

MINUTES OF THE NOVEMBER 15, 2006
MEETING OF THE
INTERIM FINANCE COMMITTEE
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada

Chairman William J. Raggio called a regular meeting of the Interim Finance Committee (IFC) to order on November 15, 2006, at 8:50 a.m. in Room 4100 of the Legislative Building. Exhibit A is the agenda. Exhibit B is the guest list. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chairman
Assemblyman Moises Denis
Assemblywoman Heidi Gansert
Assemblywoman Christina R. Giunchigliani
Assemblyman Lynn Hettrick
Assemblyman Joseph Hogan
Assemblyman David R. Parks sitting for Assemblywoman Ellen Koivisto
Assemblywoman Bonnie Parnell sitting for Assemblywoman Sheila Leslie
Assemblyman John Marvel
Assemblywoman Kathy McClain
Assemblyman Richard Perkins
Assemblyman Bob Seale
Assemblywoman Debbie Smith
Assemblywoman Valerie Weber
Senator Bob Beers
Senator Barbara Cegavske
Senator Bob Coffin
Senator Bernice Mathews
Senator Dean Rhoads
Senator Dina Titus

COMMITTEE MEMBERS EXCUSED:

Assemblyman Morse Arberry Jr., Chairman
Assemblywoman Ellen Koivisto
Assemblywoman Sheila Leslie

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda J. Erdoes, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel

Mark W. Stevens, Fiscal Analyst, Assembly
Steve Abba, Principal Deputy Fiscal Analyst
Gary L. Ghiggeri, Fiscal Analyst, Senate
Larry L. Peri, Principal Deputy Fiscal Analyst
Connie Davis, Interim Finance Committee Secretary
Rebecca Lowe, Fiscal Analysis Division Secretary

A. ROLL CALL.

Lorne Malkiewich, Director, Legislative Counsel Bureau and Secretary of the Interim Finance Committee, called the roll. Chairman Raggio announced a quorum of each House was present.

*B. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS, ALLOCATION OF BLOCK GRANT FUNDS AND POSITION CHANGES IN ACCORDANCE WITH Chapter 353, *Nevada Revised Statutes* (NRS).

Chairman Raggio announced that testimony would be required for work program items 5; 16; 17, 24; 73, 86, 87, 88, and 89. In addition to testimony, work program items 26, 27, 40, 41, 42, 45, 46, 50, and 55 required a public hearing.

Work program items 14, 22, 32, 63, 72, 74, and 83 were revised, and 60 related to 62 but none of the work programs would be called for testimony.

Department of Business and Industry, Transportation Services Authority representatives would be called on to provide testimony regarding the reclassification of Position 0011.

Work program requests 28, 43, 93 and the reclassification requests for the Department of Corrections and the Department of Conservation and Natural Resources, Division of Environmental Protection, Water Quality Planning were withdrawn.

Senator Coffin requested that a report on the status of the Highway Fund, be provided and that representatives of the Department of Corrections provide a report on a recent audit that revealed drugs were unaccounted for at the Southern Nevada Women's Correctional Center.

Chairman asked that representatives of the Departments of Transportation and Corrections remain through Informational Items on the agenda.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL
OF ALL WORK PROGRAM ITEMS THAT WERE NOT
ENUMERATED BY THE CHAIRMAN FOR TESTIMONY.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus and Assemblyman Arberry were not present for the vote.)

Chairman Raggio thanked the members of the Committee for their service and dedication under his direction and indicated that the duties of the Chair would be administered under the direction of the Assembly for the next period of time through 2007 and the 2008 interim.

Chairman Raggio acknowledged and paid tribute personally and on behalf of the Committee to departing Legislators and Interim Finance Committee (IFC) members, Assemblywoman Chris Giunchigliani, Assemblyman Richard Perkins, Assemblyman Lynn Hettrick, and Assemblyman Bob Seale for their long and dedicated service to the Legislature and to the Committee.

1. **Office of the Secretary of State – FY 07** – Addition of \$543,468.00 in Transfers from Secretary of State's Special Services fund to cover estimated Personnel and Operating expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C29230**

Refer to motion for approval under Item B.

2. **Department of Administration – Buildings and Grounds Division – Marlette Lake FY 07** – Addition of ~~\$293,632.00~~ **\$283,120.00** in Marlette Pump Improvements, and \$22,304.00 in System Improvements funds to establish authority for Marlette Lake Water System Capital Improvement debt repayment as authorized by Assembly Bill 49 in the 2005 Legislative Session. Requires Interim Finance approval since the amount added to the Debt Service category exceeds \$50,000.00. **Work Program #B94428. REVISED NOVEMBER 1, 2006.**

Refer to motion for approval under Item B.

3. **Department of Administration – Public Works Board – Inspections – FY 07** Addition of \$500,000.00 in Plan Review fees to increase budget authority to ensure adequate budget authority exists for non-Capital Improvement Plan checking services for Fiscal Year 2007. Requires Interim Finance approval since the amount added to the Non-CIP Plan Checking category exceeds \$50,000.00. **Work Program #B94434**

Refer to motion for approval under Item B.

4. **Department of Education – Gear Up - FY 07** - Addition of \$297,041.00 in federal Gear Up grant funds to align reversion and expenditure authority with grant award and provide funding for a replacement computer. Requires Interim Finance

approval since the amount added to the Aid to Schools category exceeds \$50,000.00. **Work Program #C31080**

Refer to motion for approval under Item B.

5. **Department of Cultural Affairs – State Historic Preservation Office – FY 07 –** Addition of \$65,606.00 in Commission for Cultural Affairs funds to offset reductions in grants for a Historic Preservation Specialist position. Requires Interim Finance approval since the amount added to the Survey and Planning category exceeds \$50,000.00. **Work Program #C27690**

Scott Sisco, Interim Director, Department of Cultural Affairs, identified himself for the record and introduced Ron James, State Historic Preservation Officer, Department of Cultural Affairs. Mr. Sisco appeared before the Committee to request approval to accept the transfer of funds from the Commission for Cultural Affairs (CCA) in the adjusted amount of \$31,486. If approved, the funds would be used to offset a reduction in grant funding that had been used for a Historic Preservation Specialist position.

Mr. Sisco explained that during the 2006-07 budget development process, it was learned that the interest earned from CCA bond sales was insufficient to support one of the Historic Preservation Officer Specialist positions. The balance of the cost for the position was requested through the use of federal funds. During the budget closing process, an error occurred that resulted in the deletion of the interest funds as well as in the category for the federal sub-grant.

Mr. Sisco advised that the work program before the Committee adjusted from \$65,606 to \$31,486 would restore the funding for position through the end of fiscal year 2007 and would also restore funding to the grants program.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL
OF THE WORK PROGRAM AS AMENDED IN THE
AMOUNT OF \$31,486.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus and
Assemblyman Arberry were not present for the vote.)

In response to a question from Assemblyman Seale regarding the funding, Mr. James advised that, under the provisions of *Nevada Revised Statutes* (NRS), interest earned from the sale of bonds could be used either to augment the existing grant program or for administration.

6. **Department of Cultural Affairs – State Library and Archives – FY 07 –** Addition of \$380,000.00 in Nevada Department of Education, Commission on Educational

Technology funds to support school library database licenses. Requires Interim Finance approval since the amount transferred to the Statewide Databases category exceeds \$50,000.00. **Work Program #C29663**

Refer to motion for approval under Item B.

7. **Department of Cultural Affairs – State Library and Archives – FY 07** – Addition of \$696,378.00 in federal Institute of Museum and Library Services grant funds to recruit and educate new librarians to serve urban and rural Nevada libraries. Requires Interim Finance approval since the amount added to the Institute for Museum and Library Services grant category exceeds \$50,000.00. **Work Program #C29665**

Refer to motion for approval under Item B.

8. **Department of Cultural Affairs – Museums and History – Lost City Museum – FY 07** – Addition of \$125,400.00 in Southern Nevada Public Land Management Act (SNPLMA) grant funds transferred from Historic Preservation for programs and exhibits at the Lost City Museum site. Requires Interim Finance approval since the amount added to the SNPLMA subgrant category exceeds \$50,000.00. **Work Program #C30319**

Refer to motion for approval under Item B.

9. **Department of Agriculture – Plant Industry – Registration and Enforcement – FY 07** – Addition of \$442,380.00 in Pesticide Registration fees, \$44,353.00 in Fertilizer Registration fees, and \$3,715.00 in Antifreeze Registration fees to continue funding for an Agriculturalist II position, and provide operating funds for noxious weed control and support of Cooperative Weed Management Areas. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00. **Work Program #C31487**

Refer to motion for approval under Item B.

10. **Department of Agriculture – Plant Industry – Registration and Enforcement – FY 07** – Addition of \$105,000.00 in Nevada Division of Emergency Management, Homeland Security grant funds to develop a systematic and uniform database for location and storage of all general use pesticides in Nevada and educate certified applicators, licensed pest control companies and dealerships on pesticide safety and security. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00. **Work Program #C31489**

Refer to motion for approval under Item B.

- 11. Department of Agriculture – Plant Industry – Pest, Plant Disease and Noxious Weed Control – FY 07** – Addition of \$29,790.00 in University of California Davis Western Plant Diagnostic Network subgrant to cover half of a staff research associate position and attendant travel for the program. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C31480**

Refer to motion for approval under Item B.

- 12. Department of Agriculture – Plant Industry – Pest, Plant Disease and Noxious Weed Control - FY 07** – Addition of \$99,354.00 in United States Department of Agriculture Saltcedar Cooperative Agreement to cover salary, operating, and indirect costs associated with a grant to study Saltcedar Leaf Beetles and their effect on invasive species. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C31488**

Refer to motion for approval under Item B.

- 13. Department of Agriculture – Predatory Animal and Rodent Control – FY 07** – Addition of \$345,166.00 in Transfer from Nevada Department of Wildlife (NDOW) to implement NDOW Predator Management as approved by the Board of Wildlife Commissioners and cover anticipated shortfall in dog hires and vehicle operations. Requires Interim Finance approval since the amount added to the NDOW Predatory Reduction category exceeds \$50,000.00. **Work Program #C31472**

Refer to motion for approval under Item B.

- 14. Commission on Mineral Resources – Division of Minerals – FY 07** - Transfer of ~~\$50,000.00~~ **\$41,765.00** from the Reserve category to the Special Projects category to create “Interactive Map of Significant Metal Deposits of Nevada,” “Minerals and Energy Resource” maps, and “Mineral and Energy Resources and Roadless Area” maps. Requires Interim Finance approval since the amount added to the Special Projects category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C14373. REVISED OCTOBER 16, 2006.**

Work Program #C14373 was revised from \$50,000 to \$41,765. Refer to motion for approval under Item B.

- 15. Commission on Mineral Resources – Division of Minerals – FY 07** – Addition of \$31,000.00 in Nevada Office of Energy grant funds to publish a bimonthly geothermal newsletter and for Geopowering the West activities. Requires Interim Finance approval since the amount added to the Trade Mission category exceeds

10 percent of the legislatively-approved level for that category. **Work Program #C14374**

Refer to motion for approval under Item B.

- 16. Department of Business and Industry – Director’s Office – Administration – FY 07** - Acceptance of \$100,000.00 in Transfer from the Industrial Development Bond account to augment Bond Program authority for a marketing campaign promoting the benefits of businesses relocating to Nevada. Requires Interim Finance approval since the amount added to the Bond Programs category exceeds \$50,000.00. **Work Program #C14558A. RELATES TO ITEM 17 AND INFORMATIONAL ITEM 7-A.**

Chairman Raggio announced that work program Items 16 and 17, which were related to Informational Item 7.A would be considered concurrently.

Douglas Walther, Manager, Office of Business Finance and Planning, Department of Business and Industry, identified himself for the record and introduced Bill Maier, Administrative Services Officer (ASO), Department of Business and Industry, and Joe Reel, Director of Research and Business Development, Commission on Economic Development.

Mr. Walther appeared before the Committee to request approval to transfer \$100,000 from the Industrial Revenue Bond account to the Director’s Office account to implement an interlocal agreement between the Office of Business Finance and Planning and the Commission on Economic Development. Approval of the request would provide the funding to support a marketing campaign that would promote the benefits of doing business in and relocating to Nevada with a special emphasis on financing manufacturing and other appropriate businesses through private activity revenue bonds.

Mr. Walther indicated that the request to transfer the \$100,000 was addressed during the September 2006 Interim Finance Committee meeting but deferred because of questions regarding the source of the funding. The idea was originally discussed during 2005 Legislative budget hearings when comments were made with regard to using a portion of the \$1.1 million in the Bond Program reserve to further the state’s economic development. Mr. Walther indicated that the marketing campaign was viewed as a Office of Business Finance and Planning and Commission on Economic Development team approach from which the entire state would benefit.

Assemblyman Seale expressed concern regarding the \$100,000 transfer from the Industrial Development Bond account and the complexity involved in the application for the bonds. Assemblyman Seale questioned the impact the transfer, if approved, might have in terms of increasing the usage of the Bond Program.

Mr. Walther advised that a challenge had always existed in promoting the Bond Program, which appealed to a particular market. Additionally, he indicated that the Office of Business Finance and Planning, because of its limited staff, lacked the necessary expertise to conduct the promotional work while the Commission on Economic Development had the staff expertise and tools to track the success of their marketing efforts.

In response to Assemblyman Seale, who asked if the Commission on Economic Development would use the money specifically to promote the Bond Program, Mr. Walther indicated that the Commission and the Office of Business Finance and Planning staff would work together to develop material that focused on private activity bond financing.

In response to questions Assemblyman Seale asked regarding simplification of the application process, Mr. Walther indicated that a mini bond or private placement program had been implemented, which eliminated some of the middlemen. Currently the application consisted of three pages rather than the previous more than 25 pages. Additionally, Mr. Walther indicated that a program designed to help applicants through the process of bond financing was being given some consideration to more aggressively advocate for bond financing for good applicants.

Assemblywoman Giunchigliani questioned the necessity of implementing the marketing campaign at the present time rather than waiting for a review by the 2007 Legislature. Additionally, the Assemblywoman suggested there might be a way to consolidate marketing programs that would provide a better value for the money.

Mr. Walther indicated that although there was no “great sense of urgency” to implement the program, the Department of Business and Industry and the Commission on Economic Development had developed a similar contract for marketing services in fiscal year 2006. However, he said the request for authorization was dropped as a result of staff changes in both agencies.

In response to Assemblywoman Giunchigliani, who asked whether there was any “preconceived idea” of who might receive the marketing contract, Mr. Walther indicated there was none.

In response to Assemblywoman Giunchigliani, who asked if funding in addition to the \$100,000 would be requested from various local economic authorities, Mr. Reel explained that the Commission on Economic Development would develop the marketing plan through an interlocal agreement for which a contract had already been established.

Assemblywoman Giunchigliani reiterated that with the convening of the Legislature in February 2007, it might be best to wait and ensure that funding would be used for a “wrap around marketing plan,” specifically for the industrial development Bond Program as well as other small businesses.

In response to Assemblywoman Giunchigliani, who asked for information related to the Commission on Economic Development's current budget for marketing, Mr. Reel indicated he did not have the information at hand but would provide it subsequent to the meeting.

Chairman Raggio indicated the importance of the program was significant and that deferring the request for review by the Legislature would delay approval until June or July in 2007. The Chairman questioned whether there was an accountability method to monitor the success of attracting out-of-state businesses to the benefits of the program.

Mr. Walther indicated that both the Office of Business Finance and Planning and the Commission on Economic Development had systems in place that tracked the results of promotional efforts. Mr. Walther indicated he routinely tracked all inquiries regarding the program, and the Commission on Economic Development had the technology to track interest through their website.

In response to Chairman Raggio, who indicated the Committee needed to know the ultimate success of those businesses taking advantage of bond financing, Mr. Walther advised that he could report on the number of bonds that had been issued.

Chairman Raggio reiterated the importance of providing information on the effectiveness of the campaign especially if the issue was addressed during the 2007 Legislative Session.

Mr. Walther advised that staff from both offices would work on tracking the results and provide a report to the Legislature.

SENATOR MATHEWS MOVED APPROVAL.

THERE WAS NO SECOND TO THE MOTION.

Chairman Raggio announced that since the motion lacked a second, no further action would be taken on the request at the present time. The Chairman indicated that the action signified that the Committee, as a whole, felt the issue should be deferred until the Department of Business and Industry's budget was reviewed during the 2007 Session of the Legislature.

- 17. Department of Business and Industry – Director's Office – Industrial Development Bonds – FY 07** – Transfer of \$100,000.00 from the Reserve category to the Issuance category to increase authority in Issuance to allow a transfer to the Business and Industry Administration budget account for a marketing campaign promoting the benefits of businesses relocating to Nevada. Requires Interim Finance approval since the amount transferred to the Issuance category

exceeds \$50,000.00. **Work Program #C14557A. RELATES TO ITEM 16 AND INFORMATIONAL ITEM 7-A.**

Refer to narrative under Item 16.

- 18. Department of Business and Industry – Real Estate Division – Common Interest Communities – FY 07** – Transfer of \$25,551.00 from the Reserve category to the In-State Travel category to allow the division to expand its role in conducting commission business, compliance hearings, administrative duties, and operational functions related to managing educational programs. Requires Interim Finance approval since the amount transferred to the In-State Travel category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C31833**

Refer to motion for approval under Item B.

- 19. Department of Business and Industry – Housing Division – Housing Enterprise Fund – FY 07** – Addition of \$800,700.00 in National Affordable Housing Act funds to increase authority for anticipated expenditures to local governments for projects through the end of the fiscal year. Requires Interim Finance approval since the amount added to the HOME Program Administration category exceeds \$50,000.00. **Work Program #C17494**

Refer to motion for approval under Item B.

- 20. Department of Business and Industry – Housing Division – Housing Enterprise Fund – FY 07** – Transfer of \$11,800.00 from the Reserve category to the Equipment category, and \$23,500.00 from the Reserve category to the Maintenance of Buildings and Grounds category to complete wiring and replacement of the telephone system for the division's new office space. Requires Interim Finance approval since the amount transferred to the Maintenance of Buildings and Grounds category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C17495**

Refer to motion for approval under Item B.

- 21. Department of Business and Industry – Taxicab Authority – FY 07** – Transfer of \$49,496.00 from the Reserve category to the Equipment category to purchase modular furniture for investigative staff. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds \$50,000.00. **Work Program #B13957**

Refer to motion for approval under Item B.

- 22. Commission on Tourism – FY 07** – Transfer of \$35,000.00 from the Interactive Marketing category to the Promotion and Advertising category, ~~\$1,066,926.00~~ **\$1,059,929.00** from the Reserve category to the Promotion and Advertising category, and ~~\$623,205.00~~ **\$611,173.00** from the Reserve category to the Outside Postage category to allow for an increase in internet marketing with associated collateral materials, and postage as well as funds to begin implementation of a statewide online booking/reservation system. Requires Interim Finance approval since the amount added to the Promotion and Advertising category exceeds \$50,000.00. **Work Program #C17761. REVISED OCTOBER 26, 2006.**

Work Program #C17761 was revised from \$1,066,926 to \$1,059,929 from the Reserve category to the Promotion and Advertising category, and \$623,205 to \$611,173 from the Reserve category to the Outside Postage category. Refer to motion for approval under Item B.

- 23. Department of Health and Human Services – Director’s Office – Administration – FY 07** - Addition of \$759,518.00 in federal Youth Suicide Prevention and Early Intervention grant funds to support suicide prevention efforts by expanding the Clark County pilot project and implementation of a utilization focused evaluation system. Requires Interim Finance approval since the amount added to the Youth Suicide Prevention category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C24370**

Refer to motion for approval under Item B.

- 24. Department of Health and Human Services – Director’s Office – Community-Based Services – FY 07** – Addition of \$4,990.00 in funds transferred from Health and Human Services Office of Disability Services to request funding for an Accounting Assistant III position that will support the fiscal operations of the office. Requires Interim Finance approval since the request includes new staff. **Work Program #C24393**

Todd Butterworth, Chief, Office of Disability Services, Department of Health and Human Services, identified himself for the record and introduced Jack Reid, Administrative Services Officer (ASO), Office of Disability Services, Department of Health and Human Services (HHS).

Mr. Butterworth appeared before the Committee to request approval to use “long-term federal funding sources” to pay for an Accounting Assistant III position. In a brief overview, Mr. Butterworth reported that the Office of Disability Services was moved from the Department of Employment Training and Rehabilitation (DETR) to the Department of Health and Human Services (HHS) in 2003. While located in the DETR, fiscal services were provided for the agency by the DETR Fiscal Management Unit and paid for through a cost allocation of \$76,000. The accounting function was lost, however,

when the agency and its ten employees moved to the Department of Health and Human Services.

Mr. Butterworth said that because the Department of Health and Human Services did not provide fiscal services, an existing agency position was upgraded to an Administrative Services Officer (ASO). The ASO supervised the fiscal work that was delegated to administrative assistants, who were working out of their job classification. In 2004, the agency contracted for professional accounting assistance. Since that time, the contract employee had taken on additional work responsibility and was currently working 40 hours per week.

Mr. Butterworth noted that the contract position had been funded and would continue to be funded with federal dollars and that the request before the Committee did not include or request any money from the General Fund. Additionally, Mr. Butterworth indicated that approval of the funding request would save the state several thousand dollars a year.

