

MINUTES OF THE SEPTEMBER 12, 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 September 12, 2006, at 8:46 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 Morse Arberry Jr., Chairman
Assemblyman Moises Denis
Assemblywoman Heidi Gansert
Assemblywoman Christina R. Giunchigliani
Assemblyman Lynn Hettrick
Assemblyman Joseph Hogan
Assemblyman David Parks sitting for Assemblywoman Ellen Koivisto
Assemblywoman Sheila Leslie
Assemblyman John Marvel
Assemblywoman Kathy McClain
Assemblyman Richard Perkins
Assemblyman Bob Seale
Assemblywoman Bonnie Parnell sitting for Assemblywoman Debbie Smith
Assemblywoman Valerie Weber
Senator Bob Beers
Senator Barbara Cegavske
Senator Bernice Mathews
Senator Dean Rhoads
Senator Dina Titus

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Ellen Koivisto
Assemblywoman Debbie Smith
Senator Bob Coffin

LEGISLATIVE COUNSEL BUREAU STAFF:

Lorne Malkiewich, Director, Legislative Counsel Bureau
Brenda J. Erdoes, Legislative Counsel
Risa B. Lang, Chief Deputy Legislative Counsel

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

At Chairman Raggio's request, the Committee members pledged allegiance to the flag and observed a moment of silence for those who perished on September 11, 2001 and for the members of the United States Armed Forces. Chairman Raggio noted that 33 Nevada citizens had lost their lives in the fight against terrorism.

*B. APPROVAL OF MINUTES FROM THE JUNE 13, 2006 MEETING.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF THE
JUNE 13, 2006 MEETING MINUTES.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus was not present for
the vote.)

C. WORK PROGRAM REVISIONS IN ACCORDANCE WITH
NRS 353.220(5)(b). INFORMATIONAL ONLY – REQUIRED
EXPEDITIOUS ACTION WITHIN 15 DAYS.

1. **Office of the Attorney General, Tort Claim Fund** – FY 2007 – Addition of \$1,835,489 in funds carried forward from fiscal year 2006 to Contract Claims category, addition of \$3,009,482 in "special" tort assessments to Contract Claims category, transfer of \$2,698,317 from Reserve category to Contract Claims category, and transfer of \$1,948,397 from General/Fleet-Tort Claims category to Contract Claims category to allow payment of arbitration award in Construction Arbitration Tribunal: Case No. 79 110 Y 00072 04 JISI (Southern Nevada Veterans' Home). The total addition to the Contract Claims category is \$9,491,685.

Item C1 was listed as informational only, but Chairman Raggio advised that the binding arbitration award in favor of the contractor in Addison v the State Public Works Board (SPWB) for Project 97-C16, the Southern Nevada

Veterans' Home, would require the next Governor to request a supplemental appropriation for a one-time payment to reimburse the Tort Claims Fund and the various state agencies that were assessed to pay the award.

2. **Department of Health and Human Services – Director's Office – Grants Management Unit – FY 06** – Addition of \$514,517.00 in Transfer from State Treasurer-Tobacco Settlement Funds to increase authority to allow for payments to grantees for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Children's Disability Grants category exceeds \$50,000.00.

Informational Only

D. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(c). INFORMATIONAL ONLY – REQUIRED ACTION WITHIN 45 DAYS..

1. **Department of Information Technology – Facility Management – Computing Division – FY 06** – Transfer of \$13,292.00 from the Reserve category to the Utilities category to fund projected utility expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Utilities category exceeds 10% of the legislatively approved level for that category.

Informational Only

2. **Department of Conservation and Natural Resources – Environmental Protection – Bureaus of Waste Management and Corrective Actions – FY 07** – Addition of \$172,758.00 in United States Department of Energy (DOE) Agreement in Principle federal grant funds to replace DOE grant funding from the Bureau of Safe Drinking Water which is being transferred to Bureau of Federal Facilities for better operational efficiency. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00. **Relates to Items 3 & 4.**

Informational Only

3. **Department of Conservation and Natural Resources – Environmental Protection – Bureau of Safe Drinking Water Regulatory – FY 07** – Addition of \$172,758.00 in Transfer from Bureau of Water Pollution Control, deletion of \$172,758.00 in United States Department of Energy (DOE) Safe Drinking Water federal grant funds and the transfer of \$40,955.00 from the DOE Agreement in Principle (AIP) Grant Activities category to the Federal Drinking Water State Revolving Fund Grant category to replace DOE AIP grant funds in the Bureau of Safe Drinking Water with a Transfer from Drinking Water State Revolving Fund as the DOE AIP grant from DOE is

being transferred to the Bureau of Waste Management and Federal Facilities for better operational efficiency. Requires Interim Finance approval since the amount transferred to the Federal Drinking Water State Revolving Fund category exceeds 10% of the legislatively approved level for that category. **Relates to Items 2 & 4.**

Informational Only

4. **Department of Conservation and Natural Resources – Environmental Protection – Bureau of Water Pollution Control – FY 07** – Transfer of \$172,758.00 from the Reserve category to the 10% Set Aside State Program Management category to replace Department of Energy grant funding from the Bureau of Safe Drinking Water is being transferred to Bureau of Federal Facilities for better operational efficiency. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds \$50,000.00. **Relates to Items 2 & 3.**

Informational Only

5. **Department of Public Safety – Criminal History Repository – FY 06** – Transfer of \$250,000.00 from the Reserve category to the Federal Bureau of Investigation (FBI) Fingerprint category to fund projected FBI Fingerprint expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the FBI Fingerprint category exceeds \$50,000.00.

Informational Only

6. **Department of Public Safety – Narcotics Control – FY 07** – Addition of \$165,000.00 in High Intensity Drug Trafficking Area (HIDTA) Reimbursement to establish revenue receipt and corresponding expenditure authority for the Nevada HIDTA grant through the Las Vegas metropolitan Police Department for federal fiscal year 2006. Requires Interim Finance approval since the amount added to the HIDTA Grant category exceeds \$100,000.00.

Informational Only

7. **Department of Public Safety – Narcotics Control – FY 07** – Addition of \$109,912.00 in Byrne Memorial grant funds transferred from the Office of Criminal Justice Assistance to assist in the fight against methamphetamines in rural and urban communities. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Informational Only

*E. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS,
ALLOCATION OF BLOCK GRANT FUNDS AND POSITION

CHANGES IN ACCORDANCE WITH CHAPTER 353, NEVADA
REVISED STATUTES AND A.B. 576, CHAPTER 434, 2005.

Chairman Raggio announced that agency representatives would be called upon to provide additional information for the following work programs:

Items 3 and 4 – Nuclear Project Office

Items 5 and 6 – Office of the Attorney General – Nevada Department of Justice – Extradition Coordinator

Item 15 - Department of Information Technology – Data Communications Division – Data Communications and Technology

Item 16 - Department of Information Technology – Facility Management – Computing Division

Item 18 - Department of Information Technology – Network Transport Services

Items 41 and 42 – Department of Business and Industry – Director's Office – Industrial Development Bonds

Item 54 – Department of Health and Human Services – Health Care Financing and Policy – Administration required public hearing

Item 57 – Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services

Item 68 - Department of Health and Human Services – Mental Health Developmental Services – Southern Nevada Adult Mental Health
Mr. Ghiggeri advised that on September 6, 2006, the work program transfer from the Medications category to the Acute Psychiatric beds category was revised to increase funding from \$3,277,400 to \$3,557,475 and to change the effective date of the contract from October 10 to September 13, 2006.

Item 70 - Department of Health and Human Services – Health Division – Community Health Services required a public hearing

Items 75, 76, 77, Department of Health and Human Services – Health Division – Health Facilities

Item 86 - Department of Health and Human Services – Division of Child and Family Services – Southern Nevada Child and Adolescent Services

Item 90 – Department of Corrections – Director's Office

Item 91 - Department of Corrections – Lovelock Correctional Center

Items 105 and 106 – Department of Public Safety – Forfeitures

Item 132 – Public Employees' Benefits Program – Public Employees' Health Program

Items 134 and 135 – Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control

Item 139 – Department of Health and Human Services – Welfare and Supportive Services – Temporary Assistance for Needy Families (TANF)

Chairman Raggio announced the following work programs were revised, but agency representatives would not be called upon to provide additional information:

Items 1 and 2, Ethics Commission - Gary Ghiggeri, Senate Fiscal Analyst, Legislative Counsel Bureau, Fiscal Analysis Division, advised that the General Fund transfer between fiscal years 2006 and 2007 for Items 1 and 2 was revised from \$29,618 to \$10,366.

Items 12 and 13 - Information Technology Project

Items 19 and 20 – Department of Taxation

Items 48 and 49 – Department of Business and Industry – Taxicab Authority

Items 60 and 61 – Department of Health and Human Services – Mental Health Developmental Services – Southern Nevada Adult Mental Health

Items 99 and 100 – Department of Motor Vehicles – Field Services

Item 110 – Department of Public Safety – Criminal History Repository - Mr. Ghiggeri advised that subsequent to publication of the Interim Finance Committee documents, it was learned the work program submitted by the Budget Division to the Fiscal Analysis Division was correct. The work program narrative for the agenda should be revised to reflect the original narrative provided by the Budget Division.

Items 113 and 114 Department of Public Safety – Child Volunteer Background Checks Trust

Item 122 – Department of Wildlife – Administration

The following work programs were withdrawn:

Item 36 – Department of Agriculture, Livestock Identification

Items 84 and 85 – Department of Health and Human Services – Division of Child and Family Services – Northern Nevada Child and Adolescent Services

Item 120 – Department of Wildlife – Administration

Item 127 – Department of Transportation – Administration

Item 115 - Department of Conservation and Natural Resources – Nevada Natural Heritage - Chairman Raggio announced that Senator Rhoads, Chairman of Nevada's Legislative Committee on Public Lands had provided a letter (Exhibit C) from the Committee on Public Lands in support of Item 115.

