

**MINUTES OF THE
NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE'S
COMMITTEE ON INDUSTRIAL PROGRAMS
(NRS 209.4817)
October 1, 2008**

The fourth meeting of the 2007-08 Interim for the Nevada Legislature's Interim Finance Committee's Committee on Industrial Programs was held at 9:00 a.m. on Wednesday, October 1, 2008, in Room 3137 of the Legislative Building in Carson City, Nevada. The meeting was simultaneously videoconferenced to Room 4412 of the Grant Sawyer Building in Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Assemblyman John Marvel, Chairman
Senator Maurice Washington
Howard Skolnik, Director, Department of Corrections
Greg Smith, Administrator, Purchasing Division

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblyman Morse Arberry Jr., Vice Chairman
Senator Bob Beers
Michael Mackenzie, Principal, Operations Improvement Company
Bruce Aguilera, Vice President/General Counsel, Bellagio
Mike Magnani, Labor Union Representative
Allen J. Puliz, Puliz Moving and Storage

COMMITTEE MEMBERS ABSENT:

None

STAFF MEMBERS PRESENT IN CARSON CITY:

Daniel Yu, Deputy Legislative Counsel, LCB Legal Division
Tracy Raxter, Senior Program Analyst, LCB Fiscal Analysis Division
Cheryl Harvey, Secretary, LCB Fiscal Analysis Division

OTHERS PRESENT:

Brian Connett, Deputy Director, Industrial Programs, Department of Corrections
Diane Dastal, Account Technician II, Department of Corrections
Kim Perondi, Management Analyst, State Purchasing Division

EXHIBITS:

Exhibit A – Agenda and Meeting Packet

[Exhibit B](#) – Nevada Appeal article titled "Silver State Industries keeps prison's work ethic high"

I. CALL TO ORDER

Chairman Marvel called the meeting to order at 9:02 a.m. He remarked that the Committee on Industrial Programs was a branch of the Interim Finance Committee (IFC) and he would try to have another meeting in January 2009, as that would be his last meeting. Roll call was taken and a quorum was present.

II. APPROVAL OF MINUTES OF THE APRIL 24, 2008, MEETING

Chairman Marvel requested a motion for approval of the minutes from the April 24, 2008, meeting.

GREG SMITH MOVED FOR APPROVAL OF THE MINUTES FROM THE APRIL 24, 2008, MEETING OF THE COMMITTEE ON INDUSTRIAL PROGRAMS.

DIRECTOR SKOLNIK SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

III. STATUS REPORT FOR PRISON INDUSTRIES AND COMMITTEE RECOMMENDATIONS REGARDING THE FOLLOWING ITEMS:

Mr. Brian Connett, Deputy Director, Industrial Programs, introduced himself and Diane Dastal, Account Technician II for the Industrial Programs. Chairman Marvel noted that Ms. Dastal was doing a good job with the financial statements for the Prison Industries.

A. INDUSTRIAL PARK DEVELOPMENT – INDIAN SPRINGS – Mr. Connett explained that the Nevada Department of Corrections (NDOC) had a signed and executed contract between all parties, and the contract had been placed as an agenda item for the Board of Examiners and the Interim Finance Committee for the November 2008 meetings. Chairman Marvel asked if any companies had made a commitment to be located in the Industrial Park. Mr. Connett said no, as he understood, it was the developer's responsibility to obtain tenants to occupy the Industrial Park. In response to Chairman Marvel, Mr. Connett said the developer's name was Buena Vista, Indian Springs Industrial Park LLC.

B. BIG HOUSE CHOPPERS (MOTORCYCLE MANUFACTURING) – SOUTHERN DESERT CORRECTIONAL CENTER – Mr. Connett reported that Big House Choppers manufactured five motorcycles. The department had sold two motorcycles, but no more motorcycles would be built until the other three motorcycles were sold. Chairman Marvel asked if any advertising was done during the last Street Vibrations Event in Reno. Mr. Connett replied that one motorcycle was brought to Reno to display in one of the hotels during Street Vibrations, and the hotel was very pleased to display a chopper for the department.