Chairman Raggio indicated that the Committee did not normally approve new positions prior to a legislative session and suggested that the contract position be retained until the new position, which should be included in the agency's budget request for the upcoming biennium could be reviewed by the 2007 Legislature.

Mr. Butterworth advised that a request for the new accounting position as well as one program position had been included in the agency's budget request. However, Mr. Butterworth explained that filling the position in January rather than October 2007 would serve the agency for the following reasons:

- A savings of several thousand a year would be gained.
- Several years training had been invested in the current contract employee, who the agency did not want to lose. The employee was currently actively seeking other employment that would provide health insurance benefits.
- Failure to fill the position as soon as possible would ensure the agency a lack of accounting or fiscal staff through October 2007.

In response to questions Chairman Raggio asked regarding the positions requested in the budget, Mr. Butterworth explained that one accounting position and a program position that was related to caseload growth were requested in the budget.

SENATOR COFFIN MOVED APPROVAL OF ITEM 24.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus and Assemblyman Arberry were not present for the vote.)

- 25. Department of Health and Human Services – Director’s Office – Healthy Nevada Fund – FY 07** – Addition of \$330,346.00 in Tobacco Settlement funds transferred from the State Treasurer’s Office to pay previous fiscal obligations to Medicare Part D providers for services provided to Nevada Senior Rx and Disability Rx recipients. Requires Interim Finance approval since the amount added to the Stale Claims category exceeds \$50,000.00. **Work Program #C24396**

Refer to motion for approval under Item B.

- 26. Department of Health and Human Services – Director’s Office – Grants Management Unit – FY 07** – Addition of \$273,291.00 in Katrina Relief Title XX federal grant funds to reflect receipt of the Social Services Emergency Disaster Relief grant for Katrina related expenditures. Requires Interim Finance approval since the amount of the grant to the Katrina Relief grant category exceeds \$100,000.00. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and requires a public hearing. Work Program #C24392**

Chairman Raggio announced that Item 26 involved the allocation of block grant funds and required a public hearing.

Dave Prather, Administrative Services Officer (ASO), Department of Health and Human Services, Director’s Office, identified himself for the record and introduced Laura Hale, Chief, Grants Management Unit, Department of Health and Human Services, Director’s Office.

Mr. Prather appeared before the Committee to request revenue and expenditure authority for the addition of \$273,291 in Katrina Relief Title XX federal block grant funds. The funds were designated for the reimbursement of expenditures made in Hurricane Katrina relief efforts.

Hearing no response to a request for public testimony, Chairman Raggio entertained a motion for approval.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM 26.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. THE MOTION CARRIED.
(Senator Titus and Assemblyman Arberry were not present
for the vote.)

27. Department of Health and Human Services – Director’s Office – Grants Management Unit – FY 07 – Addition of \$279,250.00 in Community-Based Child Abuse Prevention federal grant funds to allocate additional monies to community-based programs intended to prevent child abuse and recover allowable administrative expenses. Requires Interim Finance approval since the amount added to the Children’s Trust Account category exceeds \$50,000.00.
Work Program #C24389

Dave Prather, Administrative Services Officer (ASO), Department of Health and Human Services, Director’s Office, appeared before the Committee to request approval to establish revenue and expenditure authority for the Community-Based Child Abuse Prevention (CBCA) grant funds in the amount of \$279,250.

Mr. Prather advised that approval of the work program request would:

- increase expenditures for the Children’s Trust Fund Program
- provide an adjustment for expenses to become compliant with the administrative cap
- establish authority to shift costs from the General Fund to allow the “maximum” utilization of federal grant funding

Chairman Raggio asked for information regarding the community-based recipients and how the allocation of funding was determined.

Laura Hale, Chief, Grants Management Unit, Department of Health and Human Services, Director’s Office, advised that multiple non-profit agencies were funded under the CBCAP grant. Additionally, Ms. Hale advised that the grant funding was matched by the State’s Children’s Trust Account. Ms. Hale explained that the allocation of funding was determined through the Grants Management Unit’s work with several advisory committees as well as the Task Force for the Fund for a Healthy Nevada. In the last cycle of applications, the Grants Management Advisory Committee and the Task Force for the Fund for a Healthy Nevada worked together through subcommittees to specifically review child abuse prevention, respite, and family support programs. Ms. Hale reported that the function of the Grants Management Unit was to streamline and combine the various overlapping funding sources. Working through the subcommittees, public hearings were held, priorities were developed, and funds from the CBCAP grant, the Children’s Trust Account, the Fund for a Healthy Nevada, and Title XX dollars were placed in single request for application.

In response to questions Chairman Raggio asked regarding what appeared to be a decrease in training funds, Ms. Hale explained that training funds were being increased. Some of the funding would be used to train Grants Management Unit staff to utilize a custom database system specifically designed for grants management.

In response to Chairman Raggio's question regarding what appeared to be a decrease in training funds, Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised that staff had recommended a revision of the work program to change the amount being added to the Training category to \$13,085 rather than \$13,279 with the balance placed into the Grants category.

Ms. Hale agreed to the amendment recommended by staff.

Chairman Raggio entertained a motion to approve the work program request as amended.

ASSEMBLYWOMAN PARNELL MOVED APPROVAL OF
ITEM 27 AS AMENDED.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus and
Assemblyman Arberry were not present for the vote, and
Senator Beers abstained.)

- 28. Department of Health and Human Services – Director's Office – Grants Management Unit – FY 07** – Addition of \$11,756.00 in Community Services block grant funds to reserve for **revenue reversion** monies inadvertently paid with General Funds in state Fiscal Year 2006. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and requires a public hearing. Work Program #C24383. REVISED OCTOBER 3, 2006. WITHDRAWN OCTOBER 18, 2006.**

Item 28 was withdrawn.

- 29. Department of Health and Human Services – Mental Health and Developmental Services – Rural Clinics – FY 07** – Addition of \$50,000.00 in Maximus Revenues Transferred from Health and Human Services Director's Office to provide support for the treatment of persons who commit acts of domestic violence in rural Nevada communities. Requires Interim Finance approval since the amount added to the Domestic Violence category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C28780**

Refer to motion for approval under Item B.

- 30. Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 07** – Transfer of \$604,819.00 from the Personnel Services category to the Professional Services category to continue the contract for psychiatric and nursing services, to maintain service levels, accreditation and Medicare and Medicaid

certification. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$50,000.00. **Work Program #C31118**

Refer to motion for approval under Item B.

- 31. Department of Health and Human Services – Health Division – Radiological Health - FY 07** – Addition of \$38,000.00 in Waste Isolation Pilot Plant funds to carry out activities needed to ensure the safe and uneventful transportation of transuranic waste from the Nevada Test Site to the Waste Isolation Pilot Plant in New Mexico. Requires Interim Finance approval since the amount added to the Waste Isolation Pilot Plant Contract category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C31212**

Refer to motion for approval under Item B.

- 32. Department of Health and Human Services – Health Division – Radiological Health - FY 07** – Addition of \$42,480.00 in ~~Environmental Monitoring and Oversight at Department of Energy Facilities and the Cancer Registry Program~~ *Department of Energy Agreement-in-Principle* grant funds and the transfer of \$58,767.00 from the Reserve category to the DOE RAD contract category to support activities related to environmental sampling at the Nevada Test Site. Requires Interim Finance approval since the amount added to the Department of Energy Contract category exceeds \$50,000.00. **Work Program #C31211. REVISED BY FISCAL OCTOBER 26, 2006.**

Work Program 32 was revised. Refer to motion for approval under Item B.

- 33. Department of Health and Human Services – Health Division – Radiological Health FY 07** – Transfer of \$59,906.00 from the Reserve category to the Equipment category, \$39,064.00 from the Reserve category to the Training category, and \$40,000.00 from the Reserve category to the Kinkead Relocation category to fund the purchase of Nuclear Regulatory Commission mandated equipment, support training for radiological staff, and provide for relocation to Technology Way. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds \$50,000.00. **Work Program #C31281**

Refer to motion for approval under Item B.

- 34. Department of Health and Human Services – Health Division – Communicable Disease Control – FY 07** – Addition of \$27,762.00 in Comprehensive Care grant funds, and \$13,882.00 in Immunization and Vaccines for Children grant funds to support outreach activities and services to residents in rural and frontier Nevada communities. Requires Interim Finance approval since the cumulative amount added to the National Cancer Prevention Control category exceeds \$50,000.00. **Work Program #C29991**

- 35. Department of Health and Human Services – Health Division – Communicable Disease Control – FY 07** – Addition of \$37,903.00 in Tuberculosis Elimination and Laboratory federal funds, and \$3,377.00 in Immunization and Vaccines for Children federal funds to support the Tuberculosis Elimination and Control program. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$50,000.00. **Work Program #C31275**

Refer to motion for approval under Item B.

- 36. Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 07** – Addition of \$203,642.00 in Ryan White Care Act Title II grant funds to provide services and operational support for the HIV/AIDS program. Requires Interim Finance approval since the amount added to the Aids Surveillance and Comprehensive Care category exceeds \$50,000.00. **Work Program #C31271**

Refer to motion for approval under Item B.

- 37. Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 07** – Addition of \$39,944.00 in Early Childhood Comprehensive Systems federal funding and the transfer of \$27,381.00 from the Personnel Services category to the Early Childhood category to improve cooperation between various state agencies to provide better access to health care for children ages birth to five years. Requires Interim Finance approval since the amount added to the Early Childhood category exceeds \$50,000.00. **Work Program #C31279**

Refer to motion for approval under Item B.

- 38. Department of Health and Human Services – Health Division – Public Health Preparedness Program – FY 07** – Addition of \$1,902,585.00 in Bioterrorism Health Resources and Services Administration grant funds to support the Hospital Preparedness program. Requires Interim Finance approval since the amount added to the Hospital Preparedness category exceeds \$50,000.00. **Work Program #C31284**

Refer to motion for approval under Item B.

- 39. Department of Health and Human Services – Health Division – Office of Minority Health – FY 07** – Addition of \$38,903.00 in Department of Health and Human Services, Public Health Services grant funds to improve the quality and access to health care for members of minority groups. Requires Interim Finance approval since the amount added to the Office of Minority Health category exceeds

10 percent of the legislatively-approved level for that category. **Work Program #C31280**

Refer to motion for approval under Item B.

- 40. Department of Health and Human Services – Welfare and Supportive Services – Administration – FY 07** – Addition of \$13,765.00 in United States Department of Agriculture Food Stamp program, \$15,502.00 in federal Child Support Program, \$24,130.00 in Temporary Assistance for Needy Families federal block grant funds, \$2,145.00 in Low Income Home Energy Assistance federal grant funds, \$932.00 in Child Care Development grant funds, \$28,751.00 in United We Stand grant funds, and \$7,116.00 in federal Title XIX grant funds to establish authority for the purchase of 20 laptop computers for field personnel to determine eligibility for public assistance for clients affected by an emergency or disaster. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and requires a public hearing. Work Program #C22550**

Chairman Raggio announced that the work program request under Item 40 involved the allocation of block grant funds and required a public hearing.

Roger Mowbray, Administrative Services Officer, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request approval to establish revenue and expenditure authority for the receipt of a \$28,751 United We Stand grant fund allocation from the State Emergency Response Commission. The funds would be matched by other federal funds for the purchase of laptop computers that would be used to determine public assistance eligibility for clients affected by an emergency or disaster.

Chairman Raggio opened the hearing for public comment. Hearing no response to his request for public comment, Chairman Raggio entertained a motion for approval.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM 40.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

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

- 41. Department of Health and Human Services – Welfare and Supportive Services – Administration – FY 07** – Addition of \$133,037.00 in United States Department of Agriculture (USDA) Food Stamp Program, \$149,823.00 in federal Child Support Program, \$232,071.00 in Temporary Assistance for Needy Families (TANF) block grant funds, \$68,767.00 in federal Title XIX funds, \$9,008.00 in Child Care Development Program, \$20,729.00 in Low Income Home Energy Assistance

(LIHEA) federal grant funds, and \$442,887.00 in USDA Food Stamp High Performance Bonus funds to remodel the central office computer server room, replace essential computer hardware/software equipment, biometric readers and other essential equipment. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22567. RELATES TO ITEM 42.**

Chairman Raggio announced that the work programs under Items 41 and 42 involved the allocation of block grant funds and would be considered concurrently. Items 41 and 42 required a public hearing.

Roger Mowbray, Administrative Services Officer, Division of Welfare and Supportive Services, Department of Health and Human Services, introduced Gary Stagliano, Deputy Administrator, Program and Field Operations, Division of Welfare and Supportive Services, Department of Health and Human Services.

Mr. Mowbray appeared before the Committee to request approval to increase revenue and expenditure authority to accommodate the receipt of a Food Stamp High Performance Bonus award in the amount of \$1,146,492. The award was received for Nevada's performance as having one of the best combined payment accuracy rates in the nation moving from number 46 in 2004 to number 4 in 2005.

Chairman Raggio congratulated the agency representatives on the Division's good performance, which he indicated was appreciated.

Mr. Mowbray advised that the award was a direct result of the staff's diligence and competence in processing the food stamp cases.

Mr. Mowbray advised that the work programs under Items 41 and 42 proposed using the unanticipated award to leverage an additional \$2 million in other federal funding sources to pay for several important improvements to facilities and to purchase equipment. Mr. Mowbray said 58 percent of the award was proposed to be used to meet replacement equipment needs in the coming biennium that the division was unable to include in its agency request budget.

Chairman Raggio expressed concern regarding the large number of items proposed to be funded at the present time rather than requested through the budget process. The Chairman questioned the need for replacing existing furniture with modular furniture and although the \$75,000 proposed for the remodel of the server room appeared to be an effective use of the funds, he requested justification for other replacement equipment and laptop computers. The Chairman also asked if the funds would revert if not approved for the requested items.

Mr. Mowbray advised that the funding could be reverted but proposed that it be used to enhance the working environment for the staff, who earned the bonus. Specifically, Mr.

Mowbray advised that there were three urgent needs for furnishings listed under Field Services.

Chairman Raggio indicated that it might be more appropriate to consider the biometric readers and laptop computers in the division's budget request that would be brought before the 2007 Legislature. Chairman Raggio indicated that approval of the proposal by the Committee would appear to provide a priority for the items without consideration by the members of the entire Legislature.

In response to the Chairman's request for the highest priority items under Field Services, Mr. Mowbray advised that the number one priority was modular furniture for the newly relocated Henderson district office. He explained that the new office space was "considerably" smaller than the existing office and required the efficiencies of the modular furniture to accommodate staff. Additionally, Mr. Mowbray placed a high priority on the \$187,545 modular furniture request for the new Carson City district office.

Chairman Raggio reiterated his appreciation for the division's performance and suggested that the Committee approve:

- \$75,000 to remodel the server room - Administration
- \$250,000 for the Henderson District office modular furniture – Field Services
- \$187,545 for the Carson City modular furniture – Field Services

All other items were requested to be placed in the division's budget request.

Mr. Stagliano asked for the Committee's additional consideration of the Field Services request of \$98,650 for the Flamingo district office.

Chairman Raggio entertained a motion to approve the funding as suggested including Mr. Stagliano's request.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL FOR THE PROPOSED USE OF FUNDING UNDER ITEMS 41 AND 42 AS SUGGESTED. SPECIFICALLY \$75,000 UNDER ADMINISTRATION TO REMODEL THE SERVER ROOM AT THE CENTRAL OFFICE; \$250,000 UNDER FIELD SERVICES FOR THE HENDERSON DISTRICT OFFICE MODULAR FURNITURE; \$187,545 FOR THE CARSON CITY DISTRICT OFFICE MODULAR FURNITURE AND \$98,650 FOR THE FLAMINGO DISTRICT OFFICE MODULAR FURNITURE.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

In response to a question Assemblywoman McClain asked regarding the Flamingo District office, Mr. Mowbray confirmed the staff was relocating from the Cambridge Center.

There was no response to the Chairman's request for public testimony.

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

- 42. Department of Health and Human Services –Welfare and Supportive Services – Field Services – FY 07 –** Addition of \$326,194.00 in United States Department of Agriculture (USDA) Food Stamp Program, \$4,161.00 in federal Child Support Program, \$535,009.00 in Temporary Assistance for Needy Families (TANF) block grant funds, \$375,269.00 in federal Title XIX funds, \$4,964.00 in Child Care Development Program, \$681.00 in Low Income Home Energy Assistance Cost Allocation Transfer, and \$703,605.00 in United States Department of Agriculture (USDA) Food Stamp High Performance Bonus funds to provide modular furniture for district offices, upgrade the existing telephone system at the Elko district office, and provide essential hardware/software computer equipment for staff. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C22569. RELATES TO ITEM 41.**

Refer to narrative and motion for approval under Item 40.

- 43. Department of Health and Human Services – Welfare and Supportive Services – ~~Child Support Federal Reimbursement Administration~~ - FY 07 –** Addition of \$174,921.00 in Public Assistance Reporting Information System State Partnership grant funds to develop a system interface that will allow public assistance client matching to identify erroneous payments and establish a database that will store data matches for retrieval by staff. Requires Interim Finance approval since the amount added to the ~~Personnel Services category of the grant~~ exceeds ~~\$50,000.00~~ **\$100,000.00. Work Program #C22572. REVISED OCTOBER 19, 2006. WITHDRAWN NOVEMBER 3, 2006.**

Item 43 was revised and later withdrawn.

- 44. Department of Health and Human Services – Welfare and Supportive Services – Child Support Federal Reimbursement – FY 07 –** Addition of \$22,959.00 in Unclaimed Property Receipts to establish authority for receipts relating to undistributed child support collections. Requires Interim Finance approval since the amount added to the Unclaimed Property Reimbursement category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C22538**

Refer to motion for approval under Item B.

- 45. Department of Health and Human Services – Welfare and Supportive Services – Child Care Assistance and Development – FY 07** – Addition of \$8,428,843.00 in Child Care Development Fund Discretionary grant funds and \$6,846,973.00 in Child Care Development Fund Mandatory and Match grant funds to provide child care subsidies to assist families in attaining a level of self-sufficiency adequate to avoid dependence on public assistance. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and requires a public hearing. Work Program #C22568**

Chairman Raggio announced that work program Item 45 involved the allocation of block grant funds and required a public hearing.

Roger Mowbray, Administrative Services Officer, Division of Welfare and Supportive Services, Department of Health and Human Services, appeared before the Committee to request approval to balance forward remaining federal fiscal year 2006 grant authority into state fiscal year 2007 to support operations for the Child Care program.

Chairman Raggio opened the hearing to public comment. Hearing no response to a request for public comment, the Chairman entertained a motion for approval.

ASSEMBLYMAN PERKINS MOVED APPROVAL OF
ITEM 45.

SENATOR MATHEWS SECONDED THE MOTION.

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

- 46. Department of Health and Human Services – Child and Family Services – Community Juvenile Justice Programs – FY 07** – Addition of \$343,731.00 in Enforcing the Underage Drinking Laws grant funds, and transfer of \$4,017.00 from the Underage Local category to the Underage Administration category, \$5,483.00 from the Underage Local category to the Administration Reserve category, and \$786.00 from the Statewide Cost Allocation category to the Administration Reserve category to support enforcement of the underage drinking laws. Requires Interim Finance approval since the amount added to the Administration Reserve category exceeds \$50,000.00. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and requires a public hearing. Work Program #C28136**

Chairman Raggio announced that Item 46 involved the allocation of block grant funds and required a public hearing.

Diane Comeaux, Deputy Administrator, Division of Child and Family Services, Department of Health and Human Services, introduced Tina Leahy, Administrative Services Officer, Division of Child and Family Services, Department of Health and Human Services.

Ms. Comeaux appeared before the Committee to request approval to realign state fiscal year 2007 revenues and expenditures to the actual grant awards for the enforcement of underage drinking laws.

In response to questions Chairman Raggio asked regarding the types of enforcement programs the grant supported, Ms. Comeaux advised that the majority of the grant funding was “passed through to units of local government or to local private agencies to operate programs consistent with the intent of the federal laws and the State Legislature.” Additionally, Ms. Comeaux advised that the Juvenile Justice Commission provided oversight and required reports from the grantees on use of the funding.

Chairman Raggio noted in the Committee’s documentation that grant funding to local agencies provided for the removal of juveniles from adult jails, deinstitutionalization of status offenders, reduction of disproportionate incarceration of minority offenders, special programs for Native American youth, and community-based delinquency prevention. The Chairman questioned how the use of the funds for the removal of juveniles from adult jails related to the enforcement of underage drinking laws.

Ms. Comeaux advised that Budget Account 1383 was established for the Juvenile Accountability Block Grant (JABG) grant funding, which provided for programs such as the removal of juveniles from adult jails under the authority provided by the Federal Juvenile Justice Act. Ms. Comeaux indicated she would compile reports from the grantees regarding the success of the programs and provide them to the Committee’s staff.

Assemblywoman Giunchigliani also expressed concern regarding the success rate of the programs and accountability of the funding. Assemblywoman Giunchigliani recalled the legislation for the prevention of underage tobacco use and suggested that perhaps a better focus would be to identify how alcohol was obtained by underage drinkers.

