**MINUTES OF THE**
**NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S**
**COMMITTEE ON INDUSTRIAL PROGRAMS**
**(NRS 209.4817)**
**September 25, 2020**

The fourth 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, September 25, 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
Lisa Levine, Representing Manufacturing
Allen J. Puliz, Representing Manufacturing
Randy Soltero, Representing Organized Labor
Beverly Williams, Representing Organized Labor

**COMMITTEE MEMBERS ABSENT:**
None

**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:**
Jacque Cooper, Accounting Assistant III, Nevada Department of Corrections
William Quenga, Deputy Director, Industrial Programs, 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.

Chair Monroe Moreno called the meeting to order at 1:34 p.m. All members were present.

## II. PUBLIC COMMENT.

Pursuant to Governor Emergency Directive 006, there was no physical location for the September 25, 2020, meeting of the Committee on Industrial Programs. The meeting was broadcast on the Nevada Legislative website at 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 JUNE 29, 2020.

Chair Monroe-Moreno requested a motion for approval of the minutes from the June 29, 2020, 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.

> SENATOR GOICOECHEA MOVED TO APPROVE THE MINUTES OF THE JUNE 29, 2020, MEETING OF THE COMMITTEE ON INDUSTURAL PROGRAMS.
>
> MS. WILLIAMS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

## IV. STATUS REPORT ON OUTSTANDING DEBT OWED TO PRISON INDUSTRIES.

Mr. William Quenga, Deputy Director, Prison Industries (PI), Nevada Department of Corrections (NDOC) stated that Diane Dastal recently retired and Jacque Cooper, Acting Administrative Services Officer, PI, NDOC, would present the outstanding debt owed to PI.

Ms. Cooper stated that the Status Report on Outstanding Debt Owed to Prison Industries was located in the meeting packet on page 19 (Exhibit A). She said that a balance of $728,235 was owed to PI as of June 30, 2020. The largest outstanding balances were composed of the top ten accounts with balances due in the amount of $556,583, or 76 percent of the total receivables due. She noted that the Federal Bureau of Land Management (BLM) had the highest balance of $194,048. Two of the top ten accounts were private customers, Diamond Mountain Distributors (DMD) and Ferguson Safety Products, and both continually did business with PI and consistently had an outstanding balance, but always paid their invoices. The seven remaining top ten customers were government agencies and were consistent with their payments. In addition, there was an outstanding balance of $4,771 for a vehicle repair in the Auto Shop. However, the customer assured PI that once the minor repairs were complete, the balance would be paid upon inspection of the vehicle. She noted that PI was confident it would collect on the remaining receivables.

Senator Goicoechea asked about the balance for the Fallon Livestock Auction on the aging report, and Mr. Quenga clarified the account was current and within the 30 days and would not be considered outstanding until it was beyond 30 days.

Ms. Cooper clarified that Administrative Services had a credit for the Fallon Livestock Auction account to cover the invoice, but it had not been applied to the invoice yet.

Justin Pope, Manager, Prison Ranch, added that sometimes when a balance was not paid within the 30 days it was due to an issue processing the invoice by the customer.

**V. REVIEW THE NUMBER OF INMATES THAT WORKED JULY 2016 THROUGH JUNE 2020.**

Ms. Cooper directed the Committee to the report on the number of inmates that worked from July 2016 through June 2020, page 23 (Exhibit A). She stated that in FY 2017, PI had an average of 465 offenders working, or 3.3 percent of the inmate population. In FY 2018, the average number of offenders working was 494, or 3.6 percent of the inmate population. In FY 2019, the average number of offenders working was 530, or 3.9 percent of the inmate population. In FY 2020, over the nine-month period ending March 2020, the average number of offenders working was 788, or 4.6 percent of the inmate population. Ms. Cooper indicated that Jacobs Trading Company ended its association with PI in October 2019, and Erickson Framing suspended work on April 2020 due to the COVID-19 pandemic. However, since the beginning of the COVID-19 pandemic, PI added jobs with the startup of its Detergent Shop, and Allwyre Wyo INC. (Allwyre), which began operating in September 2020.

Chair Monroe-Moreno stated that the last meeting of the Committee was at the beginning of the COVID-19 pandemic and the numbers of inmates working decreased due to the employers that either shut down, or cut back operation. She asked if any inmate fire crews from the conservation camps were working on the fires in Nevada, or in the surrounding states.