ASSEMBLYMAN ARBERRY MOVED APPROVAL OF ALL WORK PROGRAM REQUESTS AS AMENDED AND POSITION CHANGES THAT WERE NOT DESIGNATED BY THE CHAIRMAN FOR FURTHER DISCUSSION.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus was not present for the vote.)

1. **Office of the Governor – Ethics Commission – FY 06** – Deletion of \$29,618.00 in General Fund Appropriation to transfer a portion of funding for salaries, in-state travel, operations, court reporting, investigations, information services and training. Requires Interim Finance approval pursuant to AB 576, Section 34, of the 2005 Legislative Session. **Relates to Item 2.**

Item 1 was revised from \$29,618 to \$10,366. Refer to motion for approval under Item E.

2. **Office of the Governor – Ethics Commission – FY 07** – Addition of \$29,618.00 in General Fund Appropriation to transfer balance of funding for operations and court reporting. Requires Interim Finance approval pursuant to AB 576, Section 34, of the 2005 Legislative Session. **Relates to Item 1.**

Item 2 was revised from \$29,618 to \$10,366. Refer to motion for approval under Item E.

3. **Nuclear Project Office – High Level Nuclear Waste – FY 06** – Deletion of \$395,709.00 in General Fund Appropriation to transfer the balance of funding for the Nevada Protection Fund to fiscal year 2007. Requires

Interim Finance approval pursuant to AB 576, Section 36 34, of the 2005 Legislative Session. **Relates to Item 4.**

Robert Loux, Executive Director, Agency for Nuclear Projects – High Level Nuclear Waste, appeared before the Committee to request approval to balance forward \$395,709 in General Fund Appropriation from fiscal year 2006 to fiscal year 2007.

Mr. Loux advised that during the 2005 Legislative Session, the agency requested \$1 million in each year of the biennium to cover expenses associated with preparation for pre-licensing activities related to the Yucca Mountain repository. The agency, however, was appropriated \$1 million and now faced a possible shortfall in fiscal year 2007 to continue to contract for legal representation to protect Nevada's interests regarding licensing activities for the Yucca Mountain Nuclear Waste Repository. Mr. Loux advised that the DOE recently announced that they would attempt to submit a license application in June 2008, which with rule-making activities and other issues associated with the NRC required expenditure of funds for legal representation.

In response to questions Chairman Raggio asked regarding the request, Mr. Loux advised that federal funds could not be expended for ongoing litigation expenses, and some federal expenditures had been reprogrammed in order to "free up" state funding.

In response to questions Chairman Raggio asked regarding the legal activity that had occurred since the previous meeting, Mr. Loux advised that legal activity had slowed since the previous meeting. Mr. Loux indicated, however, that activity was expected to increase as a result of the DOE announcement to submit an application for licensure in June 2008 and because of the sequence of other activities that would have to take place prior to 2008, such as rule making regarding various staff positions on, for example, seismic standards and hydrologic issues. Mr. Loux explained that representative of the DOE and the Agency for Nuclear Projects would submit legal briefs to attempt to influence staff positions relative to the ultimate licensing of Yucca Mountain. Mr. Loux indicated that although not totally convinced the DOE would actually submit a license application, the Agency for Nuclear Projects had to be ready and available to participate in the activities related to application for licensure.

Senator Beers expressed his intent to not support the request indicating he would not obligate a future Legislature to appropriate additional funding to the Agency for Nuclear Projects, which it appeared had overspent its budget.

Chairman Raggio asked for comments regarding a recent presentation he had heard regarding a new process being developed that would efficiently utilize a major portion of the present waste through new reactors. The process would

result in a limited amount of waste that would be stored in a facility like Yucca Mountain for hundreds rather than thousands of years.

Mr. Loux advised that representatives of the DOE and the Administration were supporting new research to determine whether the new technology was possible. Mr. Loux indicated that the Secretary of Energy testified before the Energy Committee that it would take 30 years and upwards of \$100 million to determine whether the new technology would work and possibly another 30 to 40 years before the process could be brought on line.

Mr. Loux reported that currently there was approximately 60,000 metric tons of spent nuclear fuel and reactors that required some method of disposal or storage, and Yucca Mountain, by law, could only hold 70,000 metric tons of nuclear waste. Although the DOE considered the new technology significant enough to devote \$250 million in the current year for research, Mr. Loux explained that with hundreds of new reactors being brought on line, the capacity for storing nuclear waste at Yucca Mountain would be far exceeded even before the new technology could be initiated.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL
OF ITEMS 3 AND 4.

ASSEMBLYWOMAN MCCLAIN SECONDED THE VOTE.
(Senator Beers, Assemblyman Seale, and
Assemblyman Hettrick voted nay.)

THE MOTION CARRIED.

4. **Nuclear Project Office – High Level Nuclear Waste – FY 07** – Addition of \$395,709.00 in General Fund Appropriation to transfer the balance of funding for the Nevada Protection Fund from fiscal year 2006. Requires Interim Finance approval pursuant to AB 576, Section 36 34, of the 2005 Legislative Session. **Relates to Item 3.**

Refer to narrative and motion for approval under Item 3.

5. **Office of the Attorney General – Nevada Department of Justice – Extradition Coordinator – FY 06** – Addition of \$47,993.00 in General Fund Appropriation and the deletion of \$14,819.00 in Recoveries to transfer additional funds from fiscal year 2007 for extradition costs. Requires Interim Finance approval pursuant to AB 576, ~~Chapter 434,~~ Section 34, of the 2005 Legislative Session. **Relates to Item 6.**

Teri Sulli, Chief Financial Officer, Office of the Attorney General, identified herself for the record and introduced Wendy Livermore, Extradition Coordinator, Office of the Attorney General. Ms. Sulli appeared before the Committee to request

approval to transfer \$47,993 in General Fund Appropriation from fiscal year 2007 to fiscal year 2006. If approved, the transfer would fund a delayed billing from Nye County that amounted to \$38,378. Ms. Sulli explained that Nye County representatives had submitted their entire fiscal year billing at the close of fiscal year 2006. The difference between the Nye County billing and the \$47,993 being requested was attributed to the decrease of \$14,819 in recoveries from the budgeted amount.

Chairman Raggio noted that a similar request was approved at the June 13, 2006 Interim Finance Committee meeting and asked for comments from agency representatives.

Ms. Sulli indicated that additional funds would have been requested at the June 13, 2006 IFC meeting if information on the billing had been received in time.

Ms. Sulli also advised that the Office of the Attorney General consistently collected approximately \$95,000 a year in cost recoveries, which in turn were collected by the Division of Parole and Probation through offenders on probation.

Senator Beers asked if Nye County was expected to continue to bill once a year.

Ms. Sulli advised that the Nye County billing was for only one fiscal year but that they had billed for one entire year during each of the last two fiscal years, which she planned to address.

Senator Beers asked if the cost per extradition had increased.

Ms. Sulli advised that the average cost per trip in fiscal year 2005 amounted to \$742 and increased to \$801 in fiscal year 2006. Although airlines were not used exclusively for transportation of offenders, the cost of air fares had increased extradition expenditures. Ms. Sulli advised that a private company was also used for transportation.

SENATOR BEERS MOVED APPROVAL ON ITEMS 5
AND 6.

SENATOR CEGAVSKE SECOND THE MOTION.

THE MOTION CARRIED. (Assemblywoman Giunchigliani
was not present for the vote.)

- 6. Office of the Attorney General – Nevada Department of Justice – Extradition Coordinator – FY 07** – Deletion of \$47,993.00 in General Fund Appropriation to transfer funds to fiscal year 2006 for additional extradition costs. Requires Interim Finance approval pursuant to AB 576,

~~Chapter 434~~, Section 34, of the 2005 Legislative Session. **Relates to Item 5.**

Refer to narrative and motion for approval under Item 5.

7. **Office of the Attorney General – Nevada Department of Justice – Special Fund – FY 06** – Deletion of \$104,681.00 in General Fund Appropriation to transfer funds to FY 2007 for Nuclear Waste Litigation. Requires Interim Finance approval pursuant to AB 576, ~~Chapter 434~~, Section 34, of the 2005 Legislative Session. **Relates to Item 8.**

Refer to motion for approval under Item E.

8. **Office of the Attorney General – Nevada Department of Justice – Special Fund – FY 07** – Addition of \$104,681.00 in General Fund Appropriation to transfer funds from FY 2006 for Nuclear Waste Litigation. Requires Interim Finance approval pursuant to AB 576, ~~Chapter 434~~, Section 34, of the 2005 Legislative Session. **Relates to Item 7.**

Refer to motion for approval under Item E.

9. **Office of the Attorney General – Nevada Department of Justice – Victims of Domestic Violence – FY 07** – Transfer of \$26,971.00 from the Reserve category to the Domestic Violence Council category to cover projected expenditures for the Domestic Violence Council for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Domestic Violence Council category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

10. **Office of the Attorney General – Nevada Department of Justice – Victims of Domestic Violence – FY 07** – Transfer of \$94,396.00 from the Reserve category to the Committee Expense category to cover projected expenditures through the end of the fiscal year for the Committee on Domestic Violence activities. Requires Interim Finance approval since the amount transferred to the Committee Expenses category exceeds \$50,000.00.

Refer to motion for approval under Item E.

11. **Department of Administration – Hearings and Appeals Division – FY 07** - Transfer of \$60,000.00 from the Operating category to the Equipment category to purchase digital recording equipment which will save the state court reporting expenses. Requires Interim Finance

approval since the amount transferred to the Equipment/Operating category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 12. Department of Administration – Information Technology Projects – FY 06** – Deletion of ~~\$1,183,562.00~~ **\$1,223,707.00** in General Fund Appropriation and \$747,090.00 in Highway Fund Appropriation to transfer funding to FY 2007 to allow for the completion of the approved projects pursuant to AB 576 of the 2005 Legislative Session. Requires Interim Finance approval pursuant to AB 576, Section 34, of the 2005 Legislative Session. **Relates to Item 13. REVISED 8-24-06.**

Item 12 was revised on August 24, 2006. Refer to motion for approval under Item E.

