have to add a second lined pond to meet EPA permitting requirements to prevent contaminating the ground.

Mr. Pope added that increasing the permitted amount of horses would be a matter of increasing the Ranch's Concentrated Animal Feeding Operation (CAFO) permit, which was the permit through the Division of Environmental Protection (DEP). He noted the Ranch had 40 acres slated for the horse boarding program and it collected all the storm water that runs on those 40 acres. He noted the Ranch was close to the maximum number of horses allowed and would need to start another facility with a drainage and water collection system for the horses, which could be done, but required a large investment.

Senator Goicoechea commented that the Ranch should continue boarding at the permitted capacity and then evaluate its success later.



Mr. Pope was pleased with the increase in the number of horses boarded at the Ranch and the BLM informed him that they would contact him once it started gathering horses again in the fall.

Ms. Dastal directed the members to the NNCC Statement of Operations for the Furniture and Metal Shop, page 37 ([Exhibit A](#)) which showed the Furniture Shop revenue increased by approximately \$72,000, or 53 percent. The Metal Shop revenue increased by approximately \$87,000, or 47 percent with a combined revenue of approximately \$390,999. She noted that both shops had a positive contribution to G&A manufacturing expenses. Applying the revenue percentages to G&A manufacturing expenses, the Furniture Shop ended with approximately \$65,356 for program support and the Metal Shop contributed approximately \$49,373 with a combined contribution of approximately \$114,729.

Mr. Quenga said the Furniture and Metal Shop supervisor did a good job of building strong relationships with private and state entities. He noted a lot of the revenue coming in was from manufacturing beds for the Police Officer Standards and Training (POST) housing. The Furniture Shop supervisor worked with the Las Vegas Convention Authority to secure a contract for approximately \$95,000. The Metal Shop also secured a contract for approximately \$177,000 for the Challenge Academy for Youth Camp, through the Office of the Military. Those contracts would provide significant revenue through the next fiscal year. The Furniture and Metal Shop continued to work with the Douglas County Sheriff's Office, and other local law enforcement agencies to paint and repair service vehicles. In addition, the shop was doing custom fabrication for the Nevada Department of Agriculture's vehicles for Weights and Measures.

Ms. Dastal moved to the SDCC Auto and Upholstery Shop Statement of Operations, Tab VII, page 38 ([Exhibit A](#)), which showed that Auto Shop revenue decreased approximately \$34,000, compared to FY 2019. The Auto Shop contributed approximately \$26,885 to G&A manufacturing expenses and the card sorting operation contributed approximately \$2,774; therefore, the Auto Shop and manpower operations experienced a combined \$81,842 loss. Ms. Dastal added that Mr. Quenga and Matt Brown, Supervisor, Furniture Shop, Metal Shop and Auto and Upholstery Shop, recently spent time at the shop and were in the process of making operational changes and improving the shop because there was a lot of potential to increase revenue in the next year.

Mr. Quenga said that, Craig Korsgaard, Supervisor, Auto Shop, recently retired and a new supervisor was hired in September 2020; however, the new supervisor resigned as of June 11, 2020, and PI was in the process of filling the position. Mr. Quenga said that there was a need to reorganize and look at the operations of the Auto Shop, because some of the administrative and operating procedures were not followed, and invoicing was done incorrectly. Often vehicles would come in for repair and the shop would start working on the vehicles but then there would be a delay waiting for the parts supplied by the customer. Mr. Quenga said, that by updating and implementing new quoting procedures, if the parts were delayed for a couple weeks, PI would charge the customer a storage fee for their vehicle, because the shop was losing revenue the longer the car sat in the shop. He said there was no reason for the Auto Shop to have a loss, because

the shop had a long waiting list for vehicle repairs, and the changes to the operational procedures would decrease the turnaround time and increase revenue.

Mr. Quenga added that he instituted a new wage schedule for offenders and the shop should be turning vehicles around sooner and not waiting on customers for parts and material. The Auto Shop consumed a lot of time searching for parts at no charge to the customer; therefore, a charge was created for researching parts for the customers, as well as a slight markup on material to make a profit. Mr. Quenga expected to see a turnaround within six months, or sooner, with the new changes in procedures for the Auto Shop.

Chair Monroe-Moreno stated that currently there was a loss of \$81,000 in earnings available for program support for the Auto Shop. She asked Mr. Quenga if he had an estimate of the revenue that would be generated from the new procedures that were established.