Mr. Quenga replied there were still fire crews from the Stewart Conservation Camp participating in fire suppression as needed.

Senator Parks asked if the suspension of work for Erickson Framing was temporary, or did it appear to be a permanent secession of activity.

Mr. Quenga replied that he has been in contact with the CEO, and the resource representative of Erickson Framing, who indicated that they were anxious to resume operation. Mr. Quenga stated that he was told that Erickson Framing noticed a huge difference between the civilian crew compared to the inmates working at the site, and were anxious to restart operation with the inmate crew. However, until the COVID-19 pandemic was under control in the community, putting inmates to work at this time was taking a chance of being exposed and infecting the inmate population. He said that PI had a strong record for maintaining and controlling COVID-19 within the NDOC firewalls.

**VI. 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.**

Ms. Cooper reviewed the Deductions from the Inmate Wages for Room and Board, the Prison Capital Improvement Fund and the Victims of Crime Fund, page 27 (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 (PI CIP) Fund. In FY 2018, $456,883 in wages for offenders were deducted for the three funds, and in FY 2019, a total of $513,485 in wages were deducted from offenders pay. In FY 2020, inmate deductions included $336,329 for room and board; $68,639 for the Victims of Crime Fund; and $70,423 for the Prison Industry CIP Fund for a total of $475,391. She noted, due to the COVID-19 pandemic, PI deductions were down approximately $38,000 compared to FY 2019.

Ms. Cooper stated that Marsy's Law was approved by voters and effective November 2018 and made payments to court-ordered victim restitution a priority above all offender deductions. She said it was difficult to estimate the impact of Marsy's Law on inmate deductions and projections were based on data from October 2017 through October 2018. Prison Industries projected an estimated total annual loss of $17,623 to the PI CIP Fund and an estimated loss was projected of $489,271 in room and board payments to the NDOC, and PI's share was approximately $88,000.

Chair Monroe-Moreno stated that the Florence McClure Woman's Correctional Center (FMWCC) showed a large drop in the total payroll assessments from FY 2019 to FY 2020 and the Warm Springs Correctional Center (WSCC) showed no activity in FY 2020. She asked Mr. Quenga the reason for the drop in inmate deductions.

Mr. Quenga replied stated the decrease in inmate deductions was a result of Jacobs Trading Company shutting down operations due to the owner's death. He noted PI was trying to get additional work for the FMWCC. He stated that WSCC had DMD, which closed its operation because it was not logistically feasible to have the card sorting operation in Northern Nevada and then sending the cards to Southern Nevada. Therefore, the card sorting operation at the WSCC was incorporated into the Southern Desert Correctional Center (SDCC). He added that there was not a lot of room at the WSCC for a large industry and he was actively seeking a smaller operation to occupy the space.

## VII. REVIEW SILVER STATE INDUSTRIES' FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2020.

Ms. Cooper reviewed the financial statements from Silver State Industries (SSI), page 31 (Exhibit A). The total unrestricted cash for PI decreased approximately $594,760, or 24 percent compared to the same period last year. The total cash for the Prison Ranch increased approximately $340,590. Historically, SSI always had more cash than the Prison Ranch; however, for FY 2020, PI and the Prison Ranch were about even. The accounts receivables increased by approximately $128,607, or 18.3 percent compared to the same period last year; livestock inventory increased approximately $123,670; and shop inventory increased by $149,549. Under the Other Assets, restricted cash increased by $9,580, and PI's retained earnings decreased approximately $230,362 to a balance of $3,852,616.

Continuing to the Consolidated Statement of Operations, page 32 (Exhibit A), Ms. Cooper stated the net income loss totaled $230,362 as of June 30, 2020. Page 33, showed that SSI experienced a net income loss of $518,307 at the end of June 30, 2020; the Prison Ranch contributed $287,865 toward program support; and the PI CIP Fund contributed $79.00 toward program support.