Chairman Raggio asked the agency representatives to request grantees to compile information on utilization of the funding and program success rate. The Chairman asked that the information be provided to the Committee at the next Interim Finance Committee meeting and indicated that the members of the money committees would also be interested in receiving the report during the 2007 Legislative Session.

Ms. Comeaux agreed to provide the information.

Assemblyman Hettrick suggested that rather than contact the grantees, a method should be developed to monitor the programs since it would not be in the best interests of grantees to report on the ineffectiveness of a program.

Senator Coffin suggested that the Council of State Governments, the National Conference of State Legislature, and the American Legislative Exchange Council Legislatures could be contacted to provide comparison rates and performance indicators for the enforcement of underage drinking laws in other states.

Chairman Raggio advised that any assistance would be welcomed. Additionally, the Chairman suggested that law enforcement agencies could be contacted to provide statistics on the number of underage drinking offenses and arrests, and success of the programs.

Chairman Raggio opened the hearing to public comment. Hearing no response to the request for public comment, the Chairman entertained a motion for approval.

SENATOR COFFIN MOVED FOR APPROVAL OF ITEM 46.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

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

- 47. Department of Health and Human Services – Child and Family Services – Child, Youth, and Family Administration – FY 07** – Addition of \$359,411.00 in Family Violence grant funds to provide funding for community level programs relating to domestic violence. Requires Interim Finance approval since the amount added to the Family Violence category exceeds \$50,000.00. **Work Program #C25090**

Refer to motion for approval under Item B.

- 48. Department of Health and Human Services – Child and Family Services – Child, Youth, and Family Administration – FY 07** – Addition of \$6,312,673.00 in Victims of Crime Act federal grant funds to support expenditures covering services for child fatality review, interstate compact, subgrantee program audits and divisional training. Requires Interim Finance approval since the amount added to the U.S. Crime Victims category exceeds \$50,000.00. **Work Program #C25092**

Refer to motion for approval under Item B.

- 49. Department of Health and Human Services – Child and Family Services - Child, Youth and Family Administration – FY 07** – Addition of \$185,106.00 in Nevada Training Partnership funds, and \$250,001.00 in Nevada Training

Partnership funds transferred from Department of Health and Human Services to support mandatory training of Social Workers. Requires Interim Finance approval since the amount added to the Specialized Training category exceeds \$50,000.00.

Work Program #C25097

Refer to motion for approval under Item B.

- 50. Department of Health and Human Services – Child and Family Services – Child Care Services – FY 07** – Addition of \$28,236.00 in Child Care Development block grant funds, and transfer of \$410.00 from the Background Investigations category to the Provider Training category, and \$3,413.00 from the Reserve category to the Provider Training category to accept additional grant funds and realign expenditure categories to cover projected shortfalls in child care service operations. **Requires Interim Finance approval since the amount of the grant involves the allocation of block grant funds and this action requires a public hearing. Work Program #C25089**

Chairman Raggio announced that the Item 50 work program request involved the allocation of block grant funds and required a public hearing.

Diane Comeaux, Deputy Administrator, Division of Child and Family Services, Department of Health and Human Services, introduced Tina Leahy, Administrative Services Officer, Division of Child and Family Services, Department of Health and Human Services.

Ms. Comeaux appeared before the Committee to request approval to align additional grant funding for the Child Care Services budget account in the amount of \$28,236 and realign expenditure categories to cover projected deficits, contractual obligations, and to allow for the purchase of computer equipment for data collection.

Chairman Raggio opened the hearing for public comment. Hearing no response to the request for public comment, the Chairman entertained a motion for approval.

ASSEMBLYMAN MARVEL MOVED FOR APPROVAL OF
ITEM 50.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

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

- 51. Department of Health and Human Services – Child and Family Services – Rural Child Welfare – FY 07** – Addition of \$710,128.00 in federal Chafee Foster Care grant funds to support the youth advisory committee, specialized programs geared toward leadership and community-based programs targeted for foster

teens. Requires Interim Finance approval since the amount added to the Independent Living category exceeds \$50,000.00. **Work Program #C25091**

Refer to motion for approval under Item B.

- 52. Department of Health and Human Services – Child and Family Services – Rural Child Welfare – FY 07** – Addition of \$736,000.00 in Adoption Incentive grant funds to provide adoption support services for special needs children. Requires Interim Finance approval since the amount added to the Adoption Incentive category exceeds \$50,000.00. **Work Program #C25096**

Refer to motion for approval under Item B.

- 53. Department of Health and Human Services – Child and Family Services – Rural Child Welfare – FY 07** – Addition of \$225,459.00 in Educational and Training Vouchers Program grant funds to provide support to help foster youth make the transition to self-sufficiency. Requires Interim Finance approval since the amount added to the Education and Training Voucher category exceeds \$50,000.00. **Work Program #C25094**

Refer to motion for approval under Item B.

- 54. Department of Health and Human Services – Child and Family Services – Child Abuse and Neglect – FY 07** – Addition of \$422,827.00 in federal Children's Justice grant funds to assist state efforts to improve the Child Protective Service System. Requires Interim Finance approval since the amount added to the Children's Justice Act category exceeds \$50,000.00. **Work Program #C25077.**

Refer to motion for approval under Item B.

- 55. Department of Health and Human Services – Child and Family Services – Juvenile Accountability Block Grant – FY 07** – Addition of \$39,968.00 in Treasurer's Interest, and deletion of \$53,300.00 in Juvenile Accountability block grant program funds, and transfer of \$37,698.00 from the Reserve category to the Operating category, \$10,600.00 from the Transfer to Secure Juvenile Facility to the Local Government category, and \$168,381.00 from the Reserve category to the Local Government category to assist communities in juvenile delinquency prevention, intervention, and accountability within the juvenile justice program. **Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. Work Program #C28135**

Chairman Raggio announced that the Item 55 work program request involved the allocation of block grant funds and required a public hearing.

Diane Comeaux, Deputy Administrator, Division of Child and Family Services, Department of Health and Human Services, introduced Tina Leahy, Administrative Services Officer, Division of Child and Family Services, Department of Health and Human Services.

Ms. Comeaux appeared before the Committee to request approval to align actual grant revenue and Treasurer's Interest Distribution with anticipated expenditures for the Juvenile Accountability Block Grant.

Chairman Raggio opened the hearing for public comment. Hearing no response to the request for public comment, the Chairman entertained a motion for approval.

ASSEMBLYMAN HETTRICK- MOVED FOR APPROVAL OF
ITEM 55.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

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

- 56. Department of Employment, Training, and Rehabilitation – Rehabilitation Division Office of Disability Employment Policy – FY 07 –** Addition of \$26,039.00 in Coalition to Employ Nevadans in Training and Service (CENTS) program to continue the CENTS program. Requires Interim Finance approval since the amount added to the CENTS Program category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C25290**

Refer to motion for approval under Item B.

- 57. Department of Employment, Training, and Rehabilitation – Employment Security Division – FY 07 –** Addition of \$250,000.00 in federal Administrative Cost Allowance for United States Department of Labor grants to support program enhancements for the National Directory of New Hires and Unemployment Insurance Data Validation Initiatives. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000.00. **Work Program #C25293**

Refer to motion for approval under Item B.

- 58. Department of Corrections – Southern Nevada Correctional Center – FY 07** Addition of \$613,035.00 in Child Care Institutions Child Nutrition Program funds transferred from the Department of Education to establish the Child Care Nutrition Program at Southern Nevada Correctional Center, which was previously funded in the High Desert State Prison budget. Requires Interim Finance approval since the

amount added to the Residential Child Care Nutrition category exceeds \$50,000.00. **Work Program #C31930**

Refer to motion for approval under Item B.

- 59. Department of Corrections – Offenders’ Store Fund – FY 07** – Addition of \$1,470,389.00 in Store Sales, \$127,064.00 in Catalog Commissions, \$121,350.00 in Vending Machine Sales, and \$90,306.00 in Treasurer’s Interest to adjust revenues and corresponding expenditures to reflect the projections based on Fiscal Year 2006 and an estimated 10 percent increase in the inmate population. Requires Interim Finance approval since the amount added to the Inventory for Resale category exceeds \$50,000.00. **Work Program #C31929**

Refer to motion for approval under Item B.

- 60. Department of Corrections – Offenders’ Store Fund – FY 07** – Transfer of \$610,710.00 from the Retained Earnings to the Transfer to Inmate Welfare category to fund the projected obligations of the Inmate Welfare account based on Fiscal Year 2006 and an estimated 10 percent increase in the inmate population. Requires Interim Finance approval since the amount transferred to the Transfer to Inmate Welfare category exceeds \$50,000.00. **Work Program #C31931. RELATES TO ITEM 62.**

Item 60 related to Item 62. Refer to motion for approval under Item B.

- 61. Department of Corrections – Offenders’ Store Fund – FY 07** – Transfer of \$22,525.00 from the Retained Earnings category to the Personnel Services category to fund a Storekeeper position at the Lovelock Correctional Center. Requires Interim Finance approval since the request includes new staff. **Work Program #C31932**

Refer to motion for approval under Item B.

- 62. Department of Corrections – Inmate Welfare Account – FY 07** – Addition of \$16,212.00 in Miscellaneous Commissions, \$37,936.00 in Reimbursement, \$59,106.00 in Treasurer’s Interest, and \$610,710.00 in Transfer from Offenders’ Store to adjust revenues and corresponding expenditures to reflect the projections based on Fiscal Year 2006 and an estimated 10 percent increase in the inmate population. Requires Interim Finance approval since the amount added to the Stale Claims category exceeds \$50,000.00. **Work Program #C31928. RELATES TO ITEM 60.**

Item 62 related to Item 60. Refer to motion for approval under Item B.

- 63. Department of Motor Vehicles – Administrative Services - FY 07–** Transfer of ~~\$94,100.00~~ **\$87,600.00** from the Electronic Payments category to the Information Services category to purchase PIN pads to allow and encourage the use of debit cards by the public doing over-the-counter transactions. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000.00. **Work Program #C31644. REVISED OCTOBER 26, 2006.**

Item 63 was revised from \$94,100 to \$87,600 transfer from the Electronic Payments category to the Information Services category. Refer to motion for approval under Item B.

- 64. Department of Public Safety – Emergency Management Division – FY 07 –** Addition of \$81,907.00 in Office of Domestic Preparedness grant funds transferred from Emergency Management to allow for the purchase of equipment associated with the Emergency Operations Center (EOC). Requires Interim Finance approval since the amount added to the EOC Equipment category exceeds \$50,000.00. **Work Program #C32719**

Refer to motion for approval under Item B.

- 65. Department of Public Safety – Emergency Management Division – FY 07 –** Addition of \$254,900.00 in Transfer from Department of Emergency Management, Office of Disaster Preparedness to fund statewide training to local jurisdictions throughout the state in relation to the National Incident Management System and the Homeland Security Exercise Evaluation. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00. **Work Program #C32720**

Refer to motion for approval under Item B.

- 66. Department of Public Safety – Emergency Management Division – FY 07 –** Addition of \$36,327.00 in Emergency Management Agency Hazard Mitigation grant program funds to support a public information campaign to educate citizens and visitors of Nevada on how to be better prepared for an emergency/disaster. Requires Interim Finance approval since the amount added to the Mitigation Education and Outreach category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C32728**

Refer to motion for approval under Item B.

- 67. Department of Public Safety – Emergency Management Assistance – FY 07 –** Addition of \$463,500.00 in Department of Energy (DOE) Aid in Process (AIP) grant to cover the federal share of the agency's administrative cost for Fiscal Year 2007. Requires Interim Finance approval since the amount added to the DOE category exceeds \$50,000.00. **Work Program #C31782**

Refer to motion for approval under Item B.

- 68. Department of Public Safety – Criminal History Repository – FY 07 –** Addition of \$91,169.00 in National Criminal History Improvement Program (NCHIP) grant funds transferred from Criminal Justice, and transfer of \$22,793.00 from the Reserve category to the Personnel Services category to accept grant funding to address backlog of dispositions, and to correct outstanding errors in the Triple 1 system. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C32716**

Refer to motion for approval under Item B.

- 69. Department of Public Safety – Highway Patrol – FY 07 –** Addition of \$129,044.00 in Insurance Recoveries to allow the agency to receive Insurance payments from totaled vehicles and provide authority to replace those vehicles. Requires Interim Finance approval since the amount added to the Crash Fund category exceeds \$50,000.00. **Work Program #C31797**

Refer to motion for approval under Item B.

- 70. Department of Public Safety - Forfeitures - FY 07 -** Transfer of \$1,573,879.00 from the Reserve category to the Nevada Highway Patrol (NHP) federal category to purchase 326 in-car video systems for NHP patrol vehicles. Requires Interim Finance approval since the amount transferred to the NHP federal category exceeds \$50,000.00. **Work Program #C32724**

Refer to motion for approval under Item B.

- 71. Department of Public Safety – Forfeitures – FY 07 –** Transfer of \$48,000.00 from the Reserve category to the Nevada Highway Patrol (NHP) federal category to cover the cost of purchasing and installing a video security surveillance system for the Central Command Office of the Highway Patrol facility in Elko. Requires Interim Finance approval since the amount transferred to the NHP federal category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C32733**

Refer to motion for approval under Item B.

- 72. Department of Public Safety – Forfeitures – FY 07 –** Transfer of ~~\$272,184.00~~ **\$240,217.00** from the Reserve category to the Parole and Probation Federal category to purchase ~~43~~ **41** installed vehicle radios and ~~40~~ **32** handheld portable 800 mhz radios. Requires Interim Finance approval since the amount transferred

to the Parole and Probation category exceeds \$50,000.00. **Work Program #C32735. REVISED November 1, 2006.**

Work Program #C32735 was revised from \$272,184 to \$240,217. Refer to motion for approval under Item B.

- 73. Department of Public Safety - Parole and Probation – FY 07 –** Addition of \$65,136.00 in Homeland Security grant funds transferred from Emergency Management to purchase metal detectors. Requires Interim Finance approval since the amount added to the Homeland Security grant category exceeds \$50,000.00. **Work Program #C32718**

Tony Almaraz, Acting Major, Department of Public Safety, currently assigned to the Division of Parole and Probation, appeared before the Committee to request approval to accept a transfer of \$65,136 from the Division of Emergency Management's Law Enforcement Terrorism Prevention Program. Approval of the request would allow for the purchase of 14 large "Super Wand" metal-detecting scanners for Division offices, 200 smaller scanners with battery chargers for use by Parole and Probation Officers, and a secure card key access system at the Carson City office on Hot Springs Road. Acting Major Almaraz indicated the equipment would provide an enhanced level of safety to officers as well as to civilian staff.

In response to questions Chairman Raggio asked regarding expenditure of the funds, Acting Major Almaraz confirmed that a portion of the funding would be used to purchase 200 individual rechargeable scanners that would be assigned to officers for use in the field.

In response to Chairman Raggio, who asked for information on the equipment currently available to officers, Acting Major Almaraz advised that the officers were currently provided with "impact tools" that could be used for defense purposes. Additionally, the Chairman was advised that the officers had very recently been provided with tasers that would soon be put into use. The Chairman was further advised that the rechargeable scanners were a less intrusive type of device and that it was important for officers to establish a rapport with offenders in an effort to assist their integration back into society.

In response to questions the Chairman asked regarding the 14 "Super Wand" scanners, Acting Major Almaraz explained that the Division was restructured a year ago and currently had northern, central, and southern command units. Each of the three command units had several facilities in which the 14 "Super Wands" would be used.

In response to questions Chairman Raggio asked regarding the use of the "Super Wand" scanners versus the portable scanners, Acting Major Almaraz explained that the larger wands provided a more adequate scan of an individual in an office setting while the officers in the field carried the smaller portable devices.

Assemblyman Perkins commented that offenders had no expectation of privacy as a result of their circumstances and questioned why a less intrusive device should be used rather than a “pat down” search.

Acting Major Almaraz reiterated that the Division officers were attempting to be less intrusive in an effort to establish a rapport with offenders to assist their transition into society. Acting Major Almaraz agreed that while a “hands on” approach was constitutionally acceptable, the officers wanted to “take a step back at times” and have the ability to use the wand on offenders in the field or those coming into the office with other family members.

Assemblyman Perkins pointed out that while a scanning device could detect metal, other items, for example, ceramic knives, narcotics, or explosives would not be detected and asked again why a more thorough search would not be the preferred method.

Acting Major Almaraz agreed that the scanning devices would miss certain types of contraband but explained that the wands would be used at the discretion of the officers.

In response to questions Assemblyman Perkins asked regarding the use of the “Super Wand” versus the walk-through security systems seen at airports, Acting Major Almaraz explained that metal detectors would require fulltime staffing for each office to provide assistance when the alarm was set off. The Acting Major indicated that with present staffing issues, the Division was attempting to stay away from a system that required additional personnel.

Assemblyman Perkins pointed out that an officer would be required to use the wand and suggested that a metal detecting system could be turned off when not in use. Additionally, Assemblyman Perkins said that a metal detector would not require the same physical proximity that a wand would require. Assemblyman Perkins also commented on the new technology methods for domestic law enforcement use that had become available in the last ninety days.

Acting Major Almaraz reported that in most Division facilities, with the exception of Headquarters, an offender approached a locked door to be met by administrative staff, who alerted the officer to meet the offender.

In response to questions Assemblywoman Giunchigliani asked regarding expenditure of the funding for the scanning devices, Acting Major Almaraz advised that it had been determined that the purchase of the equipment would serve to better secure the work areas and reduce or prevent injury to staff.

In response to questions Assemblywoman Giunchigliani asked regarding whether the equipment purchase could be deferred until the 2007 Legislative Session, Lynne Whitson, Administrative Services Officer (ASO) Division of Parole and Probation, Department of Public Safety, advised that the end of the grant period had been

extended to December 31, 2006, but the funding was required to be expended by that date.

In response to questions Assemblywoman Giunchigliani asked regarding replacement of equipment or the purchase of equipment for new officers, Ms. Whitson explained that the handheld wands were battery operated and an ongoing cost would be incurred for batteries. Ms. Whitson advised that a committee had reviewed the equipment, warranties, ongoing costs, and future costs and determined that the costs would be less expensive than the maintenance required for a door-mounted metal detecting system.

In response to questions Assemblywoman Giunchigliani asked regarding the number of officers employed by the Division, Acting Major Almaraz advised that there were fewer than 300 sworn staff and confirmed that the 200 smaller scanners were for the use of officers.

In response to questions Senator Coffin asked regarding the use of scanners for opposite gender searches, Acting Major Almaraz advised that offenders or suspects of the opposite gender were searched by an officer of the same gender. The use of scanners would reduce the need for "pat down" searches and the potential liability involved in such searches.

In response to questions Senator Beers asked regarding new security devices Assemblyman Perkins had mentioned, Assemblyman Perkins indicated he believed that "back scanner technology" would soon be seen in airports. Assemblyman Perkins commented that the entire law enforcement community was reviewing scanning devices for people, objects, and other types of contraband, not just metal from which he indicated the state could benefit in a number of applications although perhaps not for the issue under discussion.

ASSEMBLYMAN PERKINS MOVED APPROVAL OF WORK PROGRAM REQUEST 73.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

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

- 74. Department of Public Safety – Traffic Safety – FY 07 – Addition of \$100,000.00 in ~~402 Highway Grant funds~~ 2010 Motorcycle Safety Grant funds, \$1,656,194.00 in 410 Incentive Grant funds, and \$300,000.00 in ~~408 Incentive Grant funds~~ Traffic Safety Information Grant funds to accept grants in support of the agency's motorcycle safety and other highway safety programs. Requires Interim Finance approval since the amount added to the 410 Incentive Grant category exceeds \$50,000.00. Work Program #C32712. REVISED November 1, 2006.**

Work Program #C32712 was revised. Refer to motion for approval under Item B.

- 75. Department of Public Safety – Highway Safety Plan and Administration – FY 07** - Addition of \$300,000.00 in Transfer from Office of Traffic Safety – Traffic Record grant funds, and \$514,587.00 in Transfer from Office of Traffic Safety 410 Alcohol funds, and the deletion of \$93,939.00 in Transfer from Office of Traffic Safety 402 Highway Safety funds to support federally sponsored Highway Safety programs. Requires Interim Finance approval since the amount added to the Impaired Driving category exceeds \$50,000.00. **Work Program # C32713**

Refer to motion for approval under Item B.

- 76. Department of Public Safety – State Emergency Response Commission – FY 07** – Addition of \$19,774.00 in United States Department of Transportation (USDOT) grant funds to align current revised federal grant authority with state budget authority for current fiscal year. Requires Interim Finance approval since the amount added to the USDOT/HMEP grant category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C32717**

Refer to motion for approval under Item B.

- 77. Department of Conservation and Natural Resources – State Parks – Operating - FY 07** – Addition of \$135,184.00 in United States Bureau of Reclamation (BOR) – Lahontan Noxious Weed Control grant funds to continue noxious weed control at Lahontan State Recreation area. Requires Interim Finance approval since the amount added to the BOR grant category exceeds \$50,000.00. **Work Program #C29049**

Refer to motion for approval under Item B.