- 13. Department of Administration – Information Technology Projects – FY 07** – Addition of ~~\$1,183,562.00~~ **\$1,223,707.00** in General Fund Appropriation and \$747,090.00 in Highway Fund Appropriation to transfer funding from FY 2006 to allow for the completion of the approved projects pursuant to AB 576 of the 2005 Legislative Session. Requires Interim Finance approval pursuant to AB 576, Section 34, of the 2005 Legislative Session. **Relates to Item 12. REVISED 8-24-06.**

Item 13 was revised on August 24, 2006. Refer to motion for approval under Item E.

- 14. Department of Information Technology – Director's Office – FY 07** – Addition of \$3,650,000.00 in Transfer from the Division of Emergency Management for Homeland Security Sub-grant to receive a sub-grant from the Department of Public Safety, Division of Emergency Management, for the Interoperable Communications and Use grant. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item E.

- 15. Department of Information Technology – Data Communications Division – Data Communications and Technology – FY 06** – Transfer of \$73,237.00 from the Personnel Services category to the Federal Payback category, \$36,422.00 from the Personnel Services category to the General Fund Payback category, \$9,942.00 from the Debt Service category to the General Fund Payback category, \$112,000.00 from the Information Services category to the General Fund Payback category and \$216,603.00 from the Reserves category to the General Fund Payback category to pay back the United States Department of Health and Human Services and the State General Fund for excess reserves accumulated in

FY 03, FY 04 and FY 05. Requires Interim Finance approval since the amount transferred to the Federal Payback category exceeds \$50,000.00.
Relates to Item 16.

Terry Savage, Director, Department of Information Technology (DoIT), appeared before the Committee to request a transfer in Items 15 and 16 of existing authority in DoIT Reserve categories in FY 2006 to establish General Fund Payback and Federal Payback categories. Establishment of the General Fund and Federal Payback categories would provide the means to return excess retained earnings to the state General Fund and to the United States Department of Health and Human Services.

Mr. Savage explained that DoIT budget accounts held reserve funds that accounted for fluctuations in either utilization or costs, and the federal government required that more than 60 days reserve in retained earnings that exceeded allocable central service costs be returned. Mr. Savage advised that excess reserves were accumulated in fiscal years 2003, 2004, and 2005, and the rates for 2003 were developed in the summer of 2000, a time when DoIT lacked a working rate model.

Additionally, Mr. Savage advised that “imputed interest” was a related and ongoing issue. An example he provided explained that the federal government assumed one million dollars in Reserve earned 10 percent interest equaling a Reserve of \$1.1 million. Mr. Savage explained that although in reality the interest earned on Reserve funds went to the General Fund, there were a large number of states that simply accounted for the federal government payback in their Reserve. Mr. Savage advised that it was determined that if the federal government was being paid, the state General Fund should also be paid, and the funding paybacks would take the Reserves in both accounts down to the 60-day target.

In response to questions Senator Beers asked regarding whether most states chronically over billed their internal services and developed payback problems, Mr. Savage advised that most states did not over bill their internal services. He explained that DoIT had solved its problem with over billing after development of a rate model and pointed out, as previously discussed, that about a third of the amount being paid back was attributable to the imputed interest issue.

Gary Ghiggeri, Fiscal Analyst, Legislative Counsel Bureau, Fiscal Analysis Division, advised that the Fiscal Analysis Division staff received a revision to work program Items 15 and 6 on September 6th. Mr. Ghiggeri explained that the revised work program requests did not change the Federal or the State General Fund repayments. However, rather than taking funding from various categories, the revision proposed to take the repayment amounts, \$448,204 for Item 15 and \$434,637 for Item 16 from the Reserve.

Mr. Savage expressed agreement with the revision.

ASSEMBLYMAN DENIS MOVED APPROVAL OF
ITEMS 15 AND 16 AS REVISED.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman
Giunchigliani was not present for the vote.)

- 16. Department of Information Technology – Facility Management – Computing Division – FY 06** – Transfer of \$69,734.00 from the Personnel Services category to the Federal Payback category, \$278,170.00 from the Debt Service category to the General Fund Payback category, \$84,953.00 from the Information Services category to the Federal Payback category and \$1,780.00 from the Information Services category to the General Fund Payback category to pay back the United States Department of Health and Human Services and the State General Fund for excess reserves accumulated in FY 03, FY 04 and FY 05. Requires Interim Finance approval since the amount transferred to the Federal Payback category exceeds \$50,000.00. **Relates to Item 15.**

Refer to narrative and motion for approval under Item 15.

- 17. Department of Information Technology – Facility Management – Computing Division – FY 07** – Transfer of \$488,161.00 from the Reserve category to the Silvernet category to fund projected utilization for Silvernet services in FY 07. Requires Interim Finance approval since the amount transferred to the Silvernet category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 18. Department of Information Technology – Network Transport Services – FY 07** – Transfer of \$129,139.00 from the Reserve category to the Equipment category to purchase a snowcat and trailer to access mountaintop radio repeater sites for maintenance and repair during late fall and winter months. Requires Interim Finance approval since the amount transferred to the Equipment category exceeds \$50,000.00.

Chairman Raggio advised that Item 18 for the Department of Information Technology (DoIT) requested a transfer of \$129,139 from the Reserve category to the Equipment category to purchase a snowcat and trailer. A similar request failed on a vote by the Committee at the June 13, 2006, meeting. At that meeting, Committee members asked for additional information on an option to lease the vehicle rather than purchase. The Chairman advised that staff reported that renting the vehicles on a short-term rental basis was not practical, and the

cost of leasing the equipment would actually amount to more than the cost of purchase.

In response to questions Assemblyman Arberry asked regarding anticipated use, Terry Savage, Director, DoIT introduced Ken Adams, Deputy Chief Communications, DoIT, who advised that the snowcat would be used for access to 40 mountaintop repeater sites where snow drifts sometimes exceeded 12 feet.

Senator Beers asked agency representatives to review a long term pooling of snowcat vehicle resources through a coalition of "antenna-using agencies" from federal, state, and local levels in order to avoid, for example a national Forest Service vehicle, a Nevada Department of Transportation vehicle and an Elko Sheriff Department vehicle racing to reach the same mountaintop site.

Mr. Adams agreed to look into Senator Beers' suggestion.

Assemblyman Arberry asked if the vehicle could be purchased before the first snow, if approved by the Committee.

Mr. Adams advised that while a two-month lead time for delivery was required upon purchase of the vehicle, the vehicle would be available to access the mountaintop sites for most of the winter months.

In response to Assemblyman Parks, who asked if staffing was available to operate the equipment, Mr. Adams advised that existing staff would be prepared to operate the equipment, and no additional staffing would be required.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM 18.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

THE MOTION CARRIED.

- 19. Department of Taxation – FY 06 – Deletion of ~~\$2,190,818.00~~ **\$2,071,387.00**** in General Fund Appropriation to transfer funding to FY 2007 to allow for the completion of the Unified Tax System pursuant to AB 576 of the 2005 Legislative Session ~~and finalize reimbursements for implementation of AB 489 and SB 509 pursuant to SB 1, section 41, of the 22nd Special Session.~~ Requires Interim Finance approval pursuant to AB 576, Section 35, of the 2005 Legislative Session. **Relates to Item 20. REVISED 8-24-06.**

Item 19 was revised on August 24, 2006. Refer to motion for approval under Item E.

20. **Department of Taxation – FY 07** – Addition of ~~\$2,190,818.00~~ **\$2,071,387.00** in General Fund Appropriation to transfer funding from FY 2006 to allow for the completion of the Unified Tax System pursuant to AB 576 of the 2005 Legislative Session ~~and finalize reimbursements for implementation of AB 489 and SB 509 pursuant to SB 1, section 41, of the 22nd Special Session.~~ Requires Interim Finance approval pursuant to AB 576, Section 35, of the 2005 Legislative Session. **Relates to Item 19. REVISED 8-24-06.**

Item 20 was revised on August 24, 2006. Refer to motion for approval under Item E.

21. **Department of Taxation – FY 06** – Transfer of \$467.00 from the Out-of-State Travel category to the Operating category, \$12,089.00 from the In-State Travel category to the Operating category, \$2,979.00 from the Out-of-State Audit category to the Operating category, \$415.00 from the E Payment Fees category to the Operating category, \$2,671.00 from the Lockbox Program category to the Operating category, \$32,272.00 from the Information Services category to the Operating category and \$1,177.00 from the Training category to the Operating category to fund expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$50,000.00.

Refer to motion for approval under Item E.

22. **Department of Education – Teacher Education and Licensing – FY 07** – Addition of \$50,000.00 in Fingerprint Fees to provide adequate authority for revenue and expenditures based on projected actual for FY 2006. Requires Interim Finance approval since the amount added to the Fingerprint Fees category exceeds \$50,000.00.

Refer to motion for approval under Item E.

23. **Department of Education – Individuals With Disabilities Education Act – FY 06** – Deletion of \$19,898.00 in General Fund Appropriation to deaugment the remaining funds in FY 2006 for the NRS 395 Program. Requires Interim Finance approval pursuant to AB 576, Section 34, of the 2005 Legislative Session. **Relates to Item 24.**

Refer to motion for approval under Item E.

24. **Department of Education – Individuals With Disabilities Education Act – FY 07** – Addition of \$19,898.00 in General Fund Appropriation to balance forward remaining funds from FY 2006 to FY 2007 for the

NRS 395 Program. Requires Interim Finance approval pursuant to AB 576, Section 34, of the 2005 Legislative Session. **Relates to Item 23.**

Refer to motion for approval under Item E.