Moving to page 34 (Exhibit A), Consolidated Statement of Changes in Retained Earnings, Ms. Cooper stated the retained earning balance was $4,083,022 as of July 1, 2020, and with the net loss of $230,362, the unreserved retained earnings at the end of FY 2020 were $3,852,660. Continuing to PI Central Administrative Statement of Operations, page 35, showed that license plate fee revenues decreased by approximately $180,783; CIP revenue decreased by $210; rental income increased by $7,800 due to Sewing Collection; administrative fees decreased by $6,637, which was primarily due to DMD closing its operation; and total revenue decreased by $194,907. General and Administrative (G&A) expenses experienced a net loss that increased by approximately $883,000, which was attributed to PI's investment to replace the membrane on the sprung structure at the SDCC, which cost approximately $164,000. She stated that Allwyre signed a multimillion-dollar contract and would utilize the sprung structure at SDCC and put offenders to work. The Statewide Cost Allocation charges increased by $145,000 in FY 2019 to $466,000 in FY 2020, an increase of $321,167. She added that the Statewide Cost Allocation charge ballooned to almost $500,000, which was crippling to PI. She added the majority of the $500,000 was from depreciation on 1,833 square feet of office space that PI rented from Buildings and Grounds.

Brody Leiser, Program Analyst, Fiscal Analysis Division, provided a follow up on the large increase in the Statewide Cost Allocation Plan (SWCAP) charges given the continuous discussions on the matter. He wanted the record to reflect that he reached out again to the administrator, Administrative Services Division (ASD), Department of Administration, who was tasked with the SWCAP charges and who worked the contracted vendor to develop the costs on a biannual basis. Mr. Leiser stated that the ASD was still committed to resolving the issue, but at this time was not able to come to a conclusion regarding the appropriateness of the charges under the SWCAP for PI. He stated that the large increase for the SWCAP charges related to depreciation calculations and after talking with the administrator, the ASD was still looking at the issue. The administrator indicated that the assigned square footage for PI could be incorrect on either end of the spectrum and could actually be higher than they were in the current biennium. Mr. Leiser indicated that the administrator was committed to having a resolution to the issue prior to next biennium because they were currently in the beginning stages of the budget building process and preparing for the 2021-23 Legislative Session. Mr. Leiser apologized that he did not have a definitive answer at this time, but the SWCAP charge was certainly on the radar of Fiscal Division and the Executive Branch staff, including the Governor's Finance Office and the ASD, to ensure the Committee received an accurate calculation so PI could plan its budget accordingly for the upcoming biennium.

Continuing her presentation, Ms. Cooper referenced page 36 (Exhibit A) and stated the new NNCC Detergent Shop was created in response to COVID-19 and began production on March 23, 2020, making hand sanitizer, gowns, masks and face shields. She indicated the sales for the shop as of June 30, 2020, totaled \$151,505 and contributed to \$37,336 toward program support. The NNCC Mattress Factory Statement of Operations, page 37 (Exhibit A), showed that sales increased approximately \$66,000, or 25 percent. She noted, although the cost of sales were high, the shop supervisor was working to reduce costs even more. The total G&A manufacturing expenses decreased approximately \$7,400, which helped reduce costs. The Mattress Factory had a \$94,490 turnaround, from a loss of \$80,094 in FY 2019 to \$14,396 toward program support.

Ms. Cooper indicated that sales for the NNCC Print and Bindery Shop increased approximately \$82,428, mainly due to selling officer uniforms, page 38 (Exhibit A). General and Administrative manufacturing expenses decreased approximately \$22,000 and earnings available for program support was \$34,362. She noted the Print Shop had a new shop supervisor, Seana McManus, who also managed the production of hand sanitizer. Ms. Cooper added Ms. McManus was a fast learner and had many good ideas for increasing sales at the shop. She believed Ms. McManus had a long and promising future with PI.

Ms. Cooper directed the Committee to the NNCC Statement of Operations for the Furniture and Metal Shop, page 39 (Exhibit A), which showed the Furniture Shop revenue increased approximately \$133,000. The Metal Shop revenue was relatively flat with a loss of 1.7 percent and the combined total revenue was \$155,107. The combined earnings for the Furniture and Metal Shop was \$46,519 available for program support, a positive retained earnings compared to FY 2019.

Ms. Cooper moved to the SDCC Auto and Upholstery Shop Statement of Operations, page 40 (Exhibit A), which included manpower operations. Auto sales increased approximately \$52,598 compared to the same period a year ago. The Auto Shop contributed approximately \$117,534 for G&A manufacturing expenses and the card sorting operation contributed \$2,682; therefore, the Auto Shop and manpower operation experienced a combined \$51,425 loss. Ms. Cooper stated that PI was in the process of hiring a new supervisor for the shop, which was currently being managed by the correctional officer who worked in the shop with the previous supervisor. The performance for the Auto and Upholstery Shop was improving and with the changes in procedures, PI hoped to see a turnaround the next fiscal year.