- 78. Department of Conservation and Natural Resources – Environmental Protection Administration – FY 07** – Transfer of \$92,418.00 from the Reserve category to the Operating category, \$42,000.00 from the Reserve category to the Equipment category and \$9,500.00 from the Reserve category to the Information Services category to facilitate relocation of Environmental Protection's Las Vegas office should the lease renegotiation efforts not be successful. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds \$50,000.00. **Work Program #C32606**

Refer to motion for approval under Item B.

- 79. Department of Conservation and Natural Resources – Environmental Protection – Bureau of Waste Management and Corrective Actions and Federal Facilities – FY 07** – Addition of \$300,000.00 in United States

Environmental Protection Agency's Exchange Network Implementation federal grant funds to improve the quality and accessibility of state regulated facility data and expand the use of Exchange Network to include the flow of facility data to EPA's Facility Registry system. Requires Interim Finance approval since the amount of the grant category exceeds \$100,000.00. **Work Program #C30779**

Refer to motion for approval under Item B.

- 80. Department of Conservation and Natural Resources – Division of Forestry - Administration – FY 07** – Addition of \$314,992.00 in United States Forest Service Hazardous Fuels Reduction federal grant funds to accept increased authority for the Hazardous Fuels Reduction program in Nevada. Requires Interim Finance approval since the amount added to the Fuels Reduction category exceeds \$50,000.00. **Work Program #C30941**

Refer to motion for approval under Item B.

- 81. Department of Conservation and Natural Resources – Division of Forestry – Forest Nurseries – FY 07** – Transfer of \$59,994.00 from the Reserve category to the Seed Bank category to increase expenditure authority to cover anticipated expenditures for the balance of Fiscal Year 2007. Requires Interim Finance approval since the amount transferred to the Seed Bank category exceeds \$50,000.00. **Work Program #C30942**

Refer to motion for approval under Item B.

- 82. Department of Wildlife – Administration – FY 07** – Transfer of \$2,459.00 from the Reserve category to the A.B. 291 Predator Management category, \$4,091.00 from the Reserve category to the Vehicles category, and \$345,166.00 from the Reserve category to the Predator Management Projects category to provide authority for Predator Management projects approved by the Board of Wildlife Commissioners in accordance with A.B. 291 of the 71st Legislative Session. Requires Interim Finance approval since the amount transferred to the Predator Management Projects category exceeds \$50,000.00. **Work Program #C32012**

Refer to motion for approval under Item B.

- 83. Department of Wildlife – Administration – FY 07** – Transfer of ~~\$92,522.00~~ **\$194,381.00** from the Reserve category to the Vehicles category to adjust vehicle mileage expenses to the Fiscal Year 2006 expenditure level and allow for a five month engineer vacancy and a Habitat Bureau carry forward request for seeding and Wildlife projects. Requires Interim Finance approval since the amount transferred to the Vehicles category exceeds \$50,000.00. **Work Program #C32014. REVISED OCTOBER 10, 2006.**

Work Program #C32014 was revised from \$92,522 to \$194,381.

Refer to motion for approval under Item B.

- 84. Department of Wildlife – Administration – FY 07** – Transfer of \$83,330.00 from the Reserve category to the Utilities category to adjust utilities expenditures to the level spent in Fiscal Year 2006, and an adjustment for Lake Mead hatchery. Requires Interim Finance approval since the amount transferred to the Utility category exceeds \$50,000.00. **Work Program #C32015**

Refer to motion for approval under Item B.

- 85. Department of Wildlife – Administration – FY 07** – Transfer of \$14,159.00 from the Reserve category to the Prior Year Claims category to cover expenditures not processed prior to the close of Fiscal Year 2006. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds 10 percent of the legislatively-approved level for that category. **Work Program #C32016**

Refer to motion for approval under Item B.

- 86. Department of Wildlife – Administration – FY 07** – Addition of \$45,786.00 in Sport Fish Restoration grant funds transferred to Wildlife to provide salary and mileage costs for the new boating access coordinator requested in the Wildlife Boating Program account. Requires Interim Finance approval since the request includes new staff. **Work Program #C32017. RELATES TO ITEM 87.**

Chairman Raggio announced that Items 86 and 87 would be considered concurrently.

Rob Buonamici, Acting Director, Department of Wildlife (DOW) introduced Daralyn Dobson, Administrative Services Officer, DOW, Fred Messman, Staff Game Warden and Boating Law Administrator, DOW, and Ed Lyngar, Staff Conservation and Boating Education Coordinator, DOW.

Mr. Buonamici appeared before the Committee to request approval of work program Items 86 and 87 for the addition of \$85,132 of federal Dingell Johnson authorization. If approved, the funding would be used to establish a Reno-based full-time Program Officer III to administer the Boating Access Program. During the past six years, the responsibility for the boating access project had migrated between three employees, none of whom had the time to devote to the program. Mr. Buonamici advised that the funding, pursuant to federal protocol, was required to be expended within five years, with the first round of funding set to expire on October 1, 2007.

The Committee was advised that at least 15 percent of available Sport Fish funding was required to be spent on boating access projects, and appropriated funds for boating

access had accumulated to \$2.4 million. Authorization was requested to establish a full-time position rather than increasing the duties of other agency personnel and because the five-year expiration date for expenditure of the funds was approaching.

In response to questions Chairman Raggio asked regarding the position's responsibilities, Mr. Buonamici advised that the Program Officer III position required completion of federal applications for funding, implementing and monitoring projects, participating in site selection, developing design criteria and safety measures to assist Nevada's public and tourists.

In response to questions Chairman Raggio regarding the availability of funding to pay for the position in fiscal year 2008 and fiscal year 2009, Mr. Buonamici indicated that federal funds would be available to pay for the position and vehicle mileage costs. Additionally, Mr. Buonamici advised that funding for fiscal years 2008 and 2009 was requested to be placed in the Governor's recommended budget.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF
WORK PROGRAM REQUESTS 86 AND 87.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE
MOTION.

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

- 87. Department of Wildlife – Wildlife Boating Program – FY 07 –** Addition of \$85,132.00 in Dingell Johnson federal aid to fund a position requested in the Wildlife Administration account to coordinate and administer the boating access program, projects and grants. Requires Interim Finance approval since the amount transferred from the Engineering category exceeds \$50,000.00. **Work Program #C32013. RELATES TO ITEM 86.**

Refer to narrative and motion for approval under Item 86.

- 88. Department of Wildlife – Administration – FY 07 –** Addition of \$92,580.00 in Department of Homeland Security/U.S. Coast Guard grant funds transferred to Wildlife to provide salary and mileage costs for a new boating educator and game warden positions for southern Nevada requested in the Wildlife Boating Program account. Requires Interim Finance approval since the request includes new staff. **Work Program #C32019. RELATES TO ITEM 89.**

Chairman Raggio announced that Items 88 and 89 would be considered concurrently.

Rob Buonamici, Acting Director, Department of Wildlife (DOW) appeared before the Committee to request approval of work program requests 88 and 89 to accept and

expend an additional \$284,664 in U.S. Coast Guard appropriations. If approved, the funding would be used to establish a full-time Game Warden III position and a full-time Conservation Educator III position and associated costs.

Mr. Buonamici advised that the Department of Wildlife Statewide Boating Program was currently being coordinated by a DOW Staff Conservator Educator and prior to that by a Game Warden, who also doubled as a boating educator coordinator.

Mr. Buonamici discussed the many visitors to the Colorado Water system in southern Nevada and the need for a greater emphasis on safety education and boating enforcement on the water. Mr. Buonamici reported that the loss of four Game Warden III positions in southern Nevada, as a result of a reduction in funding, contributed to what was considered a crisis situation with regard to boating safety, especially on Lake Mead and Lake Mojave.

In response to questions Chairman Raggio asked regarding funding, Mr. Buonamici confirmed that the funding was provided through federal State Recreational Boating Safety Program (SRBS), which he confirmed had been available on a continuing basis since 1971.

Chairman Raggio noted for the record that approval of the request by the Committee was not a commitment to future state funding.

SENATOR BEERS MOVED APPROVAL OF ITEMS 88
AND 89.

ASSEMBLYWOMAN PARNEL SECONDED THE MOTION.

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

- 89. Department of Wildlife – Wildlife Boating Program – FY 07 –** Addition of \$284,664.00 in United States Coast Guard Federal Recreational Boating Safety grant funds to reestablish one Game Warden position and one Boating Safety Educator position in the Wildlife Administration account, to improve boating safety education and enforcement efforts on Lake Mead and Lake Mohave. Requires Interim Finance approval since the amount added to the Boat Enforcement category exceeds \$50,000.00. **Work Program #C32018. RELATES TO ITEM 88.**

Refer to narrative and motion for approval under Item 89.

- 90. Department of Wildlife – Administration – FY 07 –** Addition of \$576.00 in Statewide Wildlife federal aid grant funds, and \$1,723.00 in Transfer from Department of Conservation and Natural Resources, and the transfer of \$701.00 from the Reserve category to the Vehicles category, and \$9,570.00 from the

Reserve category to the Tahoe Environmental Improvement Program (EIP) category to provide additional mileage and operating costs for the EIP Biologist. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds \$50,000.00. **Work Program #C32020.**

Refer to motion for approval under Item B.

- 91. Department of Transportation – Administration – FY 07 –** Addition of \$100,000,000.00 in Highway Fund authorization to provide adequate funds to continue current construction program. Requires Interim Finance approval since the amount added to the Land and Building Improvements category exceeds \$50,000.00. **Work Program #C28568**

Refer to motion for approval under Item B.

- 92. Department of Transportation – Administration – FY 07 –** Addition of \$185,149.00 in Logo Program receipts to establish revenue and expenditure authority for continuation of the Logo program which provides information to traveling motorists through a telephone hotline or kiosks at visitor centers. Requires Interim Finance approval since the amount added to the NDOT Logo Program category exceeds \$50,000.00. **Work Program #C28569**

Refer to motion for approval under Item B.

- 93. Office of Veterans' Affairs – Nevada State Veterans' Home – FY 07 –** Transfer of \$100,000.00 from the Operating category to the Nevada Veterans' Home (NVH) Dining Facility category, \$60,000.00 from the Equipment category to the NVH Dining Facility category, \$7,300.00 from the Training category to the NVH Dining Facility, and \$35,800.00 from the Information Systems category to the NVH Dining Facility to provide additional funding needed to meet the state's matching requirement associated with CIP 05-C17, NVH Dining Facility. Requires Interim Finance approval since the amount transferred to the NVH Dining Facility category exceeds \$50,000.00. **Work Program #C15999 #C15998. WITHDRAWN NOVEMBER 1, 2006.**

Work Program #C15998 was withdrawn.

- 94. Department of Health and Human Services – Division of Child and Family Services - Community Juvenile Justice Programs – FY 07 –** Addition of \$47,223.00 in federal Enforcing the Underage Drinking Laws (EUDL) discretionary grant funds, and transfer of \$571.00 from the Statewide Cost Allocation category to the EUDL category to support the enforcement of underage drinking laws. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds 10 percent of the legislatively-approved level for that

category. **Work Program #C28137B. RECEIVED AFTER DEADLINE, OCTOBER 24, 2006.**

Refer to motion for approval under Item B.

II. RECLASSIFICATIONS

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Secretary of State	040/1050	0025	Administrative Assistant II, 2.212, grade 25, step 1, \$25,891.20, Employer Paid Retirement	IT Technician I, 7.957, grade 25, step 1, \$25,891.20, Employer Paid Retirement
Secretary of State	040/1050	0064	Administrative Assistant IV, 2.210, grade 29, step 8, \$40,841.28, Employer Paid Retirement	Agency/Program Information Specialist I, 7.956, grade 34, step 5, \$44,495.28, Employer Paid Retirement
Department of Information Technology, Network Transport Services	187/1388	0010	Communications Systems Supervisor, 6.976, grade 37, step 10, \$69,843.60, Employee/Employer Paid Retirement	Computer Network Specialist III, 7.916, grade 40, step 9, \$76,504.32, Employee/Employer Paid Retirement
Department of Personnel, Records Division	070/1363	0180	Administrative Assistant I, 2.213, grade 23, step 8, \$34,806.96, Employee/Employer Paid Retirement	Personnel Technician I, 7.536, grade 25, step 8, \$37,813.68, Employee/Employer Paid Retirement
Department of Business and Industry, Transportation Services Authority	751/3922	0011	Compliance/ Enforcement Investigator II, 11.295, grade 36, step 1, \$40,841.28, Employer Paid Retirement	Accountant 11, 7.136, grade 36, step 1, \$40,841.28, Employer Paid Retirement
Department of Health and Human Services, Health Care Financing and Policy, Nevada Check Up Program	403/3178	0013	Management Analyst II, 7.625, grade 35, step 1, \$42,950.16, Employee/Employer Paid Retirement	Social Services Program Specialist, 12.318, grade 35, step 1 \$42,950.16, Employee/Employer Paid Retirement

Agency	Agency/ Account Number	Position Number	Present Class, Code, Grade & Salary	Proposed Class, Code, Grade & Salary
Department of Health and Human Services, Northern Nevada Adult Mental Health Services	408/3162	0406	Mental Health Counselor II, 10.139, grade 35, step 1, \$39,087.36, Employer Paid Retirement	Management Analyst II, 7.625, grade 35, step 1, \$39,087.36, Employer Paid Retirement
Department of Health and Human Services, Division of Welfare and Supportive Services, Child Support Enforcement	407/3238	0076	Management Analyst I, 7.637, grade 33, step 1, \$35,955.36, Employer Paid Retirement	Family Services Specialist III, 12.374, grade 32, step 1, \$34,410.24, Employer Paid Retirement
Department of Health and Human Services, Division of Welfare and Supportive Services, Welfare Administration	407/3228	0861	Management Analyst I, 7.637, grade 33, step 2, \$41,154.48, Employee/Employer Paid Retirement	Family Services Specialist III, 12.374, grade 32, step 3, \$41,154.48, Employee/Employer Paid Retirement
Department of Health and Human Services, Division of Child and Family Services, UNITY/SACWIS	409/3143	0007	Social Services Program Specialist II, 12.318, grade 35, step 10, \$63,809.28, Employee/Employer Paid Retirement	Computer Operations Supervisor I, 7.934, grade 34, step 10, \$61,011.36, Employee/Employer Paid Retirement
Department of Corrections, Correctional Programs	440/3711	0064	Program Officer II, 7.647, grade 33, step 1, \$35,955.36, Employer Paid Retirement	Mental Health Counselor I, 10.141, grade 33, step 1, \$35,955.36, Employer Paid Retirement
Department of Corrections, Prison Industry	440/3719	0307	Program Officer I, 7.649, grade 31, step 1, \$33,053.04, Employer Paid Retirement	Correctional Officer, 12.515, grade 33, step 1, \$35,955.36, Employer Paid Retirement
Department of Public Safety, Criminal History Repository	650/4709	0024	Administrative Assistant IV, 2.210, grade 29, step 10, \$44,495.28, Employer Paid Retirement	Program Officer II, 7.647, grade 33, step 8, \$48,587.76, Employer Paid Retirement

Department of Public Safety, Parole and Probation	650/3740	0561	Administrative Assistant IV, 2.210, grade 29, step 6, \$37,458.72, Employer Paid Retirement	Parole and Probation Specialist III, 12.616, grade 33, step 4, \$40,841.28, Employer Paid Retirement
Department of Public Safety, Parole Board	650/3800	0002	Administrative Assistant IV, 2.210, grade 29, step 10, \$48,880.08, Employee/Employer Paid Retirement	Fiscal Business Professional Trainee, 7.776, grade 31, step 10, \$53,390.16, Employee/Employer Paid Retirement
Department of Public Safety, Fire Marshal's Office	650/3816	0166	Grants and Project Analyst II, 7.755, grade 35, step 2, \$40,841.28, Employer Paid Retirement	Education and Information Officer, 5.160, grade 35, step 2, \$40,841.28, Employer Paid Retirement
Department of Conservation and Natural Resources, State Parks	704/4162	0156	Grants and Projects Analyst I, 7.757, grade 33, step 3, \$42,950.16, Employee/Employer Paid Retirement	Conservation Staff Specialist II, 1.810, grade 36, step 2, \$46,833.84, Employee/Employer Paid Retirement
Department of Conservation and Natural Resources, Division of Environmental Protection, Water Quality Planning	709/3193	0561	Public Service Intern II, 7.653, grade 29, step 1, \$30,443.04, Employer Paid Retirement	Environmental Scientist IV, 10.545, grade 38, step 1, \$44,495.28, Employer Paid Retirement WITHDRAWN, NOVEMBER 3, 2006.
Department of Conservation and Natural Resources, Division of Environmental Protection, Bureau of Waste Management and Corrective Action	709/3187	0537	Environmental Scientist II, 10.536, grade 35, step 1, \$39,087.36, Employer Paid Retirement	Management Analyst II, 7.625, grade 35, step 1, \$39,087.36, Employer Paid Retirement

Reclassification Request requiring Interim Finance Committee Review

Department of Business & Transportation, Transportation Services Authority, Compliance/Enforcement Investigator II, Position 0011

Kimberly Rushton, Chairman, Transportation Services Authority (TSA) introduced Commissioner Andrew MacKay and Commissioner Sam Thompson, TSA. Ms. Rushton

appeared before the Committee to request approval to reclassify a Compliance/Enforcement Officer II position to an Accountant II position.

Chairman Raggio asked agency representatives to explain why they chose to reclassify a Compliance/Enforcement Investigator position to an Accountant II rather than requesting a new Accountant II position during the 2007 Legislative Session.

Ms. Rushton advised that, pursuant to the TSA budget request for the 2007 Legislative Session, five additional positions, one of which was a Financial Analyst were requested. Ms. Rushton explained that approval of the reclassification request before the Committee for an Accountant II position would provide support to the individual occupying the current and only Financial Analyst position. Ms. Rushton indicated there were currently more than 280 certified commercial motor carriers operating statewide, and an influx of applications involving new certificates, sales, transfers, and tariff modifications had placed an increased workload on the employee in the Financial Analyst position. Ms. Rushton indicated she considered processing the applications from existing carriers an absolute requirement to serve the members of the traveling public.

Providing additional clarification regarding the request, Ms. Rushton advised that, if approved, a Compliance/Enforcement Officer II position, which had become vacant in mid-September, would be reclassified to an Accountant II position. Ms. Ruston advised that the classification level in terms of pay was the same for both positions, and additional funding would not be required.

In response to questions Chairman Raggio asked with respect to the reclassification and the TSA 2007-09 budget request for one new Compliance Officer and one additional Financial Analyst, Ms. Rushton reiterated there had been a demonstrated and immediate need to provide assistance to the current Financial Analyst. Additionally, she explained that waiting for the position through the entire Legislative Session with authorization provided in June or October would place the agency at such a deficit that they could not adequately meet their performance measures.

Assemblywoman Giunchigliani asked if the Compliance/Enforcement Investigator position could be filled with an applicant that had the necessary accounting requirements, which would eliminate the need for the reclassification request.

Ms. Rushton responded that the agency could probably have hired an applicant with an accounting background to fill the vacant Compliance/Enforcement Investigator position. However, agency representatives wished to impress upon the Committee the importance of the budget request with respect to the Financial Analyst and to demonstrate the fact that the TSA was responsive to the needs of the certificated carriers. Additionally, Ms. Rushton indicated the request was less a request from the TSA and more from the certificated carriers. Ms. Rushton explained that with the "many pending issues" currently before the TSA and only one financial expert to process and

provide financial analysis of applications, the carriers could not go into business fast enough to provide the services needed by the public. Additionally, Ms. Ruston indicated the agency representatives preferred to be transparent and demonstrate the fact that the reclassification was a necessity.

In response to Assemblywoman Giunchigliani, who indicated that filling the Investigator position with an applicant, who had accounting qualifications might be the only option available to the TSA, Ms. Rushton indicated that option was not one they would pursue.

Assemblyman Hettrick indicated he did not support bypassing the budget process and expressed agreement with Assemblywoman Giunchigliani's recommendation to fill the Compliance Enforcement Investigator with an applicant, who had an accounting background and to request another Compliance Officer through the budget process.

In response, Ms. Rushton indicated that the Director's Office, Department of Business and Industry, would not approve filling the position in that manner. Ms. Rushton reiterated that the request was demonstrative of the fact that the TSA was attempting to accommodate the needs of the certificated carriers and at the same time provide assistance to the Financial Analyst.

In response to Chairman Raggio, who questioned how the TSA would be affected if the Committee did not approve the request, Ms. Rushton provided assurance that all applications would be processed as timely as possible. However, she indicated that the agency would continue to fail to comply with work performance standards that required at least 80 percent of all applications filed would be successfully completed within a six-month period. Although the completion of applications had consistently been above 70 percent, Ms. Rushton indicated the agency could not process the applications to ensure good operators were providing the necessary transportation to members of the traveling public.

In response to Chairman Raggio, who asked if anyone else on staff could be utilized to provide assistance, Ms. Rushton advised there was one designated staff member for every function within the TSA. Additionally, Ms. Rushton indicated that the three commissioners, in addition to oversight responsibilities, provided backup to each specialized position with the exception of enforcement. The commissioners were precluded from enforcement duties since they also served as hearings officers.