Mr. Quenga replied that he looked at the most recent financial statement that would be available for the next meeting, and the net loss of \$80,000 shown on the current statement was already reduced in half. The new procedures established for the Auto Shop were more aggressive to get the autos repaired in a timely matter and he expected to see the revenue increase. Mr. Quenga admitted taking full responsibility for the incorrect invoicing by the former supervisor. For example, when jobs were quoted for the hours it took to paint and restore a vehicle, the shop was supposed to use those hours because it was a fixed hourly rate and the offenders would be paid from that job. Mr. Quenga restructured the customer payment requirements, invoicing procedures, and the tracking of job tickets to make the process streamlined and more efficient so PI was not losing revenue. As each job was completed, the customer would pay a 50 percent deposit and once that part of the work was finished, the customer was invoiced so PI would be paid for that phase of the job. He said in the past, vehicles were held for two to three years at the shop and PI was buying parts and paying the offenders without revenue coming in. Therefore, all the capital was going out and the shop not gaining any revenue.

Ms. Dastal continued with the LCC Garment Factory Statement of Operations, page 39 ([Exhibit A](#)) showing that garment sales increased approximately \$73,000, or 10 percent compared to the same period in FY 2019. The Garment Factory contribution to G&A expenses increased and G&A manufacturing expenses decreased slightly. Earnings available for program support increased approximately \$29,200, as compared to FY 2019, with contributions of \$221,205 to program support. She added that the Garment Factory supervisor recently retired after 18 years of service with the state and 7 years with PI. Ms. Dastal stated that a new supervisor, who was previously a correctional officer for the shop was hired for the position in February 2020.

Mr. Quenga interjected that the Garment Factory increased its sales after completing a job for the North Las Vegas Police Department, which was approximately \$20,000. The Garment Factory manufactured products for private industry partners through the Prison Industries Enhancement (PIE) certified program. Additionally, the new supervisor was able to manufacture personal protective equipment (PPE), which was distributed to

hospitals and the DEM. The combination of hand sanitizer, gowns masks and PPE resulted in over \$288,000 in revenue. Mr. Quenga noted the revenue from the manufacturing of detergent has not been recognized yet in the financials because PI was still invoicing and receiving revenue from the sales of the detergent.

Ms. Dastal continued with the financial report and said total sales for the Prison Ranch, pages 40 and 41 ([Exhibit A](#)), increased approximately \$312,000, or 18 percent. All sections provided a positive contribution except for the estray horse program due to the lack of horses to board. The BLM wild horse program performed the best on the financial statement and the daily per diem rate was \$3.40 per horse in June 2020. The Ranch Statewide Cost Allocation increased 77 percent, from \$8,698 to \$15,414 for the first nine months of FY 2020. The Ranch ended the year with a contribution of \$172,382 to program support. She said that PI as a whole, ended the nine months with a \$179,644 loss for program support. Ms. Dastal noted that since the Statewide Cost Allocation charge was \$277,129 more in FY 2020 than in FY 2019, the Prison Ranch would have had a \$97,485 contribution to program support.

Mr. Leiser provided a follow up regarding the Statewide Cost Allocation charge that increased significantly. He noted that the Statewide Cost Allocation was discussed at the October 11, 2019, PI meeting and Ms. Dastal was doing her best to work with the Administrative Services Division (ASD) to investigate the increase. Mr. Leiser said that he stated at a prior Committee meeting he would reach out to the Governor's Finance Office given the increase to the Statewide Cost Allocation. He reached out to the ASD a few times and due to changes in leadership at the ASD, and the COVID-19 pandemic, some things were overlooked. He spoke with the administrator, ASD, who indicated that there was a potential duplication of square footage that was part of the depreciation calculation, which affected the Statewide Cost Allocation charges for PI, although it was not confirmed. Mr. Leiser asked the administrator for confirmation that the amount charged to PI was a miscalculation and how the situation would be rectified. If the charges were a miscalculation, Mr. Leiser said he was not sure the error would be corrected before the closing of FY 2020 since it was already June. However, he believed there was a potential avenue to correct the charge in FY 2021, or certainly in the next biennium. Mr. Leiser stated that the administrator committed to reach out to Ms. Dastal directly.

Chair Monroe-Moreno thanked Mr. Leiser for the update and acknowledged that everyone had been working on a resolution to rectify the situation. She asked PI staff to contact Mr. Leiser if they were unable to make contact with the administrator to resolve the issue.

Mr. Quenga asked Justin Pope, Manager, Prison Ranch, to brief the Committee on the BLM fertility control trial for the wild horses.

Mr. Pope explained that the BLM horse fertility program was slated to start in February 2020 but was postponed due to COVID-19. The Ranch selected 32 horses for the program and the researchers from BLM would administer the fertility test serum to the mares with the intent to control fertility for a certain number of years, if not permanently. In addition, the BLM was looking at ways to administer the fertility serum test to the

on-range horses. He noted the fertility trial was a cooperation between BLM and the University of Colorado, and researchers at the university and the USDA have come up with a possible use for the serum. Mr. Pope indicated that the fertility control trial was a five-year study with the 32 mares and a control group that included a few foals. In addition, the Ranch designated four studs that would service the mares to determine whether the vaccine was a success. Mr. Pope noted that the researchers would visit the Ranch monthly to perform a palpation ultrasound, as well as draw blood, and check the horses for the antibody titer of the vaccine that was administered.