- 25. Department of Education – Occupational Education – FY 07** – Addition of \$220,524.00 in Adult Education and Family Literacy Act funds transferred from the Department of Employment, Training and Rehabilitation for the Adult Education and Vocational Education Improvement Programs. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item E.

- 26. Department of Education – Continuing Education – FY 07** – Addition of \$220,524.00 in Adult Education and Family Literacy Act funds transferred from the Department of Employment, Training and Rehabilitation for the Adult Education and Vocational Education Improvement Programs. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item E.

- 27. Department of Education – School Health Education – AIDS – FY 07** – Transfer of \$32,127.00 from the Reserve category to the Transfer to NDE Staffing Services category and \$17,281.00 from the Reserve category to the Aid to Schools category to redistribute authority budgeted in Reserve to match funds available for FY 2007. Requires Interim Finance approval since the amount transferred to the Transfer to NDE Staffing Services category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 28. Department of Education – Other State Programs – FY 06** – Deletion of \$25,000.00 in Balance Forward to FY 07 and \$564,000.00 in General Fund Appropriation to balance forward unexpended Charter School Administration and Teacher Signing Bonus authority. Requires Interim Finance approval pursuant to AB 576, Section 35, of the 2005 Legislative Session. **Relates to Item 29.**

Refer to motion for approval under Item E.

- 29. Department of Education – Other State Programs – FY 07** – Addition of \$25,000.00 in Balance Forward from FY 06 and \$564,000.00 in General Fund Appropriation to balance forward unexpended Charter School Administration and Teacher Signing Bonus authority from FY 06 to FY 07.

Requires Interim Finance approval pursuant to AB 576, Section 35, of the 2005 Legislative Session. **Relates to Item 28.**

Refer to motion for approval under Item E.

- 30. Department of Education – Other State Programs – FY 06 –** Deletion of \$217,290.00 in General Fund Appropriation to balance forward unexpended Education Technology, LEA Library Books, National Board of Certification, and Counselor Certification authority. Requires Interim Finance approval pursuant to AB 576, Section 35, of the 2005 Legislative Session. **Relates to Item 31.**

Refer to motion for approval under Item E.

- 31. Department of Education – Other State Programs – FY 07 –** Addition of \$217,290.00 in General Fund Appropriation to balance forward unexpended Education Technology, LEA Library Books, National Board of Certification, and Counselor Certification authority. Requires Interim Finance approval pursuant to AB 576, Section 35, of the 2005 Legislative Session. **Relates to Item 30.**

Refer to motion for approval under Item E.

- 32. Department of Education – Nutrition Education Programs – FY 07 –** Addition of \$34,930.00 in Federal Milk Program grant funds, \$146,901.00 in Federal Summer Food grant funds, \$224,752.00 in Federal Administrative Cost Allowance funds, \$50,000.00 in Reallocation Funding for the Child and Adult Care Food Program and \$10,000.00 in Prior Year Refunds to align revenue and expenditure authority with federal funding. This alignment also provides for increases due to filling a vacant Nutrition Program Consultant position and an increase to Information Services for vendor contract payments. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 33. Department of Education – Discretionary Grants – Unrestricted – FY 07 –** Addition of \$322,500.00 in Hurricane Education Recovery federal grant funds to disburse a supplemental allocation available from the United State Department of Education for schools enrolling students displaced by the Katrina and/or Rita Hurricanes. Requires Interim Finance approval since the amount added to the Emergency Impact-Katrina-Aid to Schools category exceeds \$50,000.00.

Refer to motion for approval under Item E.

34. **Department of Cultural Affairs – State Historic Preservation Office – FY 07** – Addition of \$850,157.00 in federal Bureau of Land Management (BLM) grant funds to establish a long-term cooperative relationship between the State Historic Preservation Office and the BLM to facilitate efficient data management of archeological sites. Requires Interim Finance approval since the amount of the grant to the Cultural Resources Information System category exceeds \$100,000.00.

Refer to motion for approval under Item E.

35. **Department of Agriculture – Livestock Identification – FY 06** – Transfer of \$27,615.00 from the Reserve category to the Transfer to Plant Industry category to provide Livestock Inspection's legislatively approved cost share (25%) of additional expenses for Agriculture Enforcement program in Plant Industry. Requires Interim Finance approval since the amount transferred to the Plant Industry category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

36. **Department of Agriculture - Livestock Identification – FY 06** – Transfer of \$14,225.00 from the Operating category to the Personnel Services category, \$5,275.00 from the Operating category to the In-State Travel category, \$4,662.00 from the Reserve category to the In-State Travel category, \$7,814.00 from the Reserve category to the Transfer to Agriculture Administration category, \$1,170.00 from the Reserve category to the Utilities category and \$276.00 from the Reserve category to the Information Services category to fund projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Operating category exceeds 10% of the legislatively approved level for that category. **WITHDRAWN 8-22-06.**

Item 36 was withdrawn on August 22, 2006.

37. **Department of Agriculture – Plant Industry – Registration and Enforcement – FY 06** – Transfer of \$27,971.00 from the Reserve category to the Personnel Services category to cover salary costs for FY 2006 associated with the Cost of Living Adjustments, the 10th step, and the Retired Employees Group Insurance. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$50,000.00.

Refer to motion for approval under Item E.

38. **Department of Agriculture – Plant Industry – Registration and Enforcement – FY 07** – Transfer of \$41,600.00 from the Environmental

Protection Agency Grant category to the Equipment category and \$26,073.00 from the Reserve category to the Equipment category to purchase a replacement gas chromatograph with Ion Trap Mass Spectrometer (GC/MS). Requires Interim Finance approval since the amounts transferred to the Equipment category exceed \$50,000.00.

Refer to motion for approval under Item E.

- 39. Department of Agriculture – Animal Industry – Veterinary Medical Services – FY 07** – Addition of \$80,000.00 in United States Department of Agriculture (USDA) Equine Identification grant funds from National Animal Identification System (NAIS) to permit the integration and inclusion of the wild horse and its associated adoptive and protective groups and individuals into NAIS. Requires Interim Finance approval since the amount added to the USDA NAIS Equine Identification category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 40. Commission on Mineral Resources – Division of Minerals – FY 07** – Transfer of \$50,000.00 from the Reserve category to the Abandoned Mine Land Enhancement category to identify and secure abandoned mine hazards. Requires Interim Finance approval since the amount added to the Abandoned Mine Land Enhancement category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 41. Department of Business and Industry – Director's Office – Administration – FY 07** – Addition of \$100,000.00 in Transfer from Other Budget Account Same Fund to augment the Bond Program category to allow a transfer from the Industrial Development Bond budget account for a marketing campaign promoting the benefits of businesses relocating to Nevada. Requires Interim Finance approval since the amount added to the Bond Program category exceeds \$50,000.00. **Relates to Item 42.**

Items 41 and 42 were considered simultaneously.

Doug Walther, Deputy Director of Programs, Office of Business Finance and Planning, Department of Business and Industry, appeared before the Committee to request \$100,000 in transfer from Other Budget Account Same Fund to augment the Bond Program category. Mr. Walther advised that approval of the requests for transfer of funding in Items 41 and 42 would fund an inter-local agreement the Department of Business and Industry had entered into with the Commission on Economic Development to promote, through a marketing

campaign targeting California businesses, the advantages of doing business in Nevada.

In response to Assemblyman Seale, who asked if funds were already being expended from the Industrial Development Bond Program (IDRB) for marketing, Mr. Walther advised that the Department of Business and Industry had a budgeted amount for marketing activities.

In response to questions Assemblyman Seale asked regarding the number of industrial development bonds issued in the last four years, Mr. Walther said that five or six had been issued and that the program worked well for businesses that met the qualifications. Mr. Walther indicated a simpler process, with a scaled down bond issue for private placement, had been developed, which had generated interest. Additionally, Mr. Walther advised that Congress had recently expanded the capital limitation ceiling on the program from \$10 million to \$20 million, which was also generating interest.

In response to questions Assemblyman Seale asked about the Development Authorities' promotion of the state's bond program, Mr. Walther indicated that although he was unfamiliar with the Economic Development's public relations budget, he believed that some of the funding was used by Development Authorities. Mr. Walther indicated that the Department of Business and Industry's intent was to work directly with the Commission on Economic Development on a program that would target the types of business that would use the bond financing to relocate to Nevada.

Chairman Raggio indicated that if Items 41 and 42 were approved, the Committee would request a report on coordination to ensure that targeting efforts were not being replicated.

Senator Beers advised that the contract summary on page 132, Volume II of the material distributed to the Committee, indicated that the source of funds to pay the contractor was the Bond program.

In response to a question Senator Beers asked regarding whether the transfer of funds was being requested from the Reserve category, Mr. Walther advised that the funds were being transferred from the Bond Program account.

In response to questions Assemblywoman Gansert asked regarding whether the Commission on Economic Development or the Department of Business and Industry would actually be conducting the marketing campaign, Mr. Walther advised that the Commission on Economic Development had the staff and expertise to conduct the campaign.

In response to questions Chairman Raggio asked regarding increasing the authority for the marketing campaign and authorization for the campaign,

Mr. Walther advised that authority was increased since the funding for the campaign was not included in the Department of Business and Industry's previously approved budget. Mr. Walther advised that the contract had been approved by the Board of Examiners.

Chairman Raggio deferred Items 41 and 42 to the November meeting and asked staff to follow up on the Department of Business and Industry request for transfer of funding.

- 42. 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. **Relates to Item 41.**

Chairman Raggio deferred Item 42 to the November meeting. Refer to narrative under Item 41.