In response to questions Senator Mathews asked regarding the reclassification of a Compliance Officer II, Ms. Rushton explained that the position was one of nine Enforcement Investigators in the agency, one of which had been vacated in mid-September. After an analysis of the weakest areas of the organization, Ms. Rushton said it was decided to request a reclassification of the Compliance/Enforcement Investigator II position to an Accountant II.

In response to additional questions Senator Mathews asked regarding whether the reclassification would affect other positions in the agency, Ms. Rushton advised that an internal promotion to an open supervisor position had occurred as a result of turnover. As previously stated, Ms. Rushton said that as a result of the need, the vacant position was requested to be reclassified to an Accountant II.

Senator Mathews expressed agreement with Assemblyman Hettrick and Assemblywoman Giunchigliani that the position should be requested during the budget process for consideration by the entire Legislature.

Ms. Rushton advised that with only one Financial Analyst, the agency was “woefully” understaffed in the area of financial review and reiterated that the reclassification was submitted in anticipation of an influx of motor carrier applications seeking tariff modifications. Additionally, Ms. Rushton pointed out that an employee was needed to assist with financial responsibilities in the event the agency’s only Financial Analyst was ill or on leave. Ms. Rushton described an incident that occurred around the time the Compliance/Enforcement Investigator II position became vacant in which the Financial Analyst requested a two-week vacation and during the employee’s absence, no work was accomplished in the area of oversight and financial review.

In response to questions Assemblywoman Weber asked regarding the employment of only one Financial Analyst during the length of time the agency had been in operation, Ms. Rushton advised that the TSA was created in 1997 and the number of agency positions was based on estimated workload experienced by the Public Services Commission, Transportation Division. Ms. Rushton explained that additional personnel had not been requested because during the 2005 Legislative Session, the TSA did what they could do to remain autonomous from the Public Utilities Commission (PUC) and to retain their regulatory oversight authority.

In response to additional questions Assemblywoman Weber asked regarding the reasoning behind what appeared to be a sudden crisis to hire an Accountant, Ms. Rushton explained that the basis for the request was due, in part, to the increase in the number of certificated carriers and to an influx of applications since the establishment of the TSA in 1997. Ms. Rushton advised that although the 1999 Legislative Session would have been the first occasion to request additional positions, it was an opportunity to shrink the then present regulations and statutes under which the TSA operated since being replicated from the PUC. In 2001, the TSA secured additional funding and hired two new Compliance Investigators. In 2003 a request for new positions did not appear appropriate based on the defense the TSA had to mount with respect to the agency’s existence as an independent state entity.

SENATOR COFFIN MOVED TO APPROVE THE
RECLASSIFICATION OF A COMPLIANCE
ENFORCEMENT INVESTIGATOR II POSITION TO AN
ACCOUNTANT II.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION FAILED. (Senator Beers, Senator Mathews, Senator Cegavske, Assemblyman Denis, Assemblywoman Gansert, Assemblywoman Giunchigliani, Assemblyman Hettrick, Assemblyman Marvel, and Assemblywoman Weber voted nay. Assemblyman Arberry was not present for the vote.)

*C. STATEMENT OF CONTINGENCY FUND BALANCE

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that there was \$596,734 in total requests pending for appropriation from the unrestricted portion of the General Fund balance. Approval of the requests, as recommended by the Board of Examiners, would leave a total balance of \$221,641.49.

D. REQUESTS FOR ALLOCATION FROM THE IFC CONTINGENCY FUND (NRS 353.269).

1. STATE BOARD OF EXAMINERS – Request for up to \$591,000.00 to restore the balances in the Statutory Contingency Account and Stale Claims Account.

Andrew Clinger, Director, Department of Administration, appeared before the Committee and asked that the request to restore balances to both the Statutory Contingency Account and Stale Claims Account be amended to request \$590,734 for the Stale Claims Account only.

Mr. Clinger advised that approval of the request would carry the balance through March 31, 2007, when a supplemental appropriation would be requested from the 2007 Legislature to restore the Stale Claims balance.

SENATOR RHOADS MOVED APPROVAL OF ITEM D. 1 AS AMENDED TO PROVIDE \$590,734 TO RESTORE THE BALANCE OF THE STALE CLAIMS ACCOUNT THROUGH MARCH 1, 2007.

SENATOR MATHEWS SECONDED THE MOTION.

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

2. OFFICE OF THE STATE CONTROLLER – Request for \$384,726.00 for computer software, computer hardware, infrastructure, network communications and travel

costs to implement a Disaster Recovery and Prevention computer system in southern Nevada. **WITHDRAWN NOVEMBER 7, 2006.**

The request was withdrawn on November 7, 2006.

3. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES - Division of Forestry - Request for \$23,230.00 to pay a stale claim to the BLM for the Arrow Creek Fire in Fiscal Year 2001. **WITHDRAWN OCTOBER 18, 2006.**

The request was withdrawn on October 18, 2006.

4. OFFICE OF THE MILITARY – Request for \$6,000.00 for summer school tuition waivers for active Nevada National Guard members, as authorized by NRS 412.143.

Miles Celio, Administrative Services Officer, Office of the Military, appeared before the Committee to request approval of \$6,000 from the Contingency Fund for summer school tuition waivers for active Nevada National Guard members. Approval of the request would provide the funding needed to pay reimbursements for summer school tuition for each member of the active Nevada National Guard, who attended summer school college classes.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM 4.

ASSEMBLYWOMAN GANSERT SECONDED THE
MOTION.

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

E. STATEMENT OF DISASTER RELIEF ACCOUNT BALANCE.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported the Disaster Relief Account balance at \$6,008,051 with \$3,253,045 in total grant requests from the Division of Forestry pending consideration by the Committee. Approval of the requests, as submitted, would leave a balance of \$2,755,006 in the Disaster Relief Account.

*F. REQUESTS FOR GRANTS FROM THE DISASTER RELIEF ACCOUNT (NRS 353.2755) – DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – Division of Forestry –

1. \$2,474,399.00 to fund the state's portion of the wildland fire suppression costs for August 2006.

2. \$778,646.00 to fund the state's portion of wildland fire suppression costs for September 2006.

Items 1 and 2 were considered concurrently.

Jennifer Byers, Administrative Services Officer, Nevada Division of Forestry, Department of Conservation and Natural Resources, introduced Mike Dondero, Forestry Program Manager, Nevada Division of Forestry, Department of Conservation and Natural Resources. Ms. Byers appeared before the Committee to request approval of a total of \$3.2 million in grants from the Disaster Relief Account to cover the state's portion of wildland fire suppression costs for fires that occurred during the months of August and September 2006. Ms. Byers advised that the Committee approved \$2.4 million for June 2006 fire suppression costs and \$2.1 million for July 2006 fire suppression costs at the September 12, 2006, meeting.

In response to questions Chairman Raggio asked regarding additional requests from the Disaster Relief Account, Ms Byers indicated there were no additional grants or loans pending at the current time.

In response to Chairman Raggio, who asked if reimbursement was anticipated for fire suppression costs, Ms. Byers indicated reimbursement of approximately \$800,000, was expected for two fires approved by the Federal Emergency Management Agency (FEMA) under the Fire Management Assistance Grant. Ms. Byers provided clarification that the \$800,000 reimbursement was anticipated to be received later in the fiscal year after the final cost of the fires had been adjudicated by the Division of Forestry with the U. S. Forest Service and the Bureau of Land Management.

In response to Chairman Raggio, who commented on the unusually heavy fire year, Ms. Byers advised that the total expenditure for fires in the current year was estimated at \$12 million, which was the state's responsibility.

Chairman Raggio extended the Committee's appreciation and commended the efforts of the Division of Forestry, and all of those involved in the valiant effort that was put forth to save lives and property threatened by the wildland fire disasters.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL
OF ITEM F.1 TOTALING \$2,474,399 FROM THE
DISASTER RELIEF ACCOUNT.

SENATOR MATHEWS SECONDED THE MOTION.

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

Chairman Raggio noted, for the record, that Informational Item 14.A, a report on the expenditures made from the funds allocated to pay the costs of fire suppression throughout the state during the months of June and July 2006 related to the discussion and asked Ms. Byers for her comments.

Ms. Byers advised that unless members of the Committee had questions, the only comment she had was that the report (Exhibit E) contained a formula error. Ms. Byers pointed out that the \$3.7 million that would be requested as a supplemental budget appropriation, in addition to request from the Disaster Relief Fund, should be corrected to \$1.6 million.

2. \$778,646.00 to fund the state's portion of wildland fire suppression costs for September 2006.

Refer to narrative under Item F.1.

SENATOR RHOADS MOVED APPROVAL OF ITEM F.2
TOTALING \$778,646 FROM THE DISASTER RELIEF
ACCOUNT.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

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

*G. APPROVAL TO ACCEPT GIFT AND GRANT PURSUANT TO
NRS 353.335(2)(c) DEPARTMENT OF WILDLIFE.

1. "In-kind" services of heavy equipment valued at \$20,000.00 from the Newmont Mining Corporation to the Humboldt Wildlife Management Area to accomplish boat ramp and road refurbishment.

Doug Hunt, Deputy Director, Department of Wildlife, appeared before the Committee to request approval to accept a \$20,000 donation of heavy equipment "in-kind" services from the Newmont Mining Corporation for the Humboldt Wildlife Management Area to accomplish boat ramp and road grading refurbishment.

ASSEMBLYMAN HETTRICK MOVED APPROVAL OF ITEM
G.1.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

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

2. Donated 30-foot habitat barge, motors and trailers valued at \$40,929.00 from the Bass Pro Shops as funded by a grant from the National Fish and Wildlife Foundation.

Doug Hunt, Deputy Director, Department of Wildlife, appeared before the Committee to request approval to accept a donated Bass Pro Shops 30-foot habitat barge, motors, and trailers valued at \$40,929. If approved, the barge, which was financed by a grant from the National Fish and Wildlife Foundation, would be utilized on Lake Mead and Lake Mojave. Acceptance of the barge was dependent upon Committee approval and Board of Examiners' approval at their December 2006 meeting.

In response to questions Chairman Raggio asked regarding how the barge would be used, Mr. Hunt advised that the barge would be used for warm water fisheries and habitat enhancement.

Assemblyman Hettrick noted that the state would be required to document \$48,000 worth of match, which he presumed would be for labor and fuel, not a cash match.

Mr. Hunt confirmed that the match would be an in-kind match and not cash.

SENATOR BEERS MOVED APPROVAL FOR THE
DEPARTMENT OF WILDLIFE'S RECEIPT OF A BASS PRO
SHOPS HABITAT BARGE.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

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

*H. STATE PUBLIC WORKS BOARD.

1. Project 05-C18, Design and construction of electrical and industrial technology building at Great Basin College, Elko – Request to:
 - Change scope to increase building from 36,400 square feet to approximately 40,000 square feet.
 - Allow the 8,000 square foot Mill Building remodel to change from a fixed portion of the project scope of work to an additive alternate.

Gus Nunez, P.E., Interim Manager, Public Works Board, appeared before the Committee to request a change in scope for Project 05-C18. If approved, the 36,400 square foot Electrical and Industrial Technologies Shop Building on the campus of the Great Basin College in Elko, Nevada would be increased to 40,000 square feet. Additionally, the PWB representatives requested to change the remodeled portion of the

project from a fixed portion of the project scope of work to an additive alternate. Mr. Nunez indicated that if a favorable bid was not received, the remodel portion of the project would be deleted.

SENATOR RHOADS MOVED APPROVAL OF THE
REQUEST TO CHANGE THE SCOPE OF
PROJECT O5-C18.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION FOR APPROVAL CARRIED. (Assemblyman
Arberry was not present for the vote.)

2. Project 05-C16, Greenspun College of Urban Affairs building, UNLV – Request to:

- Receive and spend an additional \$12,568,637 from NSHE.
- Reallocate \$14,665,630.00 designated for FF&E to construction.
- Increase the construction budget by \$26,655,776; increase the professional services budget by \$498,491 and increase miscellaneous costs by \$80,000. Total project cost will be increased by \$27,234,267 and will be funded by \$12,568,637 from NSHE and \$14,665,630 from redirected FF&E funding. The NSHE and SPWB advise that a request for FF&E in the amount of \$19,362,043 will be included in the 2007 CIP program.

Gus Nunez, P.E., Interim Manager, Public Works Board (PWB), appeared before the Committee regarding Project 05-C16, Greenspun College of Urban Affairs building, University of Nevada, Las Vegas (UNLV) to request approval to receive and expend an additional \$12,568,637 from the Nevada System of Higher Education (NSHE), and reallocate \$14,665,630 from funds designated for furniture, fixtures, and equipment (FF&E) to construction.

Mr. Nunez introduced David Ashley, Ph.D., President, UNLV, and Gerry J. Bomotti, Vice President for Finance, UNLV.

Dr. Ashley addressed the Committee and indicated that “substantial” cost increases had been encountered through the development of a “guaranteed maximum price” for the project prepared by the Construction Manager at Risk (CMAR), Clark Construction. Dr. Ashley advised that the project had been evaluated and reduced as much as possible and that the request to increase the cost was an effort to deliver the program as originally specified.

In response to Chairman Raggio, who asked what the Greenspun College of Urban Affairs would encompass, Dr. Ashley advised that with approval of the request, various

units of the college such as journalism, media and communication studies, criminal justice, public administration, social work, and environmental studies would be located within the facility.

In response to Chairman Raggio, who asked about the spaces being vacated by the departments moving to the College of Urban Affairs, Dr. Ashley advised that the UNLV campus had a shortfall of more than 1 million square feet of instructional space. The space being vacated would be reprogrammed for other instructional and academic purposes.

In response to Chairman Raggio, who asked for information on the present status of the project, Dr. Ashley reported that the facility was fully designed, and the services of Clark Construction as the CMAR had been obtained. Dr. Ashley noted that Clark Construction had guaranteed a maximum price through November 22, 2006, after which with approval of the request, construction could begin.

In response to questions Chairman Raggio asked regarding the maximum guaranteed price, Mr. Nunez advised that the contract was based on a cost plus the maximum guaranteed price for the entire project by the CMAR based on the documents included in the contract. Mr. Nunez said that on November 13, 2006, the Board of Examiners (BOE) approved the CMAR contract for \$64.7 million subject to approval by the IFC. With approval of the request by the IFC, Mr. Nunez said work would begin between December 1 and December 15.

Chairman Raggio recalled that the project approved by the Legislature in 2005, was for the construction of a 122,000 square-foot building and asked if there had been any reduction in the size of the building.

Mr. Nunez advised that the size of the building had been slightly reduced to 120,769 gross square feet.

Chairman Raggio also recalled that the Legislature approved \$57.2 million in 2005 to construct the facility and \$14.7 million for FF&E. In-kind contributions of \$2.9 million were to be provided by the NSHE.

In response to questions Chairman Raggio asked regarding the current estimate to complete the project excluding FF&E, Mr. Nunez advised that the current total project cost was \$69,790,000. The project had been originally approved for \$57,221,941 of which \$33,966,389 was provided by the state and \$23,255,000 was provided by NSHE.

In response to Chairman Raggio, who questioned the \$30.3 million increase, Mr. Nunez reported that the original construction cost approved in the Capital Improvement Program (CIP) budget was \$34.4 million, and the current construction cost was \$64.7 million. An additional request for funding to finish the project would be included in the 2007 CIP budget. Mr. Nunez attributed the increase in costs in part to inflation and in

part to attaining a certification of the building by Leadership in Energy and Environmental Design (LEED).

Gerry Bomotti, Vice President for Finance, UNLV, reaffirmed previous comments by President Ashley regarding value engineering reductions and advised that the current costs were based on what subcontractors were willing to commit to.

Chairman Raggio pointed out that the construction cost had nearly doubled since 2005 and asked if the Legislature had been misled about the costs involved.

Mr. Bomotti advised that the College of Urban Affairs would house television and radio studios, which increased the cost of the facility over other buildings. Additionally, as indicated by Mr. Nunez, Mr. Bomotti indicated that the LEED certification, as well as concrete, steel, and the availability of skilled labor in the areas of heating, air conditioning, electrical, and plumbing had driven an increase in costs.

In response to Chairman Raggio's concern regarding the increased costs, Mr. Bomotti advised that UNLV representatives shared the concern and had looked at many other alternatives. Those alternatives included bidding the project again, which he indicated was cost prohibitive and redesigning the entire facility to reduce the size. The size was a concern since reduced square footage might not be acceptable to the donor, who had provided \$37 million to the project. Mr. Bomotti indicated, however, that he believed in hindsight the original estimates were too low and that previous escalation in costs of 1.5 to 2 percent a month had not been taken into consideration.

Chairman Raggio noted that although the percentage increase per month was a factor, it would not equate to doubling the cost of construction in that period of time. The Chairman pointed out, however, that it was disturbing to learn that errors were made in calculating the cost of the building. Chairman Raggio expressed great respect for the donors and concern regarding the state funding requirement.

In response to questions Chairman Raggio asked regarding a gold LEED certification level, Mr. Bomotti advised that while achievement of a gold certification was desired, the design for the facility would certainly achieve a silver level certification. Mr. Bomotti advised that the facility was one of two buildings recommended by the Public Works Board (PWB), under the provisions of A.B. 3 22nd Special Session for a silver certification.

In response to questions Chairman Raggio asked regarding the additional costs involved in achieving a silver and/or gold LEED certification, Mr. Bomotti indicated he did not have a precise cost for the gold certification. He advised that the University added \$1.4 million for a photovoltaic (PV) array for which no state funds were included and indicated that the PV array would assist in potentially achieving a gold standard. Mr. Bomotti advised that the PWB had requested that \$4.5 million or 7 percent of the construction cost be added to the project to address achieving a silver level certification.

Mr. Nunez advised that under the provisions of A.B. 3, the PWB was required to meet silver level LEED certification for two projects during the current biennium. Mr. Nunez said that in reviewing the status of the project during the preparation of the 2007 CIP, it was determined that \$4.5 million would be required to achieve a silver LEED certification. Mr. Nunez indicated that Clark Construction provided an estimate after reviewing their bid results from subcontractors that the LEED items included in the project would cost approximately \$7 million, which was currently included in the project cost.

In response to questions Chairman Raggio asked regarding whether deletion of the LEED certification costs would reduce the cost of the project by \$7 million, Mr. Nunez advised that PWB standards required the construction of buildings with a high energy efficiency level. Additionally, Mr. Nunez advised that any alterations to the project would require a redesign necessitating that the project be bid again, which would incur additional costs.

Chairman Raggio noted that the Greenspun Foundation had donated an additional \$11.2 million to accommodate some of the cost increase and, as previously indicated, loaned \$1.4 million for a photovoltaic system. The loan was to be repaid to the Greenspun Foundation over approximately the next 19 years from energy savings generated by the photovoltaic system.

Chairman Raggio defined the request to reallocate \$14,665,000 of FF&E funds as troubling. The Chairman pointed out there would be "serious funding limitations" for CIP projects in the upcoming biennium, and a reallocation of funds would mandate that the first order of business for the 2007 CIP budget would be a request for \$19.4 million for the FF&E.

In response to questions Chairman Raggio asked regarding the 2007 CIP request for \$19.4 to replace the reallocated \$14.8 million FF&E funding, Mr. Nunez advised that the \$19.4 million included the \$4.5 million for the LEED certification items that had been included in the project.

Mr. Bomotti expressed an understanding of the concerns that had been raised but indicated that the Board of Regents had placed the highest priority for new funding on the Greenspun College of Urban Affairs' project. Mr. Bomotti said the Board of Regents had expressed similar concerns to those raised by the Chairman but supported moving forward. Mr. Bomotti indicated that if the FF&E funding was not approved, the University representatives would need to later determine how to open and operate the building.

Chairman Raggio indicated it was not practical to approve construction of a building and deny FF&E funding.

Senator Coffin commented that a new bid for the project might yield good results since he indicated it appeared that contractors in Las Vegas were losing business with the cancellation of high-rise concrete and steel projects. Senator Coffin indicated that he believed subcontractors would re-bid at a lower rate with the availability of labor from canceled projects.

Mr. Bomotti responded that the probability of the project being bid again was small. He explained that UNLV representatives had discussed the building climate with representatives of Clark Construction as well as other longtime construction companies in the Las Vegas area and each had cautioned against another bid. Mr. Bomotti indicated that experienced and trusted representatives of those companies indicated that if all currently funded projects under construction in Las Vegas were matched against the supply of skilled labor, a better price could not be obtained. Examples were provided where in the last several months entire crews were taken from some mega projects to other major projects for a higher cost.

Mr. Nunez indicated that the PWB concurred that re-bidding the project would only increase the cost. Mr. Nunez advised that the PWB participated in the bid process with the CMAR and multiple subcontractor bids had been received in all of the major trades, which he said was considered fortunate when prime contractors in the current bidding climate were lucky to receive one bid.

In response to questions Senator Beers asked regarding the provisions of A.B. 3 and the decision to include the LEED certification in the project, Mr. Nunez advised that the 2005 CIP and A.B. 3 required that during each biennium, at least two public buildings whose construction was financed by the state must be designated as demonstration projects and must, when completed, meet the requirements to be LEED certified at the silver level or higher. Mr. Nunez advised that the 2007 CIP included a LEED line item certification in each project budget request.