Mr. Quenga stated the Auto and Upholstery Shop was currently at a loss of $80,000 and he expected to see a turnaround within six months with the new operating procedures that were established. He noted the shop should start seeing a steady stream of revenue from updating the administrative and operating procedures in how the shop worked on vehicles, and the way customers were invoiced in sections as each part of the job was complete. He added that there was additional work at the shop and he was actively seeking a new supervisor. He said it was hard to recruit a supervisor through the state and he reached out to the National Correctional Industries Association and other private entities that Division of Human Resource Management, Department of Administration, might have a contract with, to push the supervisor job announcement out to help find a strong candidate for the positon.

Mr. Puliz asked about the excessive increase in administrative costs and salaries shown on page 40 (Exhibit A), and Mr. Quenga clarified that the salaries shown on the chart included payouts for Craig Korsgaard, the former supervisor who retired, in addition to the payout for the new supervisor who resigned on June 11, 2020.

Ms. Cooper continued with the LCC Garment and Factory Statement of Operations, page 41 (Exhibit A), showing that garment sales increased $238,000, or 25 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 to $43,370 as compared to FY 2019, with contributions of $275,268 for program support. She indicated that the shop had 126 workers and currently Roy Lorton, the correctional officer who worked under the previous supervisor was overseeing operation of the LCC Garment and Factory Shop with a lot of success.

Mr. Quenga stated the large increase in the Garment Factory was also due to the personal protective equipment (PPE) that the LLC facility manufactured, which was provided to the NDOC and other state and private entities within Nevada. In addition, the shop manufactured gowns, medical caps and a variety of different types of masks. He added masks manufactured at LLC were made for the inmate population, staff, and for other entities within the state that wanted custom masks to help keep the citizens of Nevada safe.

Chair Monroe-Moreno recalled from an earlier meeting that the masks for the inmates were reusable and asked the number of masks that were provided to each inmate. Mr. Quenga responded that the inmates at each institution and camps were provided with two orange masks to help identify inmates. Therefore, inmates had an extra mask to wear while their laundry was being done, keeping the masks rotated and clean. He worked with the department to get masks for the inmate population at each institution and camps, and then requested 10 to 25 percent more masks, so there was an abundance of masks on hand for intakes entering a correctional facility.

Ms. Cooper continued with the financial report for the Prison Ranch, pages 42 and 43 (Exhibit A). Total sales for the Ranch increased approximately $381,000. All sections provided a positive contribution except for crop sales, and the estray horse program, which was flat due to the lack of horses to board at the Ranch in FY 2020. The Bureau of Land Management (BLM) section performed the best on the financial statement and the daily per diem rate was $3.40 per horse. The Prison Ranch Statewide Cost Allocation increased $17,394 to $20,552, or 18.2 percent. The Ranch ended with $287,865 for program support, a 23.1 percent increase.

Ms. Cooper said that page 45 showed that PI as a whole, ended with a $230,362 loss due to the Statewide Cost Allocation miscalculation of $500,000 in retained earnings for the reduction from the General Fund resulting in the budget shortfall. She said that PI would have had a more favorable ending if it did not have such a large loss in the Statewide Cost Allocation Plan.

Chair Monroe-Moreno asked about PI's investment of $164,000 to replace the membrane on the sprung structure for Allwyre, page 35 (Exhibit A). She asked if Allwyre would be paying any of that investment, or was the total amount coming out of PI's general budget and the investment would be recouped moving forward.

Mr. Quenga replied that PI signed a three-year multimillion-dollar contract with Allwyre and should be able to recoup its investment of $164,000 to enhance the sprung structure at the SDCC. He said that PI was charging Allwyre per square foot, administrative fees, and $1.00 for each inmate who worked at the facility, on top of the wages per hour for the hours worked. He indicated that PI anticipated recouping that investment within the first year-and-a-half of operation. He believed the net loss would be positive moving forward. Currently, there were 5 offenders working at Allwyre, and PI wanted to increase to 10 offenders and gradually increase as needed, eventually employing 40 offenders. The offenders were manufacturing circuitry panels for a customer located in Henderson, NV, so it was very convenient from the facility in Indian Springs for the customer base in Henderson. Mr. Quenga anticipated the possibility of having two to three inmate shifts in eight months due to making safety and security a priority.