- 43. Department of Business and Industry – Division of Insurance – Insurance Education and Research – FY 06** – Transfer of \$45,000.00 from the Reserve category to the Research and Education category to cover expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Research and Education category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 44. Department of Business and Industry – Real Estate Division – Administration – FY 06** – Addition of \$430,747.00 in Testing Fees to augment revenues and expenditure authority related to testing services and revert balance to the General Fund. Requires Interim Finance approval since the amount added to the Testing Services category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 45. Department of Business and Industry – Real Estate Division – Office of the Ombudsman for Common Interest Communities – FY 07** – Transfer of \$150,000.00 from the Reserve category to the Commission Expense category to contract with an Administrative Law Judge or panel of judges to hear cases and render decisions on behalf of the

Commission. Requires Interim Finance approval since the amount transferred to the Commission Expense category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 46. Department of Business and Industry – Dairy Commission – FY 06 –** Transfer of \$36,039.00 from the Reserve category to the Personnel Services category to cover a salaries shortfall in fiscal year 2006. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 47. Department of Business and Industry – Taxicab Authority – FY 06 –** Transfer of \$106,539.00 from the Reserve category to the Personnel Services category to cover a shortfall for the remainder of the fiscal year due primarily to retirements and pay down compensatory time. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 48. Department of Business and Industry – Taxicab Authority – FY 07 –** Transfer of ~~\$19,327.00~~ **\$18,018.00** from the Reserve category to the Uniforms category to establish authority for agency issued uniform costs and related expenditures during this fiscal year. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds 10% of the legislatively approved level for that category. **REVISED 8-31-06.**

Item 48 was revised on August 31, 2006. Refer to motion for approval under Item E.

- 49. Department of Business and Industry – Taxicab Authority – FY 07 –** Transfer of ~~\$690,169.00~~ **\$687,989** from the Reserve category to the Versa Information System category to purchase a custom-made information management system to automate the issuance and tracking of taxicab medallions, licenses, permits, citations, fine payments and vehicle inspections. Requires Interim Finance approval since the amount transferred to the Versa Information System category exceeds \$50,000.00. **REVISED 8-31-06.**

Item 49 was revised on August 31, 2006. Refer to motion for approval under Item E.

50. **Department of Health and Human Services – Director’s Office – Office of Disability Services – FY 07** – Addition of \$99,750.00 in federal Traumatic Brain Injury grant (implementation phase) funds to implement goals and objectives established in the planning phase of the Traumatic Brain Injury project. Requires Interim Finance approval since the amount of the grant to the Traumatic Brain Injury category exceeds \$50,000.00.

Refer to motion for approval under Item E.

51. **Department of Health and Human Services – Director’s Office – Office of Disability Services – FY 07** – Addition of \$285,433.00 in Balance Forward Telephone Surcharges from Previous FY, \$73,267.00 in Refunds and \$216,390.00 in Telephone Surcharges to align legislatively approved authority to those amounts recommended by the Public Utilities Commission at its June 2006 meeting as provided by NRS 426.295. Requires Interim Finance approval since the amount deducted from the Deaf Resource Centers category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

52. **Department of Health and Human Services – Healthy Nevada Fund – FY 06** – Transfer of \$514,517.00 from the Senior Rx category to the Transfer to Grants Management Unit category to cover the cost of payments to the grantees for Tobacco Grant awards for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred to the Transfer to Grants Management Unit category exceeds \$50,000.00.

Refer to motion for approval under Item E.

53. **Department of Health and Human Services – Health Care Financing and Policy – Medicaid – FY 06** – Addition of \$599,401.00 in County Reimbursements to align provider medical payments to actual SFY 2006 expenditures and adjust county reimbursement receipts. Requires Interim Finance approval since the amount deducted from the Waiver category exceeds \$50,000.00.

Refer to motion for approval under Item E.

54. **Department of Health and Human Services – Health Care Financing and Policy – Administration – FY 07** – Addition of \$120,995.00 in Federal Title XXI Funds, \$39,021.00 in Federal Title XIX funds, and \$78,042.00 in Healthy Nevada Grant funds to support outreach coalitions that encourage children to enroll in Nevada CheckUp and Medicaid programs. Requires Interim Finance approval since the amount added to

the Healthy Nevada Grant category exceeds \$50,000.00. **This action involves the allocation of block grant funds and requires a public hearing.**

Chairman Raggio announced that Item 54, Division of Health Care Financing and Policy, involved the allocation of Title XXI, Title XIX, and Healthy Nevada block grant funds and required a public hearing.

Charles Duarte, Administrator, Health Care Financing and Policy, appeared before the Committee to request authority to receive grant funds for the Fund for Healthy Nevada as well as associated federal receipts from the Title XIX Medicaid Program and Title XXI Nevada CheckUp Program.

Mr. Duarte said that approval of the request would allow the Division of Health Care Financing and Policy to contract with HealthInsight, the state's Medicaid quality improvement organization. HealthInsight would hire staff and administer the activities associated with outreach and enrollment to families with children, who might be eligible for Nevada CheckUp and Nevada Medicaid.

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

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
ITEM 54.

ASSEMBLYWOMAN PARNELL SECONDED THE MOTION.

Assemblywoman Giunchigliani addressed outreach efforts and recalled that in the past discussion had taken place regarding making Nevada CheckUp forms automatically available to school children.

Mr. Duarte advised that the Division of Health Care Financing and Policy had an "aggressive outreach effort going through the schools."

Assemblywoman Giunchigliani indicated that in over 150 packets of information she had recently seen distributed to students, not one contained a Nevada CheckUp form.

Mr. Duarte advised that information regarding the free and reduced school lunch program was provided to parents and while it depended on the school, most schools distributed information regarding benefits in school "peachies."

In response to Assemblywoman Giunchigliani's request for information regarding which schools did not provide Nevada CheckUp forms and accountability for the provision of forms, Mr. Duarte expressed his willingness to provide the information.

Assemblywoman McClain recalled that the outreach question was one that had been asked by the members of the Task Force for the Fund for a Healthy Nevada. Ms. McClain advised that although the members of the Task Force had been assured that the schools were doing everything they could to distribute the forms, the outreach campaign was not aggressive enough and lacked any follow-up efforts.

THE MOTION CARRIED.

- 55. Department of Health and Human Services – Mental Health and Developmental Services – Desert Regional Center – FY 06** – Deletion of \$229,631.00 in General Fund Appropriation to transfer the funding for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 56.**

Refer to motion for approval under Item E.

- 56. Department of Health and Human Services – Mental Health and Developmental Services – Desert Regional Center – FY 07** – Addition of \$229,631.00 in General Fund Appropriation to transfer the funding for Deferred Maintenance Projects from SFY 2006. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 55.**

Refer to motion for approval under Item E.

- 57. Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 07** – Transfer of \$1,100,023.00 from the Personnel category to the Professional Services category to hire contract professionals to fill vacant nursing and psychiatrist positions. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$50,000.00.

Carlos Brandenburg, Ph.D., Administrator, Department of Human Resources, Division of Mental Health and Developmental Services, identified himself for the record and introduced, Jeff Mohlenkamp, Administrative Services Officer (ASO), Division of Mental Health and Developmental Services.

Dr. Brandenburg appeared before the Committee at Assemblyman Parks' request and asked for approval to transfer \$1,100,023 from the Personnel Services category to the Professional Services category.

In response to questions Chairman Raggio asked regarding the request to transfer funds, Dr. Brandenburg advised that the transfer was needed to hire contract professionals to fill current vacant psychiatrist positions at Southern Nevada Adult Mental Health Services and contract nurses for the new Rawson-Neal Mental Health Hospital.

In response to concerns Assemblyman Parks expressed regarding the adequacy of salaries and the cost of hiring contractors, Dr. Brandenburg advised that the Division of Mental Health and Developmental Services was budgeted for 99 new nurses and over 22 new psychiatrists for the new Rawson-Neal Psychiatric Hospital and to provide services for the intensive growth Clark County was experiencing. Dr. Brandenburg advised that to date 54 of the 99 new nurses had been hired, and 14 vacant psychiatrist positions remained to be filled. Dr. Brandenburg explained that the issue was not one of money but rather that the Division staff had been asked to bring in an "enormous number of new staff in a short period of time." Dr. Brandenburg indicated he believed the issue was related more to providing the services desperately needed in Las Vegas, while recruitment continued for additional nurses and doctors, rather than funding for contract positions. Dr. Brandenburg further indicated the Division was "very competitive" with other Western states in the area of salaries for professional psychiatric workers and nurses.

Assemblywoman Weber recalled the discussions concerning the need for psychiatrists during the 2005 budget hearings and asked for information regarding the recruitment and plans for moving into the next biennium.

Dr. Brandenburg advised that the recruitment was initiated through a national search and that 2005 legislative action provided him the opportunity to hire a new Medical Director freeing the Statewide Medical Director to take the lead in a nationwide recruitment for psychiatrists and nurses. Dr. Brandenburg further advised that the Division representatives worked closely with the staff of the Department of Personnel, who provided assistance in recruiting and securing needed staff.

ASSEMBLYMAN PARKS MOVED APPROVAL OF ITEM 57.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

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

Chairman Raggio called a recess at 10:30 a.m. and reconvened the meeting at 10:50 a.m.

58. **Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health Services – FY 06** – Deletion of \$449,783.00 in General Fund Appropriation to transfer funding for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to AB 576, Section 36 of the 2005 Legislative Session. **Relates to Item 59.**

Refer to motion for approval under Item E.

59. **Department of Health and Human Services – Mental Health and Developmental Services – Southern Nevada Adult Mental Health – FY 07** – Addition of \$449,783.00 in General Fund Appropriation to transfer funding for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 58.**

Refer to motion for approval under Item E.

60. **Department of Health and Human Services – Mental Health Developmental Services – ~~Northern~~ Southern Nevada Adult Mental Health Services – FY 06** – Addition of \$20,677.00 in Ryan White Program Sub Grant from Clark County to provide mental health services to persons infected with HIV. Requires Interim Finance approval since the cumulative amount added to the Clark County Ryan White Program category exceeds \$50,000.00. **Relates to Item 61. REVISED 8-18-06.**

Item 60 was revised on August 18, 2006. Refer to motion for approval under Item E.