Mr. Nunez indicated that the representatives of the UNLV managed the design process and included the LEED requirements for certification at the silver or higher level in the schematic design, which the PWB approved. Mr. Nunez indicated that the current budget situation was not determined until a much later date in the design process.

In response to questions Senator Beers asked regarding the inclusion of LEED certification line items in the 2007 CIP budget, Mr. Nunez advised that regulations were being developed by the Office of Energy that all PWB projects would be required to achieve a base level LEED certification, and, under the provisions of A.B. 3, two projects would be designated to achieve a silver level LEED certification.

In response to Senator Beers, who asked if LEED certification would be required for prison facilities, Mr. Nunez advised that the line item for certification was requested for all facilities. Mr. Nunez explained, however, that it could be difficult to meet all institutional requirements in, for example, a prison setting and at the same time meet

LEED requirements. Therefore, Mr. Nunez indicated that a request was made to include an appeal process in the regulations that any state agency for which a facility was to be constructed could appeal if the LEED certification was not feasible or applicable to the project.

Chairman Raggio asked that Legislative Counsel, subsequent to the meeting, provide information to the Committee on the legal requirements, under the provisions of A.B. 3 22nd Special Session, for LEED certification of future construction projects.

In response to questions Assemblywoman Giunchigliani asked regarding joining forces with local entities to establish a concrete batch plant, Mr. Nunez indicated that such a business venture would be outside of the purview of the PWB unless directed to do so by the Legislature.

Mr. Nunez agreed to look into a suggestion from Assemblywoman Giunchigliani, who indicated that cost savings might be achieved by contracting with local entities that had their own concrete or asphalt batch plants.

Additionally, Assemblywoman Giunchigliani pointed out that it was her understanding, under the provisions of A.B. 3, that base level LEED certification was the standard in architectural design while the silver and gold could be achieved through additional costs.

Assemblywoman Giunchigliani commented on tax incentive opportunities available to the private sector that could offset LEED certification costs and asked Legislative Counsel to look into whether similar opportunities were available to the public sector.

Mr. Nunez advised that the PWB had adopted standards that were within several points of meeting base LEED certification. Mr. Nunez cautioned, however, that LEED certification by an outside agency involved separate consultant and contractor costs that were not a part of the project.

Additionally, Mr. Nunez said there were perhaps many ways to meet the silver certification level, but the design for the facility was developed with the photovoltaic system constructed on the shade structure, which would contribute to meeting the gold level certification the UNLV wanted to achieve.

In response to questions Assemblywoman Giunchigliani asked regarding the current cost of the project, Mr. Nunez said the original cost estimate prepared in 2004 included an inflation factor that was underestimated. Additionally, the courtyard, shade structure, PV system, gold level certification, and the exterior building finishes, which were not included in the original design, were all factors in combination with the bidding climate in southern Nevada that contributed to the increased cost.

Chairman Raggio called a recess at 12:02 p.m. and reconvened the meeting at 12:12 p.m.

In response to questions Assemblyman Perkins asked regarding a return on the LEED certification investment, Mr. Nunez advised that an analysis had been conducted for only the photovoltaic system proposed for the building. Mr. Nunez indicated the portion of the design that included a cost analysis for other LEED requirements including the life cycle of the heating and air conditioning equipment could be provided, if so desired.

Mr. Bomotti advised that an analysis of the photovoltaic system including regular maintenance, replacement costs, and future utility rates projected that energy savings generated from the system could repay the cost of the loan from the donor over the next 19 years.

Assemblyman Perkins discussed the energy benefits that would be achieved through LEED certification and asked if a new operations and maintenance (O&M) formula had been developed for a LEED certified building.

Mr. Bomotti indicated he believed the formula per square foot remained the same.

Assemblyman Perkins suggested that perhaps the O&M formula should be addressed in view of less expensive energy costs for a LEED certified building.

Assemblyman Perkins discussed the problems associated with PWB projects that could be attributed to lack of foresight or poor management, but indicated that some of the blame could also be attributed to the Legislature. Assemblyman Perkins noted that A.B. 3 was an important bill, but the Legislature failed to include funding for the silver level or higher certification mandated in the bill for at least two public buildings.

Assemblyman Perkins indicated there were few options that could be considered since the building was already heavily invested in and although the FF&E would be a consideration for the 2007 Legislature, he said that not moving forward would cost more in the long run.

Assemblywoman Smith questioned the \$80,000 in miscellaneous costs for printing of blueprints for plan reviews and subcontractor bidding, and the \$500,000 increase in professional services.

Mr. Nunez indicated the additional costs were necessary to complete the project as currently envisioned. Mr. Nunez said that the original fees for the consultant's construction administration services increased by \$69,000 from \$731,212 to \$800,000 and the construction contracts increased from \$34.4 million to \$64.7 million.

Assemblywoman Smith again questioned why the cost for blueprints and professional fees increased since the size of the building had not increased.

Mr. Nunez explained that the consulting fees for construction administration and architectural and engineering fees had increased as a result of modifications to the original design, which included construction of a courtyard, a shade structure, and photovoltaic system.

Senator Rhoads commented on the inflationary increases for steel and energy and indicated he viewed the project as one of the most poorly planned that he had witnessed during his membership on the Committee. Senator Rhoads questioned what the outcome would be should the Committee deny approval.

Mr. Bomotti advised that Clark Construction's guaranteed maximum price expired on November 22, 2006 and that without IFC approval, the PWB could not issue a contract to begin construction. Mr. Bomotti reiterated previous comments regarding the feasibility of re-bidding the project and whether the donor, who had invested \$37 million in the project would be willing to financially participate in a new bid process.

In response to questions Senator Titus asked in regard to whether the NSHE had considered the lease-purchase program to finance the project, Mr. Bomotti advised that the lease-purchase program was made available to the NSHE during the 2005 Legislative Session. The design was determined to be too far along at that time, and restructuring the design would not have been feasible. Mr. Bomotti advised, however, that the lease-purchase arrangement would be considered for new projects.

Chairman Raggio recalled earlier comments concerning the estimated per square foot cost of the building and said staff calculated that when the \$19.4 million recommended to be requested in the 2007 Legislative Session was included, the cost per square foot would be \$738. Chairman Raggio compared the \$738 cost per square foot with the \$541 cost per square foot for the Science and Engineering Building being constructed on the UNLV campus and indicated he had difficulty in understanding how the cost for the College of Urban Affairs could be so high.

Chairman Raggio indicated he "reluctantly" supported the request because he said the concept allowed for multiple configurations of learning environments and because of the generosity of the Greenspun Foundation. Chairman Raggio expressed concern, however, regarding the underestimated inflationary factor for the project as well as the consistency of problems related to CIP projects in general. The Chairman specifically referred to the recently litigated Veterans Hospital project in Boulder City that cost the state an additional \$20 million.

Chairman Raggio noted that the Legislature had not mandated a silver or gold level certification for the project, and the decision to achieve that standard should have more thoroughly reviewed since the burden of additional cost would fall on the taxpayers. Chairman Raggio advised that as one member of the 2007 CIP Committee, he would not consider the \$19.4 million request to replace the reallocated FF&E funds as a top

priority for the University in view of the limited funding that would be available for the number of projects in the CIP.

Assemblywoman Giunchigliani offered a number of suggestions that included:

- consideration by the 2007 Legislature to provide a limited pool of dollars which the requesting agencies had to stay within for each CIP project
- the provision of oversight for operations and maintenance in CIP projects
- reallocation of funding to other projects if construction did not begin within a certain specified time period

Assemblywoman Giunchigliani agreed that redesigning the building would be cost prohibitive and expressed reservations regarding the overall funding mechanism. However, the Assemblywoman indicated the project needed to go forward and indicated that lessons should be taken from the project for future cost projections.

In response to questions Chairman Raggio asked about the provision of oversight for the project, Mr. Nunez advised that upon completion of the design process and award of the contract, the PWB would begin managing the project.

In response to questions Chairman Raggio asked regarding past project managers and change orders for the Grant Sawyer Office Building and the Veterans Nursing Home, Mr. Nunez advised that the project managers that had been assigned to those projects were no longer with the PWB. Mr. Nunez indicated that there were always issues regarding pricing of change orders but that in recent history, change orders had been managed within contingencies that had been set aside.

In response to questions the Chairman asked regarding the contemplated completion date of the project, Mr. Bomotti indicated the schedule was for an 18 month project with construction beginning in mid-December and completion by July 2008.

Considering past history, Chairman Raggio projected the project would not be completed until September 2008 and that it would cost at least \$10 million more than anticipated.

ASSEMBLYMAN PERKINS MOVED APPROVAL OF THE STATE
PUBLIC WORKS BOARD REQUEST FOR PROJECT 05-C16,
GREENSPUN COLLEGE OF URBAN AFFAIRS.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Hettrick voted nay.
Assemblyman Arberry was not present for the vote.)

Assemblyman Perkins suggested that in view of what appeared to be systemic problems and a breakdown over past Public Works Board projects, it would be beneficial to conduct a separate IFC meeting to review PWB projects brought before the Committee.

Chairman Raggio indicated he would refer the suggestion to the next Chairman of the Interim Finance Committee.

Senator Coffin noted the irony of a newspaper article that indicated the Chancellor's wish to completely divorce the NSHE from the PWB as a result of past problems. Senator Coffin pointed out, however, that the problems brought before the Committee regarding the College of Urban Affairs were not problems caused by the PWB, but rather by the NSHE and its willingness to accept an outside design, which the PWB had to monitor.

3. Projects 03-C17, New Metal Building for Recreational Use at Caliente Youth Center; 03-M26, Renovate Swimming Pool at the Caliente Youth Center; 03-M27, Renovate Heating System in Cottages at Caliente Youth Center; 03-M27a, Replace Hot Water Tanks in Cottages at Caliente Youth Center; and, 03-S03, Statewide Fire System Program – Request transfer of funds between projects and change in scope: **BASED UPON FISCAL STAFF REVIEW THE ORIGINAL REQUEST WAS REVISED ON NOVEMBER 7, 2006, BY THE STATE PUBLIC WORKS BOARD.**

- 03-C17 - Defer metal recreation building construction phase to 2007 CIP program and transfer \$491,160 from 03-C17, New Metal Building for Recreational Use at Caliente Youth Center to 03-M27a, Replace Hot Water Tanks in Cottages at Caliente Youth Center.
- 03-M26 – Defer construction phase of the pool renovation to 2007 CIP program and transfer \$278,537 from 03-M26, Renovate Swimming Pool at Caliente Youth Center to 03-M27 Renovate Heating System in Cottages at Caliente Youth Center (\$217,363) and to 03-M27a, Replace Hot Water Tanks in Cottages at Caliente Youth Center (\$61,174).
- 03-M27a – Defer construction phase of plumbing system renovations in four of the seven cottages to 2007 CIP program and receive \$552,334 from 03-C17, New Metal Building for Recreational Use at Caliente Youth Center (\$491,160), and 03-M26, Renovate Swimming Pool at the Caliente Youth Center (\$61,174).
- 03-M27 – Defer the construction portion of HVAC work in four of the seven cottages to 2007 CIP program, and receive \$217,363 from 03-M26, Renovate Swimming Pool at the Caliente Youth Center.

- 03-S03 – Change in scope to defer inside fire sprinkler and detection systems work in four of seven cottages to 2007 CIP program.

Evan Dale, Deputy Manager, Administration and Finance, Public Works Board, appeared before the Committee to request a change in scope for Caliente Youth Center Renovation Projects 03-C17, 03-M26, 03-M27, 03-M27a, 03-S03 and for a transfer of funds between projects.

Mr. Dale advised that the scope of the five projects collectively included a recreation building, a pool renovation, and renovation work on seven cottages. Mr. Dale advised that the work on the recreation building and the pool renovation was requested to be deferred and that the remaining funds be used proceed with the renovation work on three of the seven cottages.

In response to questions Chairman Raggio asked regarding the priority of the projects, Mr. Dale advised that the three cottages, according to the agency, were of the highest priority.

In response to Chairman Raggio, who asked whether the deferred projects would be considered in the 2007 CIP, Mr. Dale confirmed the projects were being deferred for the Legislature's consideration of the 2007 CIP request.

SENATOR RHOADS MOVED APPROVAL OF THE
CHANGE IN SCOPE FOR CALIENTE YOUTH CENTER
RENOVATIONS BASED ON THE DEFERRAL OF
PROJECTS AS INDICATED.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

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

4. Project 05-C01 – Repair exterior of the Grant Sawyer Building – Project status report (Informational only).

Gus Nunez, P.E., Interim Acting Director, Public Works Board, introduced Evan Dale, Deputy Manger, Administration and Finance, Public Works Board.

In response to Chairman Raggio, who asked for a status report on the repair of the exterior of the Grant Sawyer Building, Mr. Dale advised that the exterior repair was estimated to be 40 percent completed and that 45 percent of the time allowed to complete the project had elapsed.

Mr. Nunez advised that projects typically lagged behind schedule at the beginning but caught up in the middle. The Committee was advised that as the tiles were removed

from the exterior of the building, change orders had been issued for additional problems that had been discovered in regard to the original construction. Mr. Nunez indicated that perhaps a 30 to 60 day time extension would be required to complete the project.

In response to Chairman Raggio, who asked if a cost overrun would be encountered, Mr. Nunez advised that as a result of the change orders, additional funding was included in the 2007 Capital Improvement Program request, which he estimated at between \$1.5 million to \$2 million. The Committee was advised that the contractor's estimate to finish the project if a contract existed that was "ready to go" would be in the area of \$900,000 to \$950,000. Mr. Nunez reiterated that the project completion date and cost overruns were related to discovering problems with the original construction that were not known at the time the original cost estimate was established. The Committee was advised that the additional costs had been added to the state's claim against the original contractor for which litigation was currently in progress. Mr. Nunez advised that an all-day mediation session had been scheduled at the beginning of October with the prime contractor ready "to move ahead," but the sub-contractor, who installed the original tile wanted to conduct an additional discovery session prior to attending mediation meetings.

Chairman Raggio requested that progress reports on the status of the completion of the repair for the exterior of the Grant Sawyer Building continue to be provided to the Committee.

5. Projects 01-C15, Planning, Design and Utility Infrastructure for Science and Engineering Complex, UNLV; 03-C23, UNLV Science, Engineering and Technology Complex Construction; and 05-C06, Construction of Science, Engineering and Technology Complex at UNLV – Project status report (informational only).

Gus Nunez, P.E., Interim Manager, Public Works Board, appeared before the Committee to provide a status report on Project 01-C15, the Science and Engineering Complex, University of Nevada, Las Vegas. Mr. Nunez reported that the project was proceeding in an acceptable manner.

In response to a question regarding the project being on target, Mr. Nunez confirmed that the Project 01-C15 was on target with respect to the University's need. However, the Committee was advised that time extensions were required as a result of change orders.

In response to Chairman Raggio, who asked for information on the estimated delay, Mr. Nunez advised that the contractor had submitted a delay claim for 120 days. However, Mr. Nunez indicated that Public Works Board representatives estimated that the project was currently 60 days behind schedule.

In response to Chairman Raggio, who asked why any delay was encountered, Mr. Nunez explained that the delay could be attributed to issues related to the late delivery

of steel. The Committee was advised, however, that the contractor worked on other areas of the project that had been scheduled to be worked on at a later date while waiting for the steel, which was the reason the PWB estimated the project was only 60 days behind schedule.

Chairman Raggio questioned whether the time delay would incur cost overruns.

Mr. Nunez responded that there were no problems involved in completing the project with the current budget. However, ongoing discussions were taking place with the contractor regarding the number of delays being encountered. Mr. Nunez reiterated the contractor was requesting an additional 120 days to complete the project while the PWB could only justify an additional 60 days. Additionally, Mr. Nunez projected the completion date at the beginning of 2008, or approximately 60 days beyond the original December 19, 2007 contract completion date.

6. Project status report (informational only).

Gus Nunez, P.E., Interim Manager, Public Works Board, appeared before the Committee to provide information regarding Project 05-P05, the design for the Southern Nevada Women's Correctional Center 400-bed addition. During the Interim Finance Committee meeting on September 12, 2006, the Department of Corrections recommended a change of scope for Project 05-P05 to delete the child reunion center. However, after a lengthy discussion, the Committee requested that the child reunion center remain in the project. Mr. Nunez advised that in keeping with the Committee's request, 10 rooms were added to the 400-bed addition for a cost of \$2.5 million.

Chairman Raggio called a recess at 1:45 and reconvened the meeting at 1:50 p.m.

I. INFORMATIONAL ITEMS

Chairman Raggio announced that state agency representatives would be called upon to provide testimony for the following Informational Items:

- Department of Taxation – Report on financial status of White Pine County
- Department of Business and Industry, Manufactured Housing Division – Semi-annual report on the Reserve balance for the period ending June 30, 2006
- Department of Health and Human Services, Health Division - Follow-up to the request for Contingency Funds for the Poison Control Center at the September 12, 2006 IFC meeting.
- Department of Motor Vehicles – Overview of the requirements and budgetary impact of the REAL ID Act.
- Department of Public Safety, Division of Emergency Management – Quarterly report on the State Homeowners' Disaster Assistance Program for the quarter ending September 30, 2006.
- Department of Transportation – Report on the status of the Highway Fund.

- Department of Corrections – Report on a recent audit that revealed drugs were unaccounted for at the Southern Nevada Women’s Correctional Center.
- Department of Conservation and Natural Resources, Division of Forestry –
 - ✓ Report on the expenditures made from the funds allocated to pay the costs of fire suppression through out the state during June and July 2006.
 - ✓ Report on expenditures by the Nevada Fire Safe Council

A complete list of Informational Items was provided as Exhibit C.

4. B. DEPARTMENT OF TAXATION – White Pine County

Dino DiCianno, Executive Director, Department of Taxation, appeared before the Committee to provide an update on the financial status of White Pine County. Mr. DiCianno referenced documents (Exhibit F) that reflected cash flow projections and continued improvement in White Pine County’s (WPC) financial condition.

Mr. DiCianno discussed having recently met with the members of the White Pine County Commission to assure them that the Department of Taxation’s role within the county was one of cooperation and not an effort to “take over” their financial affairs. Mr. DiCianno added that the White Pine County Commission was involved in each step of the financial recovery process.

Mr. DiCianno attributed White Pine County’s financial improvement to the economy as well as to annual PILT (payment in lieu of taxes) from the federal government and to future net proceeds of minerals payments anticipated to be received by White Pine County.

Mr. DiCianno advised that the Department of Taxation’s goal was to lay a foundation for White Pine County to continue on the road to financial recovery and to maintain a stable financial condition once Department of Taxation representatives were no longer involved in the recovery process. Mr. DiCianno reported that the Department of Taxation planned to request that in the next year, the Committee on Local Government Finance downgrade White Pine County’s severe financial emergency status to one that required financial assistance. Additionally, Mr. DiCianno reported that the new White Pine County Finance Director, proposed by the Department of Taxation, had been appointed by the County Commission.

Mr. DiCianno credited Terry Rubald, Chief, Division of Assessment Standards, for her work in White Pine County.

Chairman Raggio addressed the pending mediation with the White Pine County Sheriff’s Employees Union and White Pine County to resolve pay issues. The Chairman asked for comments on the projected financial impact if an arbitrator ruled in favor of the White Pine County Sheriff’s Union. Additionally, the Chairman asked how

the county planned to cover any potential liability as a result of a possible arbitration award.

Ms. Rubald responded that in the event of an arbitration award, monies would be shifted from other sources, such as the recently established Natural Resource Fund.

In response to questions posed by Chairman Raggio regarding the law being based on the ability to pay, Ms. Rubald advised that the ability to pay had been pointed out during negotiations with the Sheriff's Union.

The pay issue involved past step increases employees had foregone, and Ms. Rubald advised that a 1 percent step increase had been built into the budget, to which it was anticipated the Sheriff's Union would agree. Ms. Rubald discussed having met with the federal mediator, who had been in contact with Union representatives.

In response to questions Chairman Raggio asked regarding funds being collected for a non-existent swimming pool, Ms. Rubald explained that White Pine County had collected several hundred thousand dollars in lodging tax revenue to build a swimming pool as well as $\frac{1}{4}$ cent sales tax revenue for the purpose of maintenance and operation of the swimming pool. Ms. Rubald advised that the County was asked to place a hold on the funds being collected for maintenance and operation of the pool.

In response to questions Chairman Raggio asked regarding the use of funds collected for the swimming pool, Ms. Rubald explained that a request to shift the funds for a more needy purpose would require a vote by the public, as established by county ordinance. The \$600,000, collected thus far, had been segregated and was collecting interest. Ms. Rubald advised that WPC citizens had made it clear at various County Commission meetings that they wanted to go forward with the swimming pool and had expressed concern when Department of Taxation staff asked that the $\frac{1}{4}$ cent sales tax revenue be placed in abeyance. The citizens were assured, however, that the funds would be made available for the maintenance and operation of the swimming pool.

Ms. Rubald advised the Committee that the Department of Taxation representatives were cautiously optimistic that the status of severe financial emergency could be downgraded to one of technical assistance.

In response to concerns Chairman Raggio raised in regard to the ending fund balance in the projected budget, Ms. Rubald advised that while fiscal year 2005-06 ended with a balance of approximately \$41,000, the revenues currently being received had exceeded the minimum ending fund balance requirement.