Chairman Marvel inquired about the selling price of the motorcycles. Mr. Connett replied that the two motorcycles were sold in the range of \$32,000 to \$36,000, and the other three motorcycles were being sold in the range of \$20,000 to \$24,000. Chairman Marvel asked how much it cost to build a motorcycle and Mr. Connett said the cost was approximately \$16,000. Mr. Connett also noted that Big House Choppers would be displaying one of the bikes at the Harley Davidson Café in Las Vegas starting in the next 30 days. However, since the motorcycle is not a Harley Davidson, due to licensing issues, something would have to be put on the bike that says Harley Davidson.

C. TREX COMPANY (RECYCLED PLASTICS SORTING) – LOVELOCK CORRECTIONAL CENTER

– Mr. Connett testified that due to the economy, the Trex Company had pulled out of the Industrial Program. The Trex Company no longer felt a need to have an extra sorting operation outside of its facility since sales had dropped in the construction components business. Chairman Marvel asked how many inmates had been affected. Mr. Connett replied it would have probably put eight inmates to work at the Lovelock Correctional Center where the operation would have been located. Mr. Connett said the Trex Company was just at the contract signing stage when they decided to pull out.

D. WILD HORSE PROGRAM – PRISON RANCH

– Mr. Connett said the department was having an auction and rededication on October 11, 2008, to thank “Friends of the Mustangs” for all of their help on moving the facility from Warm Springs Correctional Center to Northern Nevada Correctional Center (NNCC). During the last four months, the NDOC tore down the corral that was located at Warm Springs and relocated it to NNCC. Mr. Connett acknowledged the “Friends of the Mustangs” for helping the department pay for almost all of the materials including the concrete and wood that was used to reestablish the corral.

Chairman Marvel asked if the compost program was involved with the horse program. Mr. Connett answered yes; the compost program was starting to get some outside contracts. The department would be able to take the compost to

some of the local companies and the golf courses as well. The compost was a good and quality product.

Chairman Marvel asked how the greenhouse program was going. Mr. Connett said six to seven inmates worked there but the program was struggling. The owner has a lot of the operation up and running, but, unfortunately for him there was a lot of cost. He is having difficulty paying for those costs, specifically the inmate wages and the rent to the department. Mr. Connett said the owner of the greenhouse has products that were salable and he was actually going around to different grocery stores and restaurants to market the product.

Chairman Marvel stated that at the last Interim Finance Committee meeting there was a discussion about the cook/chill process; he asked Mr. Connett to give the Committee an update. Mr. Connett testified the cook/chill operation had been on again and off again project. Aramark was willing to put up \$6.0 million for the cook/chill operation but the department was doing an assessment to see if the project was worthwhile. The Department of Corrections was not sure whether to retro-fit the High Desert State Prison (HDSP) kitchen or to build a cook/chill operation in the new Prison No. 8. The department should inform Prison Industries about the assessment sometime in October, to see if its going to be a visible project or not. The department was concerned if \$6.0 million would cover the costs of the retrofit, the equipment, all of the transportation, and the logistics equipment.

Chairman Marvel asked if the plan was to serve southern Nevada only or statewide. Mr. Connett said it would service southern Nevada first, but the plans were to eventually service the whole state. He added that the department would be responsible for distribution. The department would have to buy trucks, trailers, and refrigerator trailers, as well as hire drivers. Chairman Marvel said that he had always been optimistic about this program and hoped it would be a money saver in the long run. Mr. Connett stated the Director certainly had the foresight to look at this for many years and the process has the ability to save the state money.

Chairman Marvel asked if the department had the opportunity to look at other states that had been involved with Aramark. Mr. Connett said he came from Florida where Aramark had been involved, and he had also been to southern California to look at its cook/chill operation. Chairman Marvel asked if the other states were pleased with the program. Mr. Connett said yes and no. The other states had some miscommunications in the writing of the contract. There were always questions in regards to asking Aramark to operate outside of its realm of the contract. The contract needs to be well written and needs to be monitored to make sure both parties are operating under the contract. Mr. Connett hoped a contract would be written sometime in November.

Howard Skolnik, Director, Nevada Department of Corrections said the department posed the cook/chill process to the Interim Finance Committee as an informational item. The Committee raised a series of questions that the department was in the process of answering. The department had been working with staff to get an agreement whether the cook/chill process would go to Prison No. 8 or would be a retrofit at High Desert State Prison.