61. **Department of Health and Human Services – Mental Health Developmental Services – ~~Northern~~ Southern Nevada Adult Mental Health Services – FY 07** – Addition of \$82,996.00 in Ryan White Program Sub Grant from Clark County to provide mental health services to persons infected with HIV. Requires Interim Finance approval since the amount added to the Clark County Ryan White Program category exceeds \$50,000.00. **Relates to Item 60. REVISED 8-18-06.**

Item 61 was revised on August 18, 2006. Refer to motion for approval under Item E.

62. **Department of Health and Human Services – Mental Health Developmental Services – Northern Nevada Adult Mental Health Services – FY 06** – Deletion of \$613,254.00 in General Fund Appropriation to transfer the funding for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 63.**

Refer to motion for approval under Item E.

63. **Department of Health and Human Services – Mental Health Developmental Services – Northern Nevada Adult Mental Health Services – FY 07** – Addition of \$613,254.00 in General Fund Appropriation to transfer funding for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 62.**

Refer to motion for approval under Item E.

64. **Department of Health and Human Services – Mental Health and Developmental Services – Facility for the Mental Offender – Lake's Crossing Center – FY 07** – Transfer of \$351,020.00 from the Personnel Services category to the Professional Services category to provide contracted psychiatric, psychological, physician and nursing services for patients. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$50,000.00.

Refer to motion for approval under Item E.

65. **Department of Health and Human Services – Mental Health Developmental Services – Northern Nevada Adult Mental Health Services – Lake's Crossing - FY 06** – Deletion of \$9,713.00 in General Fund Appropriation to transfer the funding for Deferred Maintenance Projects to FY 2007. Requires Interim Finance approval pursuant to AB 576, Section 36 of the 2005 Legislative Session. **Relates to Item 66.**

Refer to motion for approval under Item E.

66. **Department of Health and Human Services – Mental Health Developmental Services – Northern Nevada Adult Mental Health Services – Lake's Crossing - FY 07** – Addition of \$9,713.00 in General Fund Appropriation to transfer the funding for Deferred Maintenance Projects from FY 2006. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 65.**

Refer to motion for approval under Item E.

67. **Department of Health and Human Services – Mental Health and Developmental Services – Rural Clinics – FY 07** – Transfer of \$292,158.00 from the Personnel Services category to the Technology Way category to cover the cost of moving to Technology Way from the Kinkead Building. Requires Interim Finance approval since the amount transferred to the Technology Way category exceeds \$50,000.00.

Refer to motion for approval under Item E.

68. **Department of Health and Human Services – Mental Health and Developmental Services Division – Southern Nevada Adult Mental Health – FY 07** – Transfer of ~~\$3,004,032.00 from the Medications category to the Operating category, \$10,000.00 from the Medications category to the Maintenance of Buildings and Grounds category, \$624,000.00 from the Medications category to the Professional Services category, \$105,000.00 from the Medications category to the Food Service Center category, \$44,900.00 from the Medications category to the Information Services category and \$12,000.00 from the Medications category to the Training category~~ ***\$3,227,400.00 from the Medications category to the Acute Psychiatric beds category*** to operate an additional 25 emergency psychiatric beds due to continued emergency room overcrowding. **Requires Interim Finance approval since the amount transferred from the Medications category exceeds \$50,000.00. REVISED 9-1-06.**

Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services, Department of Human Resources, identified himself for the record and introduced Jeff Mohlenkamp, Administrative Services Officer (ASO), Division of Mental Health and Developmental Services, Department of Health and Human Resources.

Dr. Brandenburg was before the Committee to request approval of a revised request that would transfer \$3,557,475 from the Medications category to the Acute Psychiatric Placements category to contract with WestCare Nevada for 25 acute psychiatric beds. Dr. Brandenburg advised that the 2005 Legislature approved A.B. 175, which appropriated \$7.1 million from the General Fund to support 50 psychiatric beds. Hiring the staff to support 50 beds had proven difficult, and Dr. Brandenburg asked the Committee for consideration to allow the Division to continue to contract for 25 beds until June 30, 2007. Dr. Brandenburg advised that if successful in hiring psychiatric and nursing staff, the narrative within the contract with WestCare allowed termination within 30 days based on need.

In response to questions Chairman Raggio asked regarding the request, Dr. Brandenburg confirmed that the 25 additional acute psychiatric beds were in

addition to the 217 available state beds including those for the new Rawson-Neal Hospital. Dr. Brandenburg advised that the 2005 Legislature provided 86 new beds, and the Division had been successful in hiring staff to support 47 of the 86 new beds leaving a total of 39 beds for which psychiatric staff was being recruited. Dr. Brandenburg advised that as of September 12, 2006, there were 42 individuals waiting for mental health services in emergency rooms in Clark County and no available beds for their care.

In response to questions Chairman Raggio asked regarding the cost of the beds, Dr. Brandenburg advised that the initial contract dated August 2005 provided for a daily per-bed cost of \$422 at the WestCare Nevada facility on Martin Luther King Boulevard. The contract was amended in December 2005 increasing the daily per-bed cost to \$480, and the work program before the Committee called for a daily per-bed contract rate with WestCare of \$489.

Dr. Brandenburg explained that the initial contract for \$422 per bed was written to begin September 1, 2005 through August 31, 2006. However, due to a zoning issue with the City of Las Vegas and patient safety issues with the Bureau of Licensing and Certification, the contract did not begin until October 8, 2005. In the meantime, WestCare had hired staff to begin on September 1 and asked to recover the cost, which was agreed to providing the difference between the \$422 per bed and the \$480 per bed.

Mr. Mohlenkamp explained that the new contract for \$489 per bed per day for 25 beds, pending approval before the Committee, would be presented to the Board of Examiners for approval during the following week.

In response to questions Chairman Raggio asked regarding the length of time for which the contract was guaranteed, Mr. Mohlenkamp explained that Division of Mental Health and Developmental Services representatives would review the need for continuation of the contract on the 5th of each month.

Chairman Raggio asked for comments regarding information, provided by staff, that the WestCare facility on Martin Luther King Boulevard in Las Vegas might be condemned at a future date to satisfy right-of-way requirements for the I-15 freeway expansion.

Mr. Mohlenkamp indicated he was advised by WestCare officials that the right-of-way for the I-15 freeway expansion was contemplated for 2008 and that the facility on Martin Luther King Boulevard would continue to operate at least through the end of fiscal year 2007.

Dick Steinberg, Chief Executive Officer (CEO), WestCare Nevada, confirmed that the facility would be available for service through June 30, 2007 and also confirmed the termination clause based on need that was contained within the contract.

Chairman Raggio acknowledged the presence of Richard Ham, who was currently associated with WestCare and formerly the Chief of Staff to Governor Grant Sawyer.

In response to questions Assemblywoman Leslie asked regarding whether the 25 additional beds would minimize the number of individuals awaiting transfer from emergency rooms to state facilities, Dr. Brandenburg explained that the 42 individuals were in addition to the 25 beds being requested through the contract extension. Dr. Brandenburg indicated that the number of beds with WestCare was reduced from 50 to 25 that resulted from a lack of funding as of September 5, 2006, and WestCare had been providing the 25 beds until the extended contract could be approved by the Interim Finance Committee and the Board of Examiners.

In response to questions Senator Cegavske asked regarding the agency's utilization of the "old" building 3, Dr. Brandenburg advised that patients were currently being moved from building 3 to the new Rawson-Neal Hospital. There were 77 licensed beds in building 3, and Dr. Brandenburg indicated consideration was being given to requesting funding to operate additional acute psychiatric beds for that facility in the next biennium.

In response to questions Senator Cegavske asked regarding the reason building 3 was not being used, Dr. Brandenburg explained there was a lack of sufficient staff to provide additional services for building 3.

Senator Cegavske questioned the cost difference in providing staff versus outsourcing.

Dr. Brandenburg discussed the difficulty currently being encountered in hiring staff to fill 10 vacant psychiatric positions and 54 vacant nursing positions. If approval was received to outsource the 25 beds to WestCare, Dr. Brandenburg indicated that he anticipated additional nursing and psychiatric staff could be recruited for the next biennium.

In response to questions Senator Beers asked regarding the state's inability and WestCare's ability to hire psychiatric professionals, Dr. Brandenburg advised that WestCare currently had a full staff on board.

In response to Senator Beers, who asked about hiring staff away from WestCare, Dr. Brandenburg advised that WestCare staff had been hired for the 25 beds that were eliminated, but the need for 10 additional psychiatrists and 54 nurses remained. Dr. Brandenburg reiterated that with 217 total beds, he was not fully staffed for 86 new beds.

In response to Senator Beers, who questioned how WestCare could be fully staffed if the state had hired some of their staff, Mr. Steinberg advised that WestCare had been staffed at 50 beds, but staffing was reduced to 25 beds. Staff that remained had been offered positions with the state, which some had taken while others had opted to take out-of-state positions.

In response to additional questions Senator Beers asked regarding staffing problems and a subcontractor, who he indicated could not compete with the state in the areas of pay, retirement, benefits, and leave time, Dr. Brandenburg indicated that many professionals working at WestCare were only interested in working part time not full time.

In response to Senator Beers, who questioned whether the Division lacked the authority to offer flexible working hours, Dr. Brandenburg advised that flexible working conditions could be provided. However, with a national shortage of nurses and psychiatrists, Dr. Brandenburg questioned why the agency should not take advantage of a contractor with 25 beds and the necessary psychiatric and nursing staff to support those beds.

In response to Dr. Brandenburg's comments, Senator Beers pointed out the state also had 25 beds and the resources to hire away any or all of WestCare's employees.