Chairman Raggio raised concerns regarding the Tax Commission's approval of a \$40 million tax refund to Southern California Edison in connection with the sales and use tax collected to operate the Mojave Generating Station. The Chairman indicated it appeared the state and local governments would be obligated to pay a portion of that

award, which had been drawing interest while the Attorney General's Office and the Tax Commission were engaged in a legal battle over the decision. Chairman Raggio indicated that the state's portion of the refund was estimated at \$14 million, which would be an additional cost to the state and would require review by the 2007 Legislature during the budget process.

Mr. DiCianno responded that the Tax Commission last met on Monday, November 13, 2006, and based upon a decision by District Court Judge Mike Griffin, Carson City, the Commission adopted the findings of fact, conclusions of law, and the decision voted on nearly a year ago to refund the sales and use tax to Southern California Edison. The refund, however, was put on hold pending a decision by the Nevada Supreme Court on an appeal filed by the Nevada Attorney General's office.

In response to questions Chairman Raggio asked regarding the appeal, Mr. DiCianno explained that the appeal was filed by the Attorney General in an effort to invalidate the Nevada Tax Commission's decision, during a closed-door meeting, to refund the tax. Additionally, Mr. DiCianno indicated Clark County and the City of Henderson were interveners, who could also appeal the decision, and depending on a decision by the Supreme Court, additional changes could occur. Mr. DiCianno agreed, however, that if the refund was ultimately approved, there would be an impact on the General Fund, local governments, and local school support tax, which he indicated needed to be taken into consideration with respect to the upcoming budget.

In response to questions Chairman Raggio asked in regard to other claimants, Mr. DiCianno advised of an appeal on a similar issue from Sierra Pacific Power and Nevada Power concerning a sales tax on coal purchases for the Valmy Generating Station. Mr. DiCianno indicated he believed the fact scenario behind the Southern California Edison refund differed from the Sierra Pacific Power and Nevada Power appeal, which still had to be adjudicated.

Chairman Raggio reminded those involved in the budget process to be mindful of the potential ramifications of how the next budget process could be affected by a decision to award the refund.

7. DEPARTMENT OF BUSINESS AND INDUSTRY

- A. Director's Office – Request for information regarding companion work programs C14558A and C14557A, which request a transfer of \$100,000 from the Industrial Development Board Program's Reserve to its Issuance category, where it would then be transferred to the Business and Industry Administration budget account for a marketing campaign to promote the benefits of businesses relocating to Nevada (deferred from the September 12, 2006 IFC meeting). Relates to Items B 16 & 17.

Refer to narrative under Item B. 16.

B. Manufactured Housing Division

2. Semi-Annual Report on Reserve Levels

Renee Diamond, Administrator, Manufactured Housing Division, Department of Business and Industry, appeared before the Committee to provide a semi-annual report on revenue and expenditure activity and the corresponding impact on the Division's Reserve level. Ms. Diamond reported that the Division had reduced a number of fees, which would affect the Reserve level.

In response to a question Chairman Raggio asked concerning the reduction in fees, Ms. Diamond confirmed that the fee adjustments were included in the budget submitted to the Governor for consideration by the 2007 Legislature.

Ms. Diamond reported that the Division held hearings on July 13, 2006, related to the fee reductions and effective October 24, 2006, fee reductions were approved for the issuance of insigne of approval, replacing an insigne, certificate and label of compliance, notice of conversion of real property, replacement of label of compliance, and installation inspection. Ms. Diamond reported that industry representatives, who testified at the regulation hearing, indicated they were both "stunned and delighted" that a state agency was "actually lowering fees." Ms. Diamond advised that since the fee adjustments had only gone into effect on October 24, 2006, she could not report on how much the reduction would affect the Reserve.

Ms. Diamond indicated she believed the Manufactured Housing Division's Reserve was "artificially high" and that one of the reasons the Reserve needed to be slightly higher was due to the unpredictability of the industry. Ms. Diamond pointed out that as a fee-based agency; the majority of the Division's fees were related to new home installations, and the Manufactured Housing Dealers Association reported in their last industry publication that new home shipments to Nevada were down 30 percent. Additionally, Ms. Diamond pointed out that a number of mobile home parks had closed during the past several years, and every home that was moved and relocated had to be inspected, which contributed to "artificially high" inspection and issuance of insigne of approval.

In response to questions Chairman Raggio asked regarding the Reserve and the percentage of increase, Ms. Diamond indicated she did not expect the Reserve to increase at the rate it had previously increased. Ms. Diamond also indicated she expected the Division's performance measures to be affected and advised that payments from the U.S. Housing Urban Development (HUD) for shipments into the state were lower. Specifically, Ms. Diamond advised that a payment of \$4,014 was received in June while a \$1,400 payment received in the past week was 25 percent lower. As previously indicated, Ms. Diamond advised that projected fee adjustment

figures were included in the Division's budget request that had been submitted to the Governor.

10. DEPARTMENT OF HEALTH AND HUMAN SERVICES

B. Health Division – Follow-up to the request for Contingency Funds for the Poison Control Center at the September 12, 2006 IFC meeting.

Alex Haartz, Administrator, Health Division, Department of Health and Human Services, introduced Bradford Lee, M.D., J.D., M.B.A., State Health Officer, Health Division, Department of Health and Human Services.

Mr. Haartz advised that at the September 12, 2006, Interim Finance Committee (IFC) meeting, the Committee requested that the Health Division carry out four activities related to poison control services in Nevada, which included:

- Determine whether northern Nevada hospitals could provide poison control services to the northern half of the state.

Mr. Haartz advised that letters were sent to Saint Mary's Hospital, Northern Nevada Medical Center, Carson Tahoe Regional Medical Center, and Banner Churchill Community Hospital. To date only one response was received and that was from Northern Nevada Medical Center indicating they were not interested in providing the service.

- Examine the Division's existing federal grants to determine whether funding from the grants could be used to fund poison control hotline costs.

Mr. Haartz advised that currently, three Health Division grants, two block grants and one categorical grant from the Centers for Disease Control and Prevention might possibly support the cost for poison control services.

Mr. Haartz explained, however, that the categorical grant emphasis was on data collection, which made it unlikely funding could be used for poison control services. The Maternal Child Health Block Grant and the Preventive Health and Health Services Block Grant provided some flexibility although funding would have to be reallocated from already budgeted expenditures, such as prenatal care, Children's Special Health Care Needs Program, Early Intervention Services, and Adolescent Wellness. Mr. Haartz indicated that expenditures for those programs would either need to be curtailed or reprogrammed.

Additionally, Mr. Haartz explained that the Preventive Health and Health Services Block Grant, which totaled about \$338,000 was perpetually zeroed out by the President and then restored its funding by Congress under a continuing resolution. Funding from the Preventive Health and Health Services Block Grant

currently supported the Community Health Nursing Program, and if the funds were used for poison control services, support for public health nursing in the rural counties would be deleted.

- Examine all Health Division programs and report on whether the Health Resources and Services Administration (HRSA) Hospital Preparedness grant funds, which could no longer be used for poison control, could be used elsewhere in place of General Fund appropriations.

Mr. Haartz advised that most General Fund dollars in the Health Division served as a match for maintenance of effort to draw down federal funds. In a review of whether HRSA grant funds could be used in the areas that did not require a match, it was determined that the grant had very specific deliverables, such as support for the state Office of Vital Records.

- Discuss the re-issue of the RFP to 62 poison control centers.

Mr. Haartz advised the services of one statewide vendor made more sense than using the Oregon Health Sciences Center to provide poison control line services for 16 counties and Rocky Mountain Poison Control for services to Clark County. Mr. Haartz indicated the request for proposal was being finalized and could be released by the end of the week.

Additionally, Mr. Haartz advised that after a conference call with representatives from the HRSA, which provided funding for poison control services across the country, it was learned that funding defined as enhancement promotion or outreach and stabilization funding was made available to certified centers on a census basis. Based on Nevada's census, \$132,000 would be made available to whoever provided Nevada's poison control line services. Mr. Haartz indicated he had been unaware of that benefit, but the funding would be factored into the RFP. Currently, based on Nevada's census, Rocky Mountain Poison Control received approximately \$91,000 from HRSA and Oregon Health Sciences received approximately \$41,000.

Mr. Haartz indicated he had also learned that based upon 2005 data, the cost to respond to a poison control telephone service call averaged \$43 across the various poison control centers, which, based on research data, saved \$290 in medical costs incurred by treatment from first responders or hospital emergency rooms.

Mr. Haartz advised that HRSA representatives confirmed that there was no national centralized program for poison control. Currently, every state in the country was covered by services provided through their own centers, partnerships with other states, or contract with other centers, such as Nevada's contracts with Rocky Mountain Poison Control and Oregon Health Sciences. Additionally, Mr. Haartz advised that it was determined that a single funding stream was non-existent and that states used a combination of available sources to fund poison control line services. Mr. Haartz

indicated that the federal perspective was that it was up to the states to determine how best to fund poison control services.

Mr. Haartz indicated that one final question that had been discussed was that if the state did not establish a poison control service, what would happen when Nevada residents dialed the national 1-800 number. The HRSA representatives advised that anyone dialing the number would receive a message that directed them to call 911 or to go to their nearest emergency room.

Chairman Raggio said the Committee's questions had been answered and commended Mr. Haartz for providing a comprehensive report.

11. DEPARTMENT OF CORRECTIONS

Senator Coffin, as a member of the Legislative Commission's Audit Subcommittee, asked for a report on a recent Legislative Audit that revealed drugs were unaccounted for at the Southern Nevada Women's Correctional Center.

Glen Whorton, Director, Department of Corrections (DOC), reported that an audit conducted by the Legislative Counsel Bureau's Audit Division of the Department of Corrections' pharmacy operations, revealed that documentation used to track medications was missing, not the medications.

Senator Mathews pointed out there was no way to know whether drugs were missing if the documentation regarding the dispensation of drugs was missing.

Mr. Whorton explained that subsequent to the initial discovery that 54 forms used to track medications were missing, immediate planning began to implement changes and to respond appropriately to the findings. Mr. Whorton advised that 50 of the 54 missing sheets were found, 40 at the Southern Nevada Women's Correctional Facility in Las Vegas and 10 at the Department's pharmacy headquarters in Las Vegas.

Senator Mathews reiterated that missing documentation equaled missing drugs, and without the documentation, there was no way of knowing whether or not the drugs were missing.

Mr. Whorton acknowledged that four forms were missing that accounted for 100 doses of medication.

In response to additional questions Senator Mathews asked about the 100 doses of medication, Mr. Whorton advised that the majority of missing records were issued to track Phenobarbital, a low-level narcotic that was not subject to abuse.

In response to questions Senator Cegavske asked regarding the missing records and what appeared to be missing drugs, Mr. Whorton, advised that steps were being

implemented to correct the record-keeping problem and reiterated that the documentation was missing, not the drugs.

In response to Senator Cegavske, who questioned whether the responsible employees would be reprimanded for their action, Mr. Whorton advised that the individuals had not yet been identified. He explained that the records had been misfiled, and how that occurred was still being investigated. Mr. Whorton explained that when he was notified of the audit findings, the Department of Public Safety was requested to investigate the issue because it was assumed that drugs were missing. Since that time, however, it was determined that the records, not the drugs were missing.

In response to additional questions Senator Cegavske asked regarding the missing records and the employees responsible for the record keeping, Mr. Whorton advised that four sheets were missing and reiterated that steps had been to correct the record-keeping problem. Mr. Whorton further advised that the DOC had procedures in place that held staff and inmates responsible for any inappropriate actions on their part.

Assemblywoman Weber asked for information regarding the time frame for the audit and the four missing pages.

Paul Townsend, Legislative Auditor, Audit Division, Legislative Counsel Bureau, explained the process that was used in releasing the letter that brought the issue to the attention of legislators. Mr. Townsend advised that a legislative audit finding of impropriety or an illegal act required that the Governor and each member of the Legislature and the Attorney General be notified, which was accomplished after the audit findings were disclosed. Mr. Townsend advised that prior to that notification, the DOC staff were advised of the concern regarding the missing medication forms. Mr. Townsend reported that the DOC staff's initial response, after looking for the records, was that they were unable to locate the forms at which point the Governor and legislators were notified of the audit findings. The final audit would be released on December 14, 2006, at which time Mr. Townsend indicated he could provide additional details.

In response to concerns Assemblywoman Weber raised regarding corrective action beyond the audit and insofar as other record keeping activity by the DOC, Mr. Townsend advised that detailed recommendations were provided for corrective action and the Department of Corrections had already developed a plan to implement remedies to the problem.

In response to Senator Mathews, who had concerns regarding whether the problem had any connection to hiring licensed practical nurses (LPN) to supervise the administration of drugs rather than registered nurses (RN), Mr. Whorton advised that there currently was no indication that medications were being dispensed by licensed practical nurses.

In response to Senator Matthews, who questioned whether the individuals could be identified by a shift register, Mr. Whorton advised that when the missing forms were found, the employees would be identified by reviewing the handwriting and initials on the forms.

Senator Mathews noted for the record that it was outside of the purview of licensed practical nurses to dispense drugs.

Mr. Whorton agreed that only properly licensed personnel could dispense drugs and said the Department had come a long way from 1974 when, as a Correctional Officer Trainee, he dispensed and administered drugs to inmates.

Mr. Whorton advised that he had attempted to establish a set of indicators related to classification, inmate management incidents, escapes, and budget issues that could be used by his successor and high-level administrators to determine the performance of their individual divisions. Additionally, he indicated similar discussions had taken place with staff regarding the supervision of medical operations.

Chairman Raggio also expressed his concern and asked if the final audit report in December would include the Department of Public Safety findings.

Mr. Townsend advised that the Legislative Audit Division's final report would be released on December 14, 2006, which might be prior to the conclusion of the investigation.

Chairman Raggio asked that the Committee be kept apprised of the final disposition of the matter including the identification of the employees, who were involved and the action taken regarding their responsibility in the matter.

12. DEPARTMENT OF MOTOR VEHICLES

Ginny Lewis, Director, Department of Motor Vehicles (DMV), appeared before the Committee to provide a presentation on the requirements, impact, and cost of the Real ID Act.

The Real ID Act, passed by Congress in May 2005 "as part of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief," established certain standards, procedures, and requirements required to be met by May 11, 2008 if state-issued driver's licenses and identification cards were to be accepted as valid identification at the federal level. Constituents from jurisdictions that chose not to implement Real ID credentials would, for example, not be permitted to board a commercial airline, enter federal buildings, or apply for federal assistance, such as Social Security.

Ms. Lewis noted that the Real ID portion of the bill, which created national standards for the issuance of state drivers' licenses and identification cards, received no hearings or discussion on Capitol Hill.

Ms. Lewis provided the following requirements of the Act:

- full real name of individuals shall be included on the REAL ID credential
- states shall incorporate physical security designed to prevent tampering, counterfeiting, or duplication of the document for fraudulent purposes
- individuals would be required to show evidence of lawful presence in the United States before being issued a Real ID credential and to limit the validity of the license or identification to the length of stay
- states would be required to verify with the issuing agency the issuance, validity, and completeness of documents required to be presented
- states would be required to document the applicant's address of principal residence
- states would be required to employ technology to capture digital images of identity "breeder" documents so that images could be retained in electronic storage and in a transferable format
- states would be required to subject each person applying for a driver's license or identification card to mandatory facial image recognition
- states would be required to provide electronic access to all other states to information contained in the state's databases
- states would be required to limit the validity of a license or identification to not exceed eight years
- all persons authorized to manufacture or produce drivers' licenses or identification cards would be required to undergo appropriate security clearance requirements
- all states would be required to ensure the physical security of locations where drivers' licenses were produced and the security of the documents, materials, and papers from which the cards were produced
- all states would be required to establish fraudulent document recognition training programs for all employees engaged in the issuance of drivers' licenses and identification cards

Ms. Lewis advised that every license holder must visit the DMV, during the re-enrollment period, to renew their driver's license and to be issued a Real ID compliant card. Long waits in line at the DMV would no longer be avoided since licenses could not be renewed over the Internet, kiosk, or by mail. Individuals would be required to bring identity documents, such as birth certificates, Social Security cards, immigration documents, and passports to the DMV. All "breeder" documents would have to be verified by the issuing agency, which would require states to contact agencies, such as the U.S. Citizenship and Immigration Services, the State Department, Social Security Administration, and all issuing agencies for birth certificates. Additionally, the Act required licenses and identification cards to be centrally issued and mailed to customers.

Ms. Lewis advised that transaction and wait times at the DMV would increase with every renewal processed since an original transaction required an in-person visit with presentation and verification of identification credentials. Ms. Lewis indicated that the DMV was already operating at full capacity just to meet the existing demand for motor vehicle services, and the projected surge of customers would surpass the existing capacity of the DMV.

Ms. Lewis indicated that meeting the responsibilities of the Real ID Act would require additional staff, increased service hours, expanded or increased number of facilities, additional equipment, modification of existing computer applications, creation and implementation of public education campaigns, ability to handle an increased number of calls, complaints, return visits, and fraud enforcement.

Ms. Lewis reported that to ensure that Congress and the federal government understood the fiscal and operational impact of the requirements of the Real ID Act, the American Association of Motor Vehicle Administrators (AAMVA) in conjunction with the National Governors' Association (NGA), and National Conference of State Legislatures (NCSL), conducted a nationwide survey of all state motor vehicle agencies. Based on the results of the survey, it was concluded that the Real ID Act would cost \$11 billion over a five-year period, create a major impact on services to the public, and impose unrealistic burdens on states to comply with the Act by the May 2008 deadline. The organizations also provided practical and cost-effective solutions for Congress and the Department of Homeland Security to address the shortcomings and meet the objectives of the Act.

Ms. Lewis told the Committee that the Real ID Act would be a significant issue during the 2007 Legislative Session but that the information she provided was limited to the Act as it currently read. Since the Department of Homeland Security had not yet published regulations to guide state estimates, the budget that DMV representatives had developed was based on the Act as it currently read and on some assumptions that had been made.

Ms. Lewis submitted, for Governor's Guinn's consideration, a \$29 million budget request for the 2008-09 biennium to implement the requirements of the Real ID Act. Ms. Lewis cautioned the Committee regarding the \$29 million budget request and explained that the entire re-enrollment period in Nevada covered a four-year period for which the cost was approximately \$64 million. A new budget account was created for the Real ID Act and would appear in The Executive Budget as Budget Account 4746. The account would be supported from the Highway Fund outside of the 22 percent cap currently imposed on DMV Highway Fund expenditures.

Ms. Lewis addressed the following aspects of the Real ID Act budget necessary to the process:

- An implementation team dedicated to coordination and oversight of the project with contracts for a project manager and staff. Ms. Lewis attributed the largest budget impact to the hiring of the additional employees. Since DMV metropolitan offices were already staffed at 100 percent, service hours were proposed to be extended at six of the larger offices with additional staff.
- A technical component representing two programmers and contract programmers needed for the thousands of hours necessary to enhance the computer application. The component also included the hardware and software for the imaging and storage of all "breeder" documents.
- Funding to increase the bandwidth for fiber links in the larger offices and T1 lines in the smaller offices, which was critical to the transmission of document images among offices and jurisdictions.
- Fraudulent document recognition training and ongoing refresher training to ensure all DMV technicians and supervisors were trained by May 2008
- Background investigations, including credit checks, for all employees engaged in the drivers' license issuance process.
- Incorporation of strict security features into drivers' licenses and or identification cards that included, for example, polycarbonate card stock, serial and inventory numbers on the card stock, and personalization of some information via laser engraving.
- Queries using existing electronic systems, such as Social Security Administration and the Systematic Alien Verification of Entitlements (SAVE.)
- A public education campaign.
- Enhancement of the Fraud Unit.

- A Real ID call center to handle the massive number of calls expected from confused customers. Dedicated and knowledgeable staff to handle calls was considered the key to success.
- Regulation development and costs associated with public hearings and LCB regulation review.
- A contingency fund in reserve that would be available for the unknown costs that were expected to arise.

Ms. Lewis reiterated that the budget was developed based on the requirements of the Real ID Act as currently understood and on assumptions made by the AAMVA, NGA, and NCSL and in dialogue with Homeland Security representatives.

In response to questions Chairman Raggio asked regarding the re-enrollment period, Ms. Lewis advised that the existing version of the law would be implemented by 2008, and states would have five years to take everyone through the re-enrollment process.

In response to questions Chairman Raggio asked regarding current drivers' license expiration dates, Ms. Lewis advised that Nevada's renewal cycle was every four years, and it was assumed that the Transportation Services Authority (TSA) could not enforce the provisions of the Act until everyone in the country had gone through the five-year re-enrollment period.

In response to Chairman Raggio, who asked about any efforts to revise the Act, Ms. Lewis advised that a coalition of members of the AAMVA, the NGA and the NCSL were working to provide practical and cost-effective recommendations to Congress and to ensure that representatives of the Department of Homeland Security understood the obstacles and challenges the states faced. Ms. Lewis indicated that federal regulations, which were to be published by the end of the calendar year would provide needed detail for analysis and review of the budget.