Mr. Greg Smith, Administrator, Purchasing Division, believed the contract for the cook/chill process would happen late in 2008 or early 2009. He also said that it was not much of a stretch; it had been a long road getting everyone's interest preserved in the process and all of the different parties recognizing the uniqueness of this program.

IV. REVIEW OF NUMBER OF INMATES EMPLOYED JULY 2006 THROUGH AUGUST 2008

Mr. Connett directed the Committee to page 13 of meeting packet, [Exhibit A](#), pointing out that on average the Industrial Programs basically remained flat, employing the number of inmate workers as a percentage of the total number of inmate population. The department was at 5.9 to 6.0 percent of the total inmate population. It has remained flat through the entire two years. Mr. Connett said there had been cut backs from state agencies and major customers this past year with purchase of products and services that Prison Industries produces. We have attempted to keep inmates employed. Chairman Marvel noticed that the department had been pretty consistent of the percentages in the population of inmates employed and asked what a good percentage would be of the number of total inmates that could be involved in the program. Mr. Connett said his goal would be around 7.5 to 8.0 percent of the inmates to be employed in the Industrial Program. Director Skolnik stated his goal would be to double the percentages. Chairman Marvel stated having more inmates in the program would help the Prison Industries budget.

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

Mr. Connett testified the Industrial Programs currently had \$850,637 in the account and he wanted the Committee to be aware that money may have to be released from the account with the possible closure of Nevada State Prison (NSP). If NSP was closed Prison Industries would need a new facility for the print shop, the mattress shop, and tag. Chairman Marvel asked if there was a plan to relocate. Mr. Connett responded the department was currently looking at a number of locations.

Chairman Marvel asked about the status of the license plate program. Director Skolnik said he was not aware of any changes. He had met with Director Ginny Lewis, Department of Motor Vehicles (DMV), regarding the continuation of the plant

during the shut-down of NSP, assuming that the Legislature does in fact support that shut-down. The NDOC would move the trained inmates from NSP over to Warm Springs Correctional Center and Prison Industries would pay for an officer to escort those inmates back to NSP until such time that a new facility could be constructed. Continuing, Director Skolnik said the department had talked to the State Public Works Board to identify a potential site for the facility at Warm Springs Correctional Center. Keeping the facility in this vicinity was important to the DMV. Director Skolnik said to his knowledge the flat license plates currently being produced would continue to be produced.

Chairman Marvel asked if new equipment would need to be purchased. Director Skolnik said no new equipment would be necessary. The department would need a new building then it would transfer the equipment to the new facility. The equipment would take less space because the old process required the plates to pass through a drying process that used a huge oven and that was not required under the current process.

Chairman Marvel asked how much revenue the license plate program generates in a year. Mr. Connett said the program brings in well over \$500,000. Mr. Connett further explained that license plate fees to Prison Industries had gone down this year by \$40,000 from the previous year. That was not a result of anything Prison Industries had done, just what the market place had done. So rather than the old embossed technology, the DMV has the technology for flat plates which was new technology on the market.

Chairman Marvel asked if the license manufacturing with DMV was secure; at one time the program almost ended. Mr. Connett said Director Skolnik had met with the Director of the DMV, and felt comfortable the DMV was on board with the Prison Industry program. Chairman Marvel was pleased with that information.

Director Skolnik also mentioned that the DMV Director, Ginny Lewis, was retiring. How secure the license plate program is will depend on how institutionalized the program is prior to her retirement in December, 2008.

Chairman Marvel asked if there were any other plans of construction. Mr. Connett replied there are no further plans of construction at this time.

VI. REVIEW OF FINANCIAL STATEMENTS OF SILVER STATE INDUSTRIES FOR THE YEAR ENDING JUNE 30, 2008

Diane Dastal, Account Technician II for Prison Industry, Department of Corrections, introduced herself and said she was filling in for the vacant Administrative Services Officer position. She testified that the financial statements represent the 2008 fiscal year, ending June 30, 2008. Referring to page 24 of the meeting packet, [Exhibit A](#), Ms. Dastal stated that cash for Prison Industries had increased by approximately \$173,000, while the ranch was up almost \$90,000 compared to last year.