Dr. Brandenburg indicated that the only reason to outsource the 25 beds was a lack of staff, and if a guarantee could be provided that the WestCare staff would work for the agency, there would be no reason to outsource.

In response to questions Chairman Raggio asked regarding whether mothballing building 3 was being considered, Dr. Brandenburg reiterated that additional funding to operate beds would be requested for the next biennium for staff operation of beds in building 3.

In response to questions Senator Beers asked regarding the division's ability to compete with WestCare, Dr. Brandenburg explained that when WestCare downsized from 50 to 25 beds, the agency offered jobs to WestCare psychiatrists, and not one accepted even though they were provided a better compensation and fringe benefit package. Dr. Brandenburg indicated that the WestCare psychiatrists, who turned down the state's offer, did so either because they were in private practice, wanted to work part-time or other reasons that went beyond compensation and flexible hours.

In response to Senator Beers, who questioned the proposed contract's guaranteed payment to WestCare for 25 beds per day, Dr. Brandenburg confirmed the payment for 25 beds per day was guaranteed and advised that the 25 WestCare beds had been fully occupied since September 6 when the number of beds was reduced from 50 to 25.

Senator Cegavske asked whether the Dini-Townsend facility, located in northern Nevada, was occupied at capacity level.

Dr. Brandenburg advised that the Dini-Townsend facility was full at licensed capacity, and as the result of a federal lawsuit, 20 beds were being used as a forensic facility.

In response to questions Senator Cegavske asked regarding total capacity, Dr. Brandenburg advised that the total capacity of the Dini-Townsend hospital was 90, and currently 70 beds were being used.

In response to questions Senator Cegavske asked regarding when the recruitment process initially began, Dr. Brandenburg indicated that recruitment began immediately based on confidence the Governor would approve the Division's enhancement unit for the additional beds in Clark County.

In response to Assemblywoman Leslie, who asked if any problems were anticipated with Board of Examiner approval of the request, Dr. Brandenburg indicated none were expected.

Assemblywoman Leslie commended the Division's effort as a fiscally responsible way to address the need for emergency psychiatric beds in Clark County and indicated she was prepared to move approval of the request.

In response to questions Assemblywoman Weber asked regarding whether similar staffing issues had occurred at the Dini-Townsend Hospital, Dr. Brandenburg explained that because northern Nevada had not faced the same growth issues as those experienced in the south, additional psychiatric beds had not been required.

In response to Assemblywoman Weber, who questioned the last time the Dini-Townsend Hospital was at capacity, Dr. Brandenburg advised that the Dini-Townsend Hospital was approved for and staffed for 50 beds.

Assemblywoman Giunchigliani discussed the 20 beds at the Dini-Townsend Hospital being used for mentally ill offenders and the legislatively approved staff for 50 beds. With capacity at 90, Assemblywoman Giunchigliani asked if hiring would be an issue if staffing was approved.

Dr. Brandenburg confirmed that the same hiring issues being faced in the south would apply.

In response to questions Assemblywoman Giunchigliani asked regarding psychiatric residency programs, Dr. Brandenburg advised that psychiatric

residency programs existed in both the north and the south with four psychiatric residents in the north and six in the south.

In response to questions Assemblywoman Giunchigliani asked regarding residency programs and the University School of Medicine, Dr. Brandenburg, advised that the psychiatric residents program was funded through the Division's budget.

After listening to the testimony that more than 100 beds were available within the state mental health system that were not being utilized and a non-profit agency could employ mental health professionals that would not work for the state, Senator Beers indicated he believed the request was fiscally irresponsible.

Senator Beers indicated he could not support a proposal that granted WestCare \$350,000 a month despite utilization of the beds. Additionally, Senator Beers pointed out that the real problem was the inability to provide bed space since emergency room care had to provide an initial analysis to determine if problems were attributable to mental health or other health issues.

Dr. Brandenburg pointed out it was important to understand the difference between the number of beds and the ability to attract staffing for those beds.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
ITEM 68.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Arberry and
Senator Beers voted nay.)

Chairman Raggio asked Dr. Brandenburg to provide the Committee a report at the meeting in November on issues related to the contract with WestCare.

- 69. Department of Health and Human Services – Mental Health and Developmental Services Division – Desert Regional Center – FY 06 –** Transfer of \$85,000.00 from the Certified Jobs and Day Training Centers category to the Resident Placement category to cover the costs of residential placements for the remainder of the fiscal year. Requires Interim Finance approval since the amount transferred from the Certified Jobs and Day Training Centers category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 70. Department of Health and Human Services – Health Division – Community Health Services – FY 07 –** Addition of \$145,685.00 in Subgrant Award of the Substance Abuse Prevention and Treatment Block

Grant and the deletion of \$212,000.00 in Substance Abuse and Prevention and Treatment Federal Block Grant to fund accessible and affordable substance abuse-related Human Immunodeficiency Virus (HIV) and Tuberculosis (TB) services. **Requires Interim Finance approval since the amount deducted from the TB/HIV Facility Screening category involves the allocation of block grant funds and this action requires a public hearing.**

Chairman Raggio announced that Item 70 required a public hearing.

Alex Haartz, Administrator, Health Division, Department of Health and Human Services, identified himself for the record and introduced Amy Roukie, Administrative Services Officer (ASO), Health Division, Department of Health and Human Services.

Ms. Roukie appeared before the Committee to request approval to revise Revenue General Ledger number RGL 3583 to RGL 3827 to more accurately reflect the funding source. Ms. Roukie said the action would de-augment authority to accept the actual amount of the subgrant award from the Health Division's Bureau of Alcohol and Drug Abuse.

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

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
ITEM 70.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED.

- 71. Department of Health and Human Services – Health Division – Community Health Services – FY 07** – Transfer of \$35,000.00 from the Operating Category to the Kinhead Relocation category to make funds available for the relocation of the program to Technology Way. Requires Interim Finance approval since the amount added to the Kinhead Relocation category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 72. Department of Health and Human Services – Health Division – Community Health Services – FY 07** – Addition of \$77,750.00 in Family Planning Program Federal Funding and the transfer of \$55,517.00 from the Operating category to the Family Planning category, and \$764.00 from the Training category to the Family Planning category to augment nursing

salaries and provide additional family planning services. Requires Interim Finance approval since the amount transferred to the Family Planning category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 73. Department of Health and Human Services – Health Division – Vital Statistics – FY 07** – Addition of \$39,573.00 in Behavioral Risk Factor Surveillance System federal grant funds to support the program's project goals by expanding the base number of surveys completed. Requires Interim Finance approval since the amount added to the Behavioral Risk category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 74. Department of Health and Human Services – Health Division – Vital Statistics – FY 07** – Addition of \$255,770.00 in Social Security Administration Electronic Death Registry Contractual funds to meet the federal Social Security Administration's requirement to provide a modern death registry. Requires Interim Finance approval since the amount added to the Electronic Death Registry category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 75. Department of Health and Human Services – Health Division - Health Facilities – FY 07** – Transfer of \$160,673.00 from the Reserve category to the Personnel Services category, \$4,459.00 from the Reserve category to the In-State Travel category, \$42,347.00 from the Reserve category to the Operating category, \$10,230.00 from the Reserve category to the Equipment category, \$10,159.00 from the Reserve category to the Information Services category, and \$1,513.00 from the Reserve category to the Training category to support three additional Health Facility Surveyor positions and associated costs. Requires Interim Finance approval since the amount added to the Personnel category exceeds \$50,000.00 and includes new staff.

Alex Haartz, Administrator, Health Division, Department of Health and Human Services, identified himself for the record. Mr. Haartz advised that work programs 75, 76, and 77 represented an attempt to address workload the Bureau of Licensure and Certification (BLC) was facing in regard to licensing new facilities or investigations of complaints.

Mr. Haartz indicated he would address each item separately.

In response to a question Chairman Raggio asked regarding the inspection of new facilities as a result of legislative action during the 2005 Legislative Session,

Mr. Haartz referenced Item 76, which requested one full-time Health Facility Surveyor position to support the following three new “facility types,” that required licensure.

- Personal Care Agencies (PCA) - A.B. 337
- Community Triage Centers (CTC) - A.B. 40
- Transitional Living for Released Offenders - S.B. 282

In response to Chairman Raggio, who asked if approval of Items 75, 76, and 77 would allow the Health Division to keep up with the workload, Mr. Haartz advised that approval would provide a “running start” toward keeping up with the workload. Mr. Haartz advised that facility growth continued to occur and even while fully staffed, certain tasks could be accomplished by staff, who were willing to work overtime.

In response to Chairman Raggio, who asked whether annual inspections were required, Mr. Haartz advised that state law required annual inspections for licensed residential facilities only.

In response to Chairman Raggio, who asked about the Division’s handling of complaints, Mr. Haartz advised that in fiscal year 2005, more than 1,700 complaints were investigated. Staff investigated complaints that were deemed to be causing harm or for which harm had occurred within 24 hours. While the internal policy for complaints for which harm was suspected was 10 days, investigations were currently taking place within 60 to 62 days.

In response to questions Chairman Raggio asked regarding complaints about abuse of clients or patients, Mr. Haartz said complaints would be “triaged,” and reiterated that if it appeared that harm had occurred, the inspection would take place within 24 hours and if abuse was suspected, the inspection took place within an average of 60 to 62 days.

ASSEMBLYWOMAN PARNELL MOVED APPROVAL
ON ITEMS 75, 76, AND 77.

ASSEMBLYMAN HOGAN SECONDED THE
MOTION.

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

- 76. Department of Health and Human Services – Health Division – Health Facilities – FY 07** – Addition of \$203,441.00 in Health Facility Fees to support an additional Health Facilities Surveyor II position and associated costs. Requires Interim Finance approval since the amount added to the Personnel category exceeds \$50,000.00 and includes new staff.