In response to Assemblywoman Giunchigliani, who asked about the bill's sponsor, Ms. Lewis advised that the bill was sponsored by Representative James F. Sensenbrenner. Assemblywoman Giunchigliani discussed the progressive technology implemented by the DMV over the last few years to provide more efficiency and reduce wait times and indicated the public would be outraged by the requirements of the Act. Assemblywoman Giunchigliani expressed agreement with the Chairman and said the Real ID Act should be revisited by the members of Congress.

In response to questions Chairman Raggio asked regarding the security of Nevada's current drivers' licenses, Ms. Lewis advised that the DMV implemented digital drivers' licenses in 2002. Ms. Lewis explained that the digital cards were not easy to counterfeit, or to alter photos, dates, and information. Additionally, the DMV was in the process of renewing the contract with the vendor and would be looking at additional

security features for the card. Ms. Lewis also advised that Nevada currently required fraudulent document training for all DMV employees, although not at the level required by the Real ID Act. Nevada was in line with the Social Security Administration and with the SAVE system to verify social security numbers, and DMV employees were required to submit to background checks. Credit checks, however, would be an enhanced part of a background investigation that would have to be established as one of the requirements of the Act. Ms. Lewis also advised that the drivers' license portion of the computer application would be enhanced to meet requirements of the Act.

In response to a request from Chairman Raggio to proceed with information regarding staffing requirements, Ms. Lewis provided the following information:

- 2 Analysts, 1 Management Assistant, and 1 Project Manager for the Implementation Team
- 8 Technicians and 1 Supervisor for the Real ID Phone Room
- 2 Programmers and programming hours through a contract for the Technical Component
- 147 DMV Services Technicians, 15 DMV Services Supervisors, and 6 Accounting Assistants for Extended Hours for Re-enrollment
- 8 Compliance Enforcement Investigators, 2 Supervising Compliance Enforcement Investigators, 1 DMV Service Technician, and 1 Administrative Assistant for the Fraud Component
- 2 Training Officers for the Fraudulent Document Training during the re-enrollment period

In response to Chairman Raggio, who asked if the \$29 million budget request was in addition to the DMV normal budget request, Ms. Lewis confirmed that the \$29 million budget request was outside of the Department's normal request. Additionally, Ms. Lewis reiterated that the funding for the Real ID Act was proposed to be funded through the Highway Fund, outside of the 22 percent cap for expenditures to which the DMV was normally limited.

Chairman Raggio noted that money from the Highway Fund would otherwise be available for construction and road projects and that the issue would obviously be further reviewed during the 2007 Legislative budget hearings.

Senator Beers recalled that at least one of the houses in Alaska and New Hampshire had passed a state law keeping their states out of the Real ID Act. Senator Beers asked to be made aware of how other states were dealing with what appeared to be an "unconstitutional national identification card."

Ms. Lewis advised that the House in New Hampshire passed a resolution not to adopt the Real ID Act, which was killed in their Senate.

Assemblyman Perkins indicated he participated in an NCSL Committee on the Real ID Act and discussed the issue with Department of Homeland Security representatives. Assemblyman Perkins complimented Department of Motor Vehicles representatives on being well ahead of many other states in terms of some of the implementation. Assemblyman Perkins indicated he was not optimistic that the federal regulations would be available by the end of the year.

Assemblyman Perkins indicated he hoped there would be some adjustment to the Act and that the rules would provide a reasonable approach to implementation. Assemblyman Perkins indicated he proposed placing a driving endorsement on United States passports, which did not satisfy Department of Homeland Security's Real ID proposals.

With no further testimony on the issue of the Real ID Act, Chairman Raggio recessed the meeting at 10:24 a.m. and reconvened the Committee at 10:40 a.m.

13. DEPARTMENT OF PUBLIC SAFETY

- A. Division of Emergency Management Assistance
2. Quarterly report on the State Homeowners Disaster Assistance Program for the quarter ending September 30, 2006.

Frank Siracusa, Chief, Division of Emergency Management, Department of Public Safety, introduced Kamala Carmazzi, Deputy Chief, Division of Emergency Management, Department of Public Safety. Mr. Siracusa provided the following overview on the account established with State General Fund dollars for grants to homeowners' whose homes were damaged by a disaster.

- To date, the Division of Emergency Management (DEM) received and processed 25 applications for assistance.
- Of those 25 applications, the Division denied 11 based on the established criteria.
- All 14 applications were approved and payment made to the applicants.
- One application was denied, and an appeal was filed with the Department of Administration for presentation to an administrative law judge. The date of the appeal was pending.
- Regulations for the Homeowners' Disaster Assistance Program were drafted and after being finalized would go to public hearing.

Mr. Siracusa turned the microphone over to Deputy Chief Carmazzi, who provided information on the Emergency Management Assistance Compact (EMAC), the dilemma in which the Division had been placed, and the remedies being taken to correct the problems associated with the EMAC reimbursements.

Ms. Carmazzi advised that Nevada was one of 41 states that responded to the Hurricane Katrina disaster in Louisiana and Mississippi. Ms. Carmazzi advised that Nevada responded to the need for assistance under the provisions of *Nevada Revised Statutes* (NRS) 415, legislation approved in 2005 that formally adopted the EMAC. The Compact provided for states to share resources across state boundaries without consideration of financial or liability issues, and Nevada deployed resources from 14 state and local agencies.

In response to Chairman Raggio, who asked for the total amount of funding provided, Ms. Carmazzi advised that approximately \$1.304 million was provided. Ms. Carmazzi advised that the deployment process began with the requesting states "sending out the broadcast" and the states providing assistance responding accordingly. After the process was concluded and the state resources returned, a Compact policy required submittal of a request for reimbursement within thirty days and that Nevada or a single agency point of contact, the Division of Emergency Management (DEM), would be required to pay the 14 state and local agencies that had responded to the requesting states of Louisiana and Mississippi.

Ms. Carmazzi advised that the DEM did not have a mechanism within its budget to pay claims, but DEM staff, employed at that time, made a decision to pay, which ultimately placed the DEM in a situation with no revenue from an appropriate source to offset the claims. Therefore, Homeowners' Disaster Assistance Program funds were used to offset the claims. Ms. Carmazzi advised, however, that the budget's balance forward was accurately reflected. To date the DEM had received a \$900,000 reimbursement from Mississippi and a final \$400,000 reimbursement was anticipated to be received from Louisiana on Friday, November 17, 2006. Ms. Carmazzi advised that Nevada's participation in EMAC for future activations would require consideration that the DEM did not have a mechanism in place to pay for claims in advance of receiving reimbursement.

Ms. Carmazzi advised that Nevada, in conjunction with other states, had contested the requirement that states had to pay agencies responding to the disaster prior to receiving reimbursement and that the requesting state would provide reimbursement upon availability of funds.

Chairman Raggio questioned whether the \$900,000 received from Mississippi and the additional \$400,000 from Louisiana was a full or partial reimbursement.

Ms. Carmazzi responded that when the claims to the responding agencies were paid, Mississippi and Louisiana had the authority to reduce those claims by amounts they deemed ineligible. Ms. Carmazzi advised that although the reductions were not significant, one claim from the City of Carson totaled \$309 and one from the Division of Parole and Probation totaled \$1,228 and several additional reductions were expected from Louisiana. However, Ms. Carmazzi pointed out that if the reimbursements had been withheld at the close of the fiscal year, the budgets of some state agencies and some local responders including the Las Vegas Metropolitan Police Department, Henderson Police Department, and the Washoe County Sheriff's Office would have been affected.

Assemblyman Perkins indicated that nothing was more important than the assistance Nevada provided the Gulf States after the disaster, but he expressed concern that it appeared the DEM staff had violated the law by expending money from an account from which funds were not budgeted. Assemblyman Perkins questioned why DEM representatives appeared before the Committee in April to accept reimbursements under the EMAC into the Division of Emergency Management Assistance budget account and did not disclose the manner in which reimbursement was provided to state and local government entities. Assemblyman Perkins reiterated concern that rules created for the expenditure of funds were not being followed by state agencies.

Ms. Carmazzi indicated that although agency representatives appeared before the Committee in April, the reimbursement to state and local government entities occurred at staff level and was not made known to the Deputy Chief until the last week of the fiscal year end close when the pass-through budget was being reconciled with the DEM's budget proposal request. Ms. Carmazzi further advised that at that point in time, the lead accountant was no longer employed by the agency.

Assemblywoman Giunchigliani asked if any changes in procedure had been undertaken to prevent a similar occurrence.

Ms. Carmazzi advised that meetings were held with staff from the Legislative Counsel Bureau Fiscal Analysis Division, the Budget Division, and Department of Public Safety Administrative Services Division. An EMAC policies and procedures manual had been drafted and was in the process of being reviewed.

In response to Assemblywoman Giunchigliani, who questioned whether a revolving account had been established in the General Fund to account for funds under the provisions of the EMAC, Ms. Carmazzi advised that a separate account had not been established.

In response to Assemblywoman Giunchigliani, who asked if a legal opinion had been requested, Brenda Erdoes, Legislative Counsel, Legislative Counsel Bureau, cited NRS 353.255 which stated that "the sums appropriated for the various branches of expenditure in the public service of the state shall be applied solely to the objects for

which they are respectively made, and for no other purpose. Any person violating the provisions of subsection 1 shall be punished by a fine of not more than \$500.”

In response to Assemblywoman Giunchigliani, who indicated that no real penalties had been established for violation of the law, Ms. Erdoes advised that it was her understanding that traditionally an attempt was made to correct a problem, such as the one that had occurred. Additionally Ms. Erdoes pointed out that the NRS citation was a “good faith” provision, but there was also a “bad faith” provision that applied to an employee in violation of the law, who had acted in bad faith and misspent the money for which there was a severe penalty.

In response to Assemblywoman Giunchigliani, who questioned whether legislative authority was required to establish a separate budget account for the purpose of reimbursing responding agencies, Andrew Clinger, Director, Department of Administration, advised that the Budget Division could create an “accounting only” work program, which did not require legislative approval.

Assemblywoman Giunchigliani requested that the accounting only work program be established as quickly as possible.

Chairman Raggio asked the Budget Division to establish an account that would appropriately account for the funding.

Ms. Carmazzi apologized for the incident, which she indicated had not occurred with any ill intent.

Chairman Raggio cautioned that if established procedures were not followed, the problem would become epidemic.

14. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES –
Division of Forestry –

- A. Report on the expenditures made from the funds allocated to pay the costs of fire suppression throughout the state during the months of June and July 2006.
- B. Report on expenditures by the Nevada Fire Safe Council (S.B. 1, 22nd Special Session.)

Andrew List, Executive Director, Nevada Fire Safe Council, introduced Mike Dondero, Forestry Program Manager, Nevada Division of Forestry, and Jennifer Byers, Administrative Services Officer, Nevada Division of Forestry, Department of Conservation and Natural Resources.

Ms. Byers advised that under the provisions of S.B. 1, 22nd Special Session, the Division of Forestry was appropriated \$1,546,775 for allocation to the Nevada Fire Safe Council. Ms. Byers advised that the Division of Forestry did not provide fiscal oversight for the funding and turned the microphone over to Mr. List, who reported on expenditures.

Mr. List reported that S.B. 1, 22nd Special Session, introduced through the assistance of Senator Rhoads, provided that expenditures from the appropriation be reported to the Interim Finance Committee and to the Senate Committee on Finance and the Assembly Committee on Ways and Means during the 2007 Legislative Session.

Mr. List reported that \$546,775 was expended on Nevada Fire Safe Council general operating expenditures during fiscal year 2005-06 and fiscal year 2006-07. The \$1 million balance was expended for "on-the ground projects."

Mr. List referenced a document entitled, *Nevada Fire Safe Council, SB 1 Grant Summary*, (Exhibit D) which listed Nevada chapters, project descriptions, and information on funding. Mr. List explained that the Nevada Fire Safe Council assisted Nevada citizens, who lived in communities with significant risk from wildfire, through education on how to surround their homes with defensible space. He defined defensible space as the space around a home that firefighters could utilize to stage their equipment and trucks in the event of catastrophic wildfire. Currently, there were 57 Nevada Fire Safe Council chapters in the state with over 3,000 members. Mr. List recognized Assemblywoman Giunchigliani as a member of the Mount Charleston Chapter of the Nevada Fire Safe Council.

Mr. List explained that in order to become a chapter of the Nevada Fire Safe Council, a community applied for membership including in their application a list of specific requests, such as education, removal of flammable materials, the creation of fuel breaks, evacuation routes, and better signage for emergency personnel. The Nevada Fire Safe Council, as the umbrella organization, would provide the necessary funding needed for implementation of community requests.

Mr. List reported that the Nevada Fire Safe Council received funding for ground projects from a variety of sources including a \$1 million from the State of Nevada, more than \$3 million from the Bureau of Land Management, approximately \$500,000 from Placer County, California to work on that side of the Lake Tahoe Basin, as well as funding from El Dorado County, the Tahoe Regional Planning Agency, and private citizens from involved communities.

Mr. List discussed several projects that were funded through the S.B. 1 appropriation and began with the \$57,000 for the Chimney Rock Chapter. He said that Chimney Rock, located on Kingsbury Grade in the Lake Tahoe area, was identified as one of the most at risk communities in the state of Nevada. A year ago the trees in the neighborhood were thick enough to have supported an "enormous crown fire" with no

defensible space for firefighters. The \$57,000 was combined with \$25,000 from the homeowners and additional funds from the United States Forest Service and the California Fire Safe Council for a total of approximately \$330,000 that was used to remove trees, create defensible space, and educate the community. Mr. List indicated that the members of the community felt safer, and, in the event of a catastrophic wildfire in the Lake Tahoe Basin, the homes in Chimney Rock could be defended without placing firefighters at risk.

Additionally, Mr. List discussed two projects in southern Nevada:

- Spring Valley Double Springs - \$20,000 was expended to remove hazardous fuels and build a fuel break.
- Mount Charleston - \$120,000 was expended to remove hazardous fuels.

Mr. List reviewed project descriptions and defined the term “dry hydrant,” as not pressurized. He explained that some communities, such as the ones represented by the R.O.W.E. Chapter, located north of Elko lacked a common water infrastructure. Large 10,000 to 20,000 gallon tanks, formerly used for fuel, were cleaned, checked to ensure they could hold water and placed in the ground for use by emergency vehicles. A wildland brush truck that held about 500 gallons of water could refill near the fire line from the large tanks in the ground rather than going to Elko.

Mr. List advised that the Nevada Fire Safe Council program involved community activism and all projects required a community match of at least 2:1. Providing an example, Mr. List advised that for a project worth \$10,000, the community had to contribute \$5,000 of their own money or in kind funding. Mr. List indicated that once communities became involved, they became more active and sometimes overmatched. As an example, Mr. List said the Nevada Fire Safe Council provided \$10,000 for the Skyland community at Lake Tahoe for cleanup. The community had issues concerning flammable pine needles contributing to a fire hazard versus the quality of the water in the Lake. Mr. List explained that in the recent past, the Tahoe Regional Planning Agency (TRPA) refused to allow citizens to pick up pine needles, which they indicated created ground disturbance that caused erosion into the Lake. After working with the TRPA and determining that a catastrophic wildfire would much more adversely affect the Lake with erosion than removal of pine needles, the community provided \$60,000 of their own money in addition to the original \$10,000 for cleanup.

Mr. List advised that the \$546,775 expended for general operating had provided the opportunity for the Fire Safe Council to administer much more than the \$1 million for ground projects. He reiterated that the Council also administered funding provided by the BLM, Placer County, El Dorado County, as well as contributions by community chapters. Mr. List advised that documentation would be provided to the members of the 2007 Legislature to show that with expenditures and funding provided by other sources,

\$9 was received for every dollar spent on operating. In closing, Mr. List said that he was proud to be a part of such an effective program.

Senator Rhoads commented that he had visited with several volunteer fire departments, whose personnel expressed a high approval rating for the Nevada Fire Safe Council program. Senator Rhoads indicated that after speaking with the State Forester, he was convinced that additional equipment and training could have helped put out some of the 2006 summer wildland fires.

In response to questions Assemblywoman Giunchigliani asked regarding removal of cheatgrass, Mr. List discussed a \$20,000 treatment program, not yet begun, that would use a pre-emergent herbicide for the removal of cheatgrass. Mr. List explained that a catastrophic wildfire destroyed everything but cheatgrass seeds, which would emerge after a fire. He advised that cheatgrass took all nutrients and water out of the soil and prohibited other native species from sprouting. Mr. List said that the pre-emergent herbicide would be used in experimental test plots to remove cheatgrass, which would allow native bitterbrush and sagebrush plants to grow.

In response to questions Assemblywoman Giunchigliani asked regarding defensible space in urban areas, Mr. List advised that the state of California had a law similar to Nevada's Noxious Weed Control Law. He explained, for example, that tall whitetop weeds could be removed by local county governments in Nevada with a bill sent to a property owner. Mr. List indicated, he believed, officials in California had the power to require property owners to maintain defensible space thirty feet outside the structure of their homes.

16. DEPARTMENT OF TRANSPORTATION – Transportation Administration – Status of Blue Ribbon Task Force

Robert Chisel, Assistant Director for Administration, Nevada Department of Transportation, introduced Rick Nelson, Assistant Director, Operations Division, NDOT and Michael Krumenaker, Management Analyst, Administration, NDOT. Mr. Chisel appeared before the Committee, at Senator Coffin's request, to provide a status report on the Blue Ribbon Task Force studying future highway projects in Nevada.

Mr. Chisel reported that the State Transportation Board, created the Blue Ribbon Task Force to review NDOT projects, funding and expenditures through the year 2015, and evaluate revenue and potential revenue sources.

Mr. Chisel advised that to date the Task Force had not voted on or approved any formal recommendations regarding sources of future funding. A Task Force meeting was scheduled for the end of November at which time it was anticipated formal recommendations would be finalized for presentation and review by the State Transportation Board at their December 5, 2006, meeting.

In response to questions Senator Coffin asked regarding the Task Force position on taxes as a potential revenue source, Mr. Chisel advised that the Task Force was composed of many members, who were primarily from business and industry and special interest groups, whose concerns were focused on the projected \$3.8 billion shortfall. Mr. Chisel indicated there were differing viewpoints on various funding options, which included being certain that any taxes or revenue increases would have a connection to roads and transportation. Mr. Chisel indicated that although he could not speak for the members of the Task Force, the projected shortfall and funding options were difficult issues to grasp.

In response to concerns Senator Coffin raised that it appeared some road projects would not be approved or constructed, Mr. Chisel indicated that a \$3.8 billion shortfall would, most likely, delay the large number of projects scattered throughout the state. Mr. Chisel indicated the NDOT would only proceed on the number of projects, which they could fiscally afford to do.

In response to Assemblywoman Giunchigliani, who questioned whether toll roads were included in the review, Mr. Chisel advised that the Task Force reviewed toll roads as a possible revenue source, namely the Boulder City bypass. Additionally, the Task Force also reviewed high occupancy toll lanes on the I-15 and U.S. 95 corridors, where drivers would be charged extra for the privilege of driving in a high occupancy or hot lane. As previously mentioned, the recommendations had not yet been finalized.

In response to Assemblywoman Giunchigliani, who questioned whether the Task Force had addressed turning roads over to local entities, Mr. Chisel advised that the Task Force had reviewed turning the responsibility of roads over to local entities, an idea the Governor and the State Board of Transportation supported. Mr. Chisel advised, however, that local entities were not enthusiastic about taking over the responsibility since they also faced funding constraints.

In response to Assemblywoman Giunchigliani, who suggested that perhaps the responsibility for the roads could be negotiated with local entities on the basis of a phase-in and phase-out maintenance agreement, Mr. Chisel advised that option had been reviewed. Additionally, an option to transfer the money for maintenance to the local entity in exchange for taking over the road had been reviewed.

In response to questions Assemblywoman Giunchigliani asked regarding the Galena Creek Bridge, Mr. Chisel advised that the Galena Creek Bridge and the Interstate 580 Freeway from the Mount Rose Highway in Reno to the Winters Ranch in Washoe Valley was considered a current project. Mr. Chisel advised that the I-580 extension was one of the projects that had been discussed many years ago and was a part of the bond program that had been implemented for which a \$200 million bond was just sold for 4.15 percent interest. An additional \$135 million bond would be requested for the project in the next fiscal year.

J. PUBLIC COMMENT.

There was no public comment.

K. ADJOURNMENT.

Chairman Raggio announced, that although the issue had not yet been discussed with the Chairman of Ways and Means and the new Speaker, it was anticipated that seven days of budget review hearings would take place in January after receipt of The Executive Budget. The Budget was required, by law, to be presented prior to the formal opening of the Legislative Session, and the overview would take place over five days one week and two days the following week.

Chairman Raggio adjourned the hearing at 3:00.

Senator William J. Raggio, Chairman
Interim Finance Committee

Lorne Malkiewich, Director
Legislative Counsel Bureau and Secretary
Interim Finance Committee

**EXHIBITS
INTERIM FINANCE COMMITTEE**

Exhibit	Witness/Agency	Description
A	Fiscal Analysis Division	Agenda
B	Fiscal Analysis Division	Guest List
C	Fiscal Analysis Division	Informational Items
D	Andrew List	Nevada Fire Safe Council SB 1 Grant Summary
E	Jennifer Byers	Report on Disaster Relief Fund
F	Dino DiCianno	Report on Cash Flow Projections for White Pine County