Ms. Dastal continued the review of the financial statement saying the Capital Improvements fund increased \$214,480 the past fiscal year and retained earnings added almost \$315,000 to its balance.

Referring to page 31, Ms. Dastal stated the mattress factory lost approximately \$20,500 and sales were down around \$110,000 compared to last year. Additionally, the mattress factory took a big hit when its supervisor retired and was paid approximately \$18,000 for accrued sick and annual leave. Presently, the garment shop supervisor is dividing his time between the mattress factory and the garment shop. She added that salary and fringe benefits should be significantly lower with the next financial statements.

Chairman Marvel asked Mr. Connett to discuss the accounts receivables and the bad debt expense. Mr. Connett explained that Prison Industries currently showed about \$1.1 million in receivables. The top ten companies that have receivables with Prison Industries represent about 81 percent of the \$1.1 million. Some of these companies are questionable and the top two questionable companies represent about 45 percent of the \$1.1 million. The rest of the top ten companies have about \$410,000 in receivables, but are current and that represents about 37 percent of the \$1.1 million. Mr. Connett said that he wanted the questionable companies stated in the financial statement. One company went bankrupt and Prison Industries filed a claim in bankruptcy court to get the monies due.

Mr. Connett continued to say the largest company with receivables due, about 90 days late, was attempting to sell part of its company. A commitment had been made that should the company be sold, it would pay the total receivables due, although Mr. Connett said he did not have a good comfortable feeling about the arrangement. He also said another company that concerned him had an extremely ill owner and the receivables due to Prison Industries was getting later and later with the aging report showing that the company was well over 120 days late. Mr. Connett questioned whether Prison Industries could collect on this account at all.

Chairman Marvel asked Mr. Connett how much he thought Prison Industries would lose and if there were enough assets to cover the losses. Mr. Connett replied this year the financial statements reflected about \$175,000 to \$180,000 in losses and he did not think there were enough assets to cover it.

Mr. Greg Smith, Administrator, Purchasing Division, mentioned that the state has had a debt collection contract for some time. The Purchasing Division implemented a new contract with three very aggressive debt collection firms in conjunction with the Controller's Office. Past years, one of the things that have really frustrated the elected leaders was staff's reluctance or slow response to collect bad debts. When one of these debt collection contracts is used only about 50 percent of the debt is collected so, you want to exhaust every possibility up front. Mr. Smith wanted to make sure Mr. Connett was aware of the debt collection contract.

Mr. Connett said he appreciated Mr. Smith's comments. He stated he had turned over a lot of the receivables to the debt collection agency. Even in regards of the amount, Mr. Connett said he allocated what he thought was most appropriate in what Prison Industries would not be able to collect.

Director Skolnik also pointed out that he had encouraged Mr. Connett to maintain a lot of these industries in spite of the negative cash flow. As the committee may recall, back in the 1980's the general purpose behind creating the license plate revenue fee was that most state's manufactured license plates in its prison industry's and it became the "cash cow" to support the more marginal industries that were operating. Director Skolnik explained that the department added a number of beds to existing facilities without changing the core in the facilities. As a consequence, for example, at the Southern Desert Prison the department added about 500 inmates at the facility in the last year without any additional programming. The department has to maintain activities for the inmates or the department would lose control over the institutions. That is the pressure on Mr. Connett that has kept these industries operational in spite of the negative cash flow. Director Skolnik said he would encourage Mr. Connett to keep these operational for that reason.

Chairman Marvel commented that it was a matter of discretion to keep the factories operational. Mr. Connett added that the largest receivable account employs well over 150 to 175 inmates.

Continuing with the financial statements, Ms. Dastal referred the Committee to page 32 of the meeting packet, and she stated the print shop lost approximately \$8,000. The cost of materials increased due to out sourcing two large jobs and the NDOC made about 20 forms available online. The print shop supervisor believes she lost \$66,000 in sales. Mr. Connett also said Prison Industries purchased some equipment for about \$4,000.

Ms. Dastal referred the Committee to page 33, of the meeting packet. The furniture shop increased sales by approximately \$91,000 while decreasing the material cost by \$6,800.