Chair Monroe-Moreno asked Mr. Quenga who the customers and clients were for the new NNCC Detergent Shop, page 36 (Exhibit A). Mr. Quenga replied many of the customers were state entities, and hand sanitizer of various sizes were provided for the Federal Emergency Management Agency (FEMA) and the Highway Patrol, Department of Public Safety. In addition, PI was in the process of working with Visit Carson City, which had Cares Act funding. Visit Carson City purchased over 50,000 various sizes of hand sanitizer to provide to hotels and local businesses for free to keep the community safe. Also, Visit Carson City purchased masks from the Print Shop, which were being produced in the embroidery shop to provide sublimation and silk screening to put personal logos on the masks to enhance their program in the community. He added that the NNCC Detergent Shop was also working with various agencies and entities in Las Vegas.

Chair Monroe-Moreno referenced page 37 (Exhibit A), Mattress Factory, and asked if PI was able to get a contract with the City of North Las Vegas for furniture or mattresses when its correctional facility reopened.

Mr. Quenga replied that the Mattress Factory was able to provide the City of North Las Vegas with mattresses and other clothing for its correctional facility. He indicated that Warren Baker, former warden at the Garment Factory, LLC, and now the new Director of Correctional Services, in addition to PI, were in constant communication and worked together to purchase other items to keep business in Nevada.

Chair Monroe-Moreno asked if the correctional officer who was temporarily filling the supervisor position for the Auto Shop had any interest in the position, and Mr. Quenga replied that the temporary supervisor assigned to the Auto Shop for over a year had no interest in the position, although he was still trying to convince him to accept the position. He said the position was open and the announcement would be kept open until the closing date, or until someone was hired that could be effective and around for a long time.

Senator Goicoechea asked the current number of wild horses at the Prison Ranch, and Justin Pope, Manager, Prison Ranch, replied that there 1,660 horses at the Prison Ranch, which also included burros.

Senator Goicoechea stated that the Prison Ranch should look at ramping up the count of wild horses and burros because there was a bill coming forward from the BLM, "Path Forward for Management of BLM's Wild Horses and Bureaus," which if passed and funded at the federal level, would increase the number of wild horses and burros available.

Mr. Pope stated that the BLM approached the Prison Ranch and indicated there was definitely the possibility for expansion of the capacity for horses at the Ranch in the future. The BLM indicated that it was looking for housing for over 10,000 horses; therefore, there was a possibility of expanding the Ranch facility, although, he was unsure the Ranch could expand to 10,000 wild horses, but it could at least double the amount of horses it had currently. The Ranch was in the beginning phases of forming a plan to accommodate that many horses and the possibility of seeing if the Committee had a desire to help the Prison Ranch obtain some capital improvement funds for the project.

Senator Goicoechea stated that the bottom line was to see if the federal funding was available, and if available, he believed the state could remove 10,000 wild horses, but thought it was closer to 30,000 horses.

Chair Monroe-Moreno asked the maximum capacity for the horses at the Ranch, and Mr. Pope replied that currently there were approximately 1,600 horses at the Ranch and the maximum capacity was 2,000 horses. He believed if there was an expansion that the Ranch could double its current capacity to 4,000 to 4,500 horses.

Chair Monroe-Moreno stated the Committee would have to discuss the CIP funds in the future and she thought it was an area to bring additional revenue to the state. She was interested in the amount of the CIP Fund request for the Ranch expansion program.

Senator Goicoechea stated that most of the cost for the expansion depended on the federal funding available. If the plan was adopted, the expansion would be a long term holding facility for horses, and some horses for their lifetime, so it could be worthwhile. He did not advocate building anything until the federal government decided the amount of funding it would provide, although he thought the bill, Path Forward for Management of BLM's Wild Horses, was a $100.0 million dollar bill.

Chair Monroe-Moreno agreed that the state needed to have the funding before it moved forward with the project, because things seemed to change often at the federal level, as the state has seen with the CARES Act funding.