Senator Goicoechea commented that the Prison Ranch was moving away from the Porcine Zona Pellucida (PZB) vaccine, and at one time there was a conversation about having a full spay and neuter program. He asked Mr. Pope if the Ranch generated fees outside of boarding horses for the study, because if the Ranch was palpating the mares once a month there could be additional incurred costs such as handling fees.

Mr. Pope confirmed that there was no fee schedule for the trial and the cost of the study would be covered by the BLM since the research study was presented to PI by the BLM. The Ranch agreed to work with the BLM on the project and provide the horses since it had the facility that seemed to work well for the trial. The work was minimal, and the Ranch had available offenders who only had to move horses through the shoot monthly for the researchers.

Senator Goicoechea thanked Mr. Pope for the information and acknowledged that it was good to work with the BLM. He thought the study would build a stronger relationship between the Prison Ranch and the BLM for future endeavors. He added that the research study was interesting and he looked forward to the results of the study.

Mr. Quenga clarified that the BLM was conducting the research and the Ranch only maintained the horses selected for the study. He noted the BLM provided a press release on the trial study, independent from PI, and he reiterated that PI was not involved in the research study and only maintained the horses for the BLM.

## **IX. STATUS OF FUND FOR NEW CONSTRUCTION OF FACILITIES FOR PRISON INDUSTRIES – NRS 209.192.**

Ms. Dastal referred to Tab IX, page 45, ([Exhibit A](#)), Status of Fund for New Construction of Facilities for Prison Industries. She stated that in FY 2016, the fund had an ending balance of \$303,821 with expenditures of \$297,118 to purchase new equipment. In FY 2017, the end of the year balance increased to \$371,715, and in FY 2018, the balance increased to \$443,622. She noted that PI purchased additional equipment in FY 2019 for \$181,235. The CIP balance at the end of June 2019 was \$345,765 and in FY 2020, PI purchased \$65,810 in equipment and \$52,260 was encumbered for a milk-pouching machine. Additionally, a powdered milk stick packing machine was authorized for \$55,000 and would be purchased soon. She said that the new equipment contributed to program support and decent equipment helped to manufacture quality products. She added that offenders were trained on new technology, which would assist them in obtaining meaningful employment upon their release from prison. She stated

that, currently there were no additional equipment requests, and FY 2020 to date, the Fund for New Construction of Facilities for PI had a balance of \$288,787.

Chair Monroe-Moreno remarked that she was aware that PI had to spend money up front to make money for its industries.

**X. STATUS OF DEPARTMENT'S HORSE BOARDING PROGRAM AND ISSUANCE OF LETTER TO THE BUREAU OF LAND MANAGEMENT AS APPROVED BY THE COMMITTEE AT ITS DECEMBER 12, 2019, MEETING.**

Chair Monroe-Moreno stated that at the December 12, 2019, Committee meeting, at the Department's request and the Chair's approval, it was discussed that a letter be sent to BLM regarding the PI horse boarding program, which was approved by the Committee. However, as discussed earlier in the meeting under Agenda Item VIII, the number of horses increased substantially at the Prison Ranch and the letter was no longer needed. Therefore, since a motion was made to approve the letter at the December meeting, a vote was required to rescind the motion.

SENATOR GOICOECHEA MADE A MOTION TO RESCIND THE MOTION TO SEND A LETTER TO THE BUREAU OF LAND MANAGEMENT AND TO NEVADA'S CONGRESSIONAL DELEGATION FOR ASSISTANCE IN INCREASING THE WILD HORSE BOARDING PROGRAM IN NEVADA AS APPROVED AT THE COMMITTEE OF INDUSTRIAL PROGRAMS MEETING ON DECEMBER 12, 2019.

MR. PULIZ SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

**XI. INFORMATION ITEM: DISCUSSION OF STATUS OF APPROVED NEW PRISON INDUSTRY PROGRAMS – NRS 209.4818.**

**A. Allwyre, INC.**

Chair Monroe-Moreno asked Mr. Quenga for a status update on the approved new prison industries programs – Allwyre and Ink2Work.