Chairman Marvel asked about changes in federal requirements at the mattress shop. Mr. Connett said as of January 2008, new federal fire code requirements went into affect for the mattress industry as a whole. Prison Industries had some testing costs and some compliance issues to deal with, but the mattresses do comply with the federal requirement. As Ms. Dastal said earlier, there were some additional costs due to the mattress shop's supervisor retirement after 30 years of employment. Mr. Connett said to help control some of the costs, Prison Industries had one of the supervisor's from the garment shop allocate some of his time between the mattress shop and the garment shop.

Chairman Marvel asked where the factory would relocate if the Nevada State Prison closed. Mr. Connett had not made a final decision yet, but it may be moved to Lovelock Correctional Center as there is the space at that facility.

Ms. Dastal said the metal shop had two big jobs which increased sales. Unfortunately, steel prices were out-of-sight, so the material costs increased dramatically. Although the auto shop sales were down, it finished with a profit. This was helped out by having only one supervisor, and by selling the two motorcycles.

Moving on to the next item, Ms. Dastal explained the garment factory did not do as well this year. In fiscal year 2007 the garment factory had a dust ruffle contract for \$50,000 and that was the reason for the decrease in sales in fiscal year 2008. Director Skolnik further explained part of the decline in the garment factory was the consequence of funds shifted in the department from clothing to food because of the under funding of the food budget. The department had to find money wherever it could. Prison Industries was not providing the amount of clothing that was required to provide.

Chairman Marvel asked if there were any outside sales for garments besides from institutions. Mr. Connett stated there was a contract for garments with a company that Prison Industries produces a lot of its saddle items. The company also provided Prison Industries with one of its embroidering machines to do embroider work on its products. Prison Industries is also working with the company to do its own embroider work on the company's machines.

Ms. Dastal moved on to Drapery on page 36 of the meeting packet. The drapery shop was trying to increase its revenue so it can get beyond the fixed costs. Mr. Connett said it is recognized that the drapery industry has a significant set of fixed costs. Until the drapery industry increases the revenue to allocate the fixed costs over a larger amount of revenue it will continue the downward slides or negative numbers. Mr. Connett said he met with a company out of Las Vegas last week that had toured the prison once and was very interested in the draperies. The company wants to start marketing the Prison Industries to all of the hotels on the strip primarily for retrofitting and remodeling of hotels.

Chairman Marvel asked if there was any other potential industry to be done at the Ely State Prison. Mr. Connett said at this point in time it is difficult to think of something else to locate in Ely. Director Skolnik informed the Committee that part of the problem at Ely State Prison was a direct result of the escape at the Northern Nevada Correctional Center. As a consequence of that escape, there were a substantial number of inmates removed from the shop, which resulted in serious delays in delivery to the larger customers and those customers went elsewhere. It is a small industry and it will take time to reestablish credibility for timely delivery and a quality product. Director Skolnik said the only products that make sense to be manufactured in Ely State Prison are those that do not hurt people. He assured the Committee that the department would not put in a metal factory and would continue to look for soft products.

Ms. Dastal said the prison dairy has improved overall. It increased the milking barn capacity this year. Ms. Dastal asked if there were any questions.

Inquiring about page 24 of the meeting packet, Michael Mackenzie, Principal, Operations Improvement Company, said he noticed the sales remained relatively flat but inventory increased by \$327,000. Ms. Dastal explained the mattress shop can be blamed for part of the increase in the inventory because the mattress shop stocked up on quilting. A contract for quilting was being renegotiated at the end of the fiscal year. Mr. Connett further explained there were new jobs coming on line with the Department of Corrections expansion. We purchased a large amount of steel. With steel prices going up as they were, almost on a daily basis, we try to hold our cost down by locking in those steel prices and made the purchases of the raw steel.

Chairman Marvel asked where the raw steel product was purchased. Ms. Dastal answered there was a variety of vendors, a lot purchased from PDM Steel. Prison Industries does get three bids or works with state purchasing very closely for steel purchases.

Mr. Mackenzie asked about page 30 and noticed there were bad debt expenses of \$182,000 and the prior year it was zero. Ms. Dastal said some of the bad debt from the prior year should have been stated as Mr. Connett discussed earlier regarding the three customers that Prison Industries expects to write-off.