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

Ms. Cooper referred to page 47 (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; in FY 2017, the end of the year balance increased to $371,715, and in FY 2018, the balance increased to $443,622. In FY 2019, PI purchased additional equipment for $181,235, and at the end of FY 2019 the CIP balance was $345,765. In FY 2019, PI purchased $45,000 in ground panels for expansion of the horse corrals at the Prison Ranch, and $52,206 to purchase a milk-pouching machine. Additionally, a powdered milk stick packing machine for $55,000 was authorized; however, PI decided to postpone that purchase in FY 2020. She stated that new equipment contributed to program support and decent equipment helped to manufacture quality products. In addition, offenders were trained on new products and the new technology would assist them in obtaining meaningful employment upon their release from prison. Currently, there were no additional equipment requests, and FY 2020 to date, the Fund for New Construction of Facilities had a balance of $312,661.

Mr. Quenga stated, in FY 2020, PI purchased a refrigerated 24-ft diesel bobtail truck from the Fund for New Construction of Facilities. The truck was bought out of state and was approved through the proper channels before being purchased. Previously, PI had an old truck that was not safe, or reliable for delivering milk from the Prison Ranch to Ely, Lovelock and Reno. The diesel truck was well maintained, which would help keep maintenance costs down. In addition, the truck was safer for staff and others on the road and was a great investment for PI.

Mr. Aguilera asked about the encumbrances of $52,260 in FY 2020, shown on page 47 (Exhibit A), when there were no encumbrances in FY 2019. Ms. Cooper replied that the $52,260 was from the purchase of the milk-pouching machine for PI.

Mr. Puliz stated that he understood the membrane for the sprung structure was not purchased from the CIP Fund, and Mr. Quenga clarified that the membrane for the sprung structure was taken from PI's general expenses in order to move forward with the project, and was purchased with capital expenses. Mr. Quenga stated, at that time the project was time sensitive, and after working with the State Public Works Division (SPWD) and moving through the proper channels and approvals, the best situation was to move forward and put the investment into the sprung structure to get a return investment moving forward. He said that moving Allwyre into the sprung structure at SDCC would put inmates to work and PI would start collecting revenue leasing the building. He added that the sprung structure was 20,000 square feet and PI was charging Allwyre per month for the occupied space, plus administrative fees, which would provide a return on the investment.

Mr. Puliz stated his concern that the Legislature would deplete any available balance from the PI CIP Fund during the upcoming 2021 Legislative Session.

Mr. Quenga commented that due to the budget shortfalls, PI was asked to reduce its retained earnings by $500,000 for the upcoming biennium. However, at this point, reductions were not being taken from the PI CIP Fund, which previously happened during the 2009-11 Legislative Session when over $900,000 was reduced from CIP Fund.

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

**A. Allwyre Wyo, INC.**

Mr. Quenga stated that Allwyre started moving into the sprung structure at SDCC in mid-August and PI officially started invoicing Allwyre for the occupied space. He noted Allwyre wanted to start training 5 inmates at a time and gradually increase to 10 inmates, and in slow increments up to 40 inmates moving forward. Five inmates were currently working and the main production was electronic circuitry, which was provided to the customer base in Henderson, Nevada. He noted that Allwyre had an operation in Wyoming, which was currently providing electronic circuitry; however, once the inmates were trained and ready, Nevada would be the sole provider of the circuitry, which allowed more inmates to work to sustain the customer needs in Nevada.

**B. Ink2Work, LLC.**

Mr. Quenga stated, he has had conversations with Terry Herbert, Ink2Work, and Dennis Cyphers, Chief Operating Officer, Ink2Work, and a virtual meeting was scheduled soon to discuss how to move forward with the operation. Mr. Quenga said he communicated to them that at this point, PI was not satisfied with the change of scope from remanufacturing ink toner cartridges using 12 to 15 inmates to a distribution center only employing 2 inmates, which was not mentioned in prior testimony before the Committee. Mr. Quenga noted, from the feedback he received from Mr. Cyphers, he thought that Ink2Work was changing its course and wanted to have both a distribution and manufacturing operation employing 10 inmates and would decide whether it would be in Northern or Southern Nevada. Mr. Quenga said that he hoped to report positive news to the Committee moving forward after negotiations with Ink2Work.

**X. PUBLIC COMMENT.**

There was no public comment.

**XIV. ADJOURNMENT.**

The meeting was adjourned at 2:39 p.m.

Respectfully submitted,

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Donna Thomas, Committee Secretary

APPROVED:

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Assemblywoman Daniele Monroe-Moreno, Chair

Date: ______________________________

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