Mr. Quenga replied that the contract for Allwyre was signed in March 2020, but due to the COVID-19 pandemic, PI postponed everything including the move to the sprung structure at SDCC to reduce any possible exposure to COVID-19. The sprung structure at SDCC was complete and he anticipated that Allwyre would start moving the raw material and equipment into the structure on July 14, 2020. Mr. Quenga stated that Allwyre was moving from Chowchilla, California and PI staff would perform the required medical protocol for COVID-19 during the move-in process. Allwyre staff would unload the material and equipment without making inmate contact. The inmates would operate the forklifts to move the equipment and raw materials into the building. The following phase of the move would be the installation of the machinery, and the final step would be to hire qualified offenders and begin offender training. He noted that Allwyre already moved the majority of its equipment from Chowchilla, California to its Wyoming location due to the closure of the Chowchilla operation. He added that Mr. Hopkins, Allwyre, was anxious to

move the equipment to the SDCC, so the move was being done in increments because PI was not willing to rush the process and possibly risk exposure to COVID-19 to the offenders and staff. He noted the priority of PI was to be cautious and mindful of the risks of COVID-19 and was taking extra precautions for the safety of staff and inmates.

#### **B. Ink2Work, LLC.**

Mr. Quenga explained that PI was in continuous negotiations with Ink2Work, which included the possibility of moving the operation to the Northern Nevada Correctional Center (NNCC) for manufacturing ink toner cartridges and for its distribution operation. He noted negotiations would continue with Ink2Work and included Matthew Brown, Supervisor, Mattress Factory.

Continuing, Mr. Quenga was reviewing the possibility of adding body bags into its production. Mr. Quenga stated that PI had not previously considered manufacturing body bags, although, the demand was there. Prison Industries was working with State Purchasing to source the materials needed and the costs involved to see if the production of body bags was feasible. The production of the body bags would be produced at the Mattress Factory.

Chair Monroe-Moreno said it was sad that there was a shortage of body bags. She asked Mr. Quenga to explain the issue that was holding up negotiations with Ink2Work.

Mr. Quenga replied that he reminded Mr. Herbert, Ink2Work, of his prior testimony at the meetings on June 22, 2018, and September 21, 2018, when he discussed with the Committee that the SDCC was the location chosen for the Ink2Work operation. The operation would utilize 1,000 to 2,000 square feet and employ approximately 12 to 15 inmates. However, Mr. Herbert later shared with Mr. Quenga that Ink2Work wanted to change the scope of work from remanufacturing ink toner cartridges using 12 to 15 inmates, to a distribution center at the NNCC with only 2 to 3 inmates. Mr. Quenga reviewed prior minutes and highlighted the agreement presented to the Committee by Mr. Herbert, Ink2Work. He told Mr. Herbert that PI was not willing to reduce the number of inmates working and switch to just a distribution center so that Ink2Work could maintain its profitability. Mr. Quenga added that the operation had to be profitable for PI and offer inmates marketable skills prior to their release into the community.

Chair Monroe-Moreno appreciated Mr. Quenga sharing the negotiations he had with Ink2Work and she recalled the previous meeting and scope of work presented by Mr. Herbert, Ink2Work.

## **XII. DISCUSSION OF FUTURE TOPICS AND SCHEDULING FUTURE MEETING DATES.**

Chair Monroe-Moreno informed members that she was looking at future meeting dates in September and December. She asked the members to inform staff of the dates they were unavailable in September and December. In addition, she asked members to let staff know if they had other topics that they would like to discuss at future meetings.

Mr. Leiser said that staff looked at potential meeting dates in hopes of trying to get the next two meetings scheduled through the end of the year. He stated that staff would work through the Chair first on potential meeting dates in September and December, and then poll the members.

In response to a question from Mr. Aguilera, Mr. Leiser did not believe there was a way to confirm that the next meeting would be in person, or if the meetings would continue in the virtual format.

## **XIII. PUBLIC COMMENT.**

Mr. Leiser said that he was aware there no calls in the queue for public comment. He asked Chair Monroe-Moreno if she would like to wait a couple of minutes to ensure that calls were not missed.

Mr. Quenga commented that wanted to introduce Charles Daniels, Director, NDOC, and welcomed him to his first PI meeting as the new Director of NDOC. He said it has been a pleasure working with Mr. Daniels and noted that he had a new mission for NDOC and looked forward to working with him.

Mr. Daniels thanked Mr. Quenga for the introduction. He stated that he began his new position with NDOC in December 2019 and shared it has been a whirlwind, especially with the COVID-19 pandemic. He added that he had a tremendously talented staff, who have done a great job in PI, which he believed was one of the best divisions in NDOC. He appreciated PI's efforts and sincerely looked forward to working with everyone on the Committee.

Chair Monroe-Moreno expressed that she had the opportunity to meet Mr. Daniels before COVID-19 halted plans for in-person meetings. She looked forward for the opportunity to meet with Mr. Daniels in person to discuss his vision and direction for the prison system in Nevada.

There was no other public comment.

## **XIV. ADJOURNMENT.**

The meeting was adjourned at 2:50 pm.



Respectfully submitted,

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Donna Thomas, Committee Secretary

APPROVED:

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Assemblywoman Daniele Monroe-Moreno, Chair

Date: \_\_\_\_\_