Mr. Mackenzie noticed that according to page 31 sales declined and salaries went up. Ms. Dastal explained the mattress shop lost its supervisor. The supervisor had 30 years in with the department and almost \$18,000 was paid out for his sick and annual leave.

Mr. Mackenzie further asked on page 32 about the printing and bindery shop. He said sales were flat but materials jumped from \$160,000 to \$230,000. Ms. Dastal explained the print shop had two big jobs that it did not have the capability to do. The print shop had to outsource the jobs. She said the print shop had a little bit of profit but it was better than nothing.

Mr. Mackenzie asked if the two outsourced jobs drove the printing company from a positive to a loss. Ms. Dastal explained the two jobs were actually at a very small profit. She further explained the print shop bought some equipment. Mr. Mackenzie pointed out that the change was from an \$89,000 profit to an \$8,000 loss. He surmised then that \$70,000 of that was the material cost.

Mr. Mackenzie noted on page 33, the furniture and metal shop increased sales and the gross profit increased, labor went down, materials went down, and overhead went down on higher sales. How do you increase sales and decrease labor, materials, and overhead? Mr. Connett said the supervisor at the shop had done a superb job of controlling the cost.

Mr. Mackenzie inquired about the insurance deductible for the furniture and metal shop, noting the insurance deductible was \$10,000 and the year before it was nothing and asked was there an accident. Mr. Connett said there was a transformer that blew due to an electrical issue at the plant and it cost close to \$40,000. Prison Industries submitted it through insurance and the insurance company picked up the cost except for the deductible of \$10,000. He testified, for the record, there will probably be some additional large expenditures to bring the building up to code electrically and quotes were currently being compiled. There have been issues where the transformer had been overloaded with the amount of equipment that had been added. One of the panels that blew caused electricity to go backwards instead of coming into the plant, resulting in the transformer blowing. Consequently, under an emergency basis a new transformer was needed but the institution was not impacted at all.

Chairman Marvel asked how long it took to put the new transformer in. Mr. Connett said the local electrical company had one on site at another job and it was brought over to get the plant up and running.

Mr. Mackenzie noticed on page 33 that improvements and small equipment amounted to \$46,000. Ms. Dastal said the furniture shop supervisor purchased some used equipment at a great price from a furniture store that had gone out of business.

Referring to page 36, Mr. Mackenzie noted that the drapery shop sales were relatively flat, but overhead doubled. Ms. Dastal said there was an accounting error and although inmate labor and office were reported at zero it actually should have been \$25,149. The accounting department coded it to overhead and the actual for overhead should have been \$22,774.

Mr. Mackenzie pointed out that there was quite a difference in fringe benefits between the different operations. For example, the drapery shop had salaries of \$56,000 with fringe benefits of \$30,000 and the printing and bindery shop had salaries of \$64,000 with fringe benefits of \$16,000. Some of the other departments were much lower. Ms. Dastal stated the salaries are dependant on the personnel and according to the grade level of the employees. Prison Industries has no control over the fringe benefits. Director Skolnik explained to the Committee the difference lies in the retirement program that was utilized for each individual. In this case, a particular employee was under police/fire retirement because he came out of the correctional officer ranks and maintains his police/fire retirement. The retirement was employer paid at a higher percentage which may vary between another individual in the same position with a different time of service and different retirement package.

Referring to page 32, Senator Bob Beers asked about the printing and bindery shop, the account where some big jobs were outsourced. Senator Beers said he was a little concerned and did not fully track how that addressed the big increase in overall cost to drive that division into a net loss situation. Were there additional overhead material purchases that some how got consumed in the process? Senator Beers said it might be helpful to know where the two jobs were in total revenue and total material costs. Ms. Dastal responded she did not have that information available; however, Mr. Connett interjected that he would be more than happy to find out the details of those particular jobs.

Senator Beers also wanted to know why there was a big increase on the unearned revenue as reflected on page 24. Ms. Dastal said the auto shop demands a 50 percent deposit on a job before starting and that account reflects the deposits received.

VII. INFORMATIONAL ITEM – ARTICLE FROM NEVADA APPEAL ENTITLED “SILVER STATE INDUSTRIES KEEPS PRISON’S WORK ETHIC HIGH”

Mr. Connett said, Rob Sabo, a Nevada Appeal reporter, wrote a very positive article about Silver State Industries program ([Exhibit B](#)). Chairman Marvel stated the more publicity the Industry Program gets the more beneficial it is.

Mr. Connett wanted to reemphasize that Prison Industries has some electrical problems in the metal and wood furniture shop at Northern Nevada Correctional Center. Prison Industries purchased a good, used “iron man muncher” for the steel metal shop because the one at the facility broke down and it was not worth repairing. This machine is used in every operation of the metal manufacturing facility.

Mr. Connett said Prison Industries also purchased a used embroidery machine over E-Bay with the help of the Purchasing Division. Chairman Marvel asked what would be embroidered and Mr. Connett replied just about anything including hats, shirts, and polo shirts.

Artistic Glass, Mr. Connett said, filed bankruptcy and the department filed a claim with the bankrupt proceeding to get the funds due. Chairman Marvel asked if there was any possibility that Artistic Glass may do business again. Mr. Connett said unfortunately, it was a family operation and there are no plans to resurrect the business. Chairman Marvel asked where those inmates were placed and Mr. Connett said the inmates were put in the card sorting and upholstery shops.

Chairman Marvel asked if the card sorting was still successful. Mr. Connett responded that the card sorting employs a lot of inmates, but it was one of the operations that the department was having difficulty collecting the receivables.

Mr. Smith wanted to compliment Mr. Connett on purchasing used equipment; it was a good reminder that with budget crunches equipment does not have to be brand

new. He stressed there are a lot of creative ways to approach agency needs and that was kind of the catalyst other recommendations from the Purchasing Division to state agencies that do not have the money to get a new piece equipment.

Director Skolnik said he was compelled to do some recognition today. In 1986, a group of Nevada Legislators descended upon the semi-great state of Illinois to tour an industry program. He did not anticipate that he would end up in Nevada 20 years later. Director Skolnik noted he was no longer involved in Prison Industries directly, but actually sitting on the Board that was created as a result of that session.

Director Skolnik announced a proclamation for Chairman Marvel saying “Whereas the Nevada Department of Corrections is losing one of its most revered legislative supporters whose tireless efforts have been most noteworthy, and whereas Mr. Marvel, having a long distinguished career with the State of Nevada, and whereas the Department of Corrections has sentenced you to decades of hard legislative labor, and whereas you have led the Department of Corrections, Industrial Program in a positive direction, and whereas your well placed advice business sense and thoughtfulness has provided Silver State Industry inmate workers with a sense of well being, self worth, pride, and many opportunities to better themselves through the learning of trades and manufacturing processes, and whereas your time served with the Department of Corrections resulted in increasing public safety, by protecting the lives of Nevadans, and whereas you have made this a better community and state for all Nevadans to live, work, and raise their families, and play, and whereas serving your time has awarded you appreciation, admiration, gratitude, Now therefore, the Department of Corrections has paroled you to a life of happiness and family”.

Chairman Marvel said he was very honored to receive this proclamation. It was very thoughtful of everyone.

Mr. Connett presented a plaque to Chairman Marvel reading “As an original member of the Advisory Committee, and an unequalled supporter of Silver State Industries, thanks for all you have done from the staff of Silver State Industries and the Department of Corrections”.

Chairman Marvel told Mr. Connett how much he appreciated the plaque. He also said thank you to the Committee for all the support he has had. Chairman Marvel stated he had enjoyed this Committee probably as much as everything he has ever done in the Legislature. Mr. Connett also presented Chairman Marvel with a T-shirt embroidered by the Prison Industries.

XIII. PUBLIC COMMENT.

Chairman Marvel called for any further testimony to come before the committee. There was no public comment.

IX. ADJOURNMENT.

Chairman Marvel thanked Committee members for their attendance and adjourned the meeting at 10:04 a.m.

Respectfully submitted,

Cheryl Harvey, Committee Secretary

APPROVED:

Assemblyman John Marvel, Chairman

Date:_____