Refer to narrative and motion for approval under Item 75.

- 77. Department of Health and Human Services – Health Division – Health Facilities – FY 07** – Transfer of \$46,682.00 from the Reserve category to the Personnel Services category, \$1,274.00 from the Reserve category to the In-State Travel category, \$13,022.00 from the Reserve category to the Operating category, \$3,410.00 from the Reserve category to the Equipment category, \$3,386.00 from the Reserve category to the Information Services category, and \$438.00 from the Reserve category to the Training category to support an additional Health Facilities Surveyor II position and associated costs. Requires Interim Finance approval since the amount deducted from the Reserve category exceeds \$50,000.00 and includes new staff.

Refer to narrative and motion for approval under Item 75.

- 78. Department of Health and Human Services – Health Division – Office of Minority Health – FY 07** – Addition of \$116,950.00 in Department of Health and Human Services, Public Health Award 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 Personnel category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 79. Department of Health and Human Services – Health Division – Communicable Disease Control – FY 07** – Deletion of \$14,783.00 in federal National Comprehensive Cancer Control Program grant funds to revise funding allocations for Personnel expenditures to reflect current federal grant conditions and actual time and effort related to this funding source. Requires Interim Finance approval since the amount added to the Personnel Services category includes new staff.

Refer to motion for approval under Item E.

- 80. Department of Health and Human Services – Health Division – Radiological Health FY 07** – Transfer of \$28,000.00 from the Reserve category to the Kinkead Relocation category to make funds available for the relocation of the program to Technology Way. Requires Interim

Finance approval since the amount transferred to the Kinkead Relocation category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 81. Department of Health and Human Services – Health Division – Consumer Health – FY 07** – Transfer of \$13,728.00 from the Operating category to the Kinkead Relocation category, and \$17,772.00 from the Information Services category to the Kinkead Relocation category to make funds available for the relocation of the program to Technology Way. Requires Interim Finance approval since the amount transferred to the Kinkead Relocation category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 82. Department of Health and Human Services – Health Division – Maternal Child Health Services – FY 07** – Transfer of \$50,830.00 from the Oral Disease category to the Personnel Services category, \$36,927.00 from the Baby Your Baby category to the Personnel Services category, and \$60,830.00 from the State Base Core Injury Program to the Personnel Services category to continue providing data, statistical analysis, and referrals that were previously provided by temporary staff. Requires Interim Finance approval since the amount transferred to the Personnel Services category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 83. Department of Health and Human Services – Welfare and Supportive Services – Child Support Enforcement Program – FY 07** – Addition of \$38,082.00 in Federal Child Support Program Funds, and a transfer of \$19,618.00 from the Reserve category to the Equipment category to purchase and install modular furniture for the new Reno Public Assistance Office (PAO). Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 84. Department of Health and Human Services – Division of Child and Family Services – Northern Nevada Child and Adolescent Services – FY 06** – Deletion of \$175,517.00 in General Fund Appropriation to transfer Deferred Facilities Maintenance funds to fiscal year 2007. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 85.**

Item 84 was withdrawn.

- 85. Department of Health and Human Services – Division of Child and Family Services – Northern Nevada Child and Adolescent Services – FY 07** – Addition of \$175,517.00 in General Fund Appropriation to transfer Deferred Facilities Maintenance funds from fiscal year 2006. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 84.**

Item 85 was withdrawn.

- 86. Department of Health and Human Services – *Division of Child and Family Services* – Southern Nevada Child and Adolescent Services – FY 07** – Addition of \$590,312.00 in Medicaid Rehabilitation funds to open two new homes with a total of ten beds for the Division of Child and Family Services On-Campus Treatment Home Program to serve the children and adolescents diagnosed with severe emotional disturbances and developmental disabilities. Requires Interim Finance approval since the amount added to the Personnel category exceeds \$50,000.00 and includes new staff.

Diane Comeaux, Deputy Administrator, Division of Child and Family Services (DCFS), identified herself for the record and introduced Patricia Merrifield, Deputy Administrator, DCFS. Ms. Comeaux appeared before the Committee to request approval for new revenue and expenditure authority to open two new Southern Nevada Child and Adolescent Services (SNCAS) On-Campus Treatment Homes (OCTH) to serve dually-diagnosed youth and to hire 18 additional support staff.

In response to questions Chairman Raggio asked regarding the type of treatment being proposed and the location of the treatment homes, Ms. Merrifield advised that the request was for “specialized treatment home programming” for severely emotionally disturbed children with developmental disabilities. Ms. Merrifield further advised that the homes would be opened in existing SNCAS buildings on the Mental Health campus on West Charleston Boulevard in Las Vegas. Ms. Merrifield explained that currently one building was vacant and the second building was occupied by Division of Mental Health and Developmental Services’ staff, some of whom had relocated to the new Rawson-Neal Hospital and the remainder would be relocating to other space on the campus. Ms. Merrifield indicated staff would be hired and trained to provide a very specialized model of treatment with an adaptation of the Boys Town Model integrated with positive behavioral support, which she indicated was researched evidence-based practice in children’s mental health and developmental services.

In response to questions Chairman Raggio asked regarding the source of funding, Ms. Comeaux advised that funding for the new homes would be provided 54 percent through Medicaid Rehabilitation funds, reimbursed through

the Division of Health Care Financing and Policy, and the remainder from the state General Fund.

In response to a question Chairman Raggio asked regarding the number of new positions needed for the homes, Ms. Comeaux advised that 18 new positions would be hired.

Assemblywoman Leslie indicated she was pleased to see the direction being taken but expressed concern that the two new treatment homes were the same homes that had been closed several years ago because of mold.

Ms. Comeaux confirmed the homes had been closed but had undergone a complete mold remediation with one building currently being used for office space and the other for storage.

In response to Assemblywoman Leslie, who questioned where the staff would be relocated, Ms. Comeaux reiterated that Division of Mental Health and Developmental Services had been using the space for offices and some staff had been relocated to the new Rawson-Neal Hospital while others would move to currently vacant space on campus.

In response to Assemblywoman Leslie, who asked if difficulty would be encountered in hiring staff, Ms. Comeaux advised that currently there were only two vacant positions in existing homes. Ms. Comeaux provided assurance that staff would be hired in time to open the new treatment homes in January 2007.

Assemblywoman Leslie asked that the Committee be kept informed on the progress being made to open the new treatment homes.

ASSEMBLYWOMAN LESLIE MOVED APPROVAL OF
WORK PROGRAM 86.

SENATOR RHOADS SECONDED THE MOTION.

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

- 87. Department of Health and Human Services – *Division of Child and Family Services – Child, Youth, and Family Administration – FY 07* – Addition of \$235,168.00 in Substance Abuse and Mental Health Services Administrative Nevada State Infrastructure grant funds to balance forward grant award authority and to realign total grant authority. Requires Interim Finance approval since the amount of the grant exceeds \$50,000.00.**

Refer to motion for approval under Item E.

- 88. Department of Health and Human Services – Division of Child and Family Services – Child, Youth, and Family Administration – FY 07 –** Addition of \$746,112.00 in Substance Abuse and Mental Health Services Administrative Nevada State Infrastructure grant funds and deletion of \$89,790.00 in federal Child Welfare – Title IV-E funds, to accept grant funds to support six full-time positions and to realign total grant authority. Requires Interim Finance approval since the amount of the grant exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 89. Department of Employment, Training and Rehabilitation – Employment Security Division – FY 07 –** Addition of \$661,574.00 in federal grant (Workforce Investment Act) funds to receive Workforce Investment Act (WIA) Incentive Award monies to fund WIA programs for youth, adult education, secondary and post-secondary vocational education programs. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item E.

Chairman Raggio announced that Items 90 and 91 would be considered simultaneously.

- 90. Department of Corrections – Director’s Office – FY 07 –** Deletion of \$50,001.00 in Budgetary Transfer to the Lovelock Correctional Center to partially fund the establishment of the Disruptive Group Unit. Requires Interim Finance approval since the amount deducted from the Employee Physicals category exceeds \$50,000.00. **Relates to Item 91.**

Glen Whorton, Director, Department of Corrections (DOC), appeared before the Committee to request a \$50,001 transfer from the Director’s Office budget account to the Lovelock Correctional Center (LCC) budget account to establish a new security threat group lockdown unit at the LCC.

Mr. Whorton advised that work program Items 90 and 91 were presented as an opportunity to inform the Committee of the significant overcrowding being experienced throughout the DOC institutions and the “security threat groups,” or gangs, whose presence had become a major management issue.

Mr. Whorton reported that one of the security threat groups, a Latino gang, was subject to more restrictive housing and increased supervision as a result of their “significant disruption and violence” within northern Nevada institutions. Mr. Whorton advised that three major incidents had occurred at the Nevada State Prison (NSP) in the last year and a half including attacks upon staff, other inmates, and a murder several months ago.

Mr. Whorton said 166 of the individuals in the security threat group were moved to the LCC because the units there were modern enough to provide better visibility and supervision. Staffing at the LCC was proposed to increase by an additional 10 Correctional Officers in order to exercise and manage the inmates in small groups. Additionally, Mr. Whorton indicated that a supplemental request of over \$700,000 would be submitted to the 2007 Legislature to cover equipment and personnel costs. Current employees were providing coverage by working overtime.

Mr. Whorton introduced Darrell Rexwinkel, Deputy Director, Support Services, DOC, who addressed the fiscal aspects of the issue and Greg Cox, Deputy Director of Operations, who addressed the operational areas.

Mr. Rexwinkel advised that work program Item 90 would transfer \$50,001 from the Director's Office, Budget Account 3710, Category 39, Employee Physicals. Mr. Rexwinkel explained that \$815,000 had been expended from Category 39 in fiscal year 2006 and \$951,000 was authorized for fiscal year 2007 leaving \$50,001 to address equipment, uniform allowance, and some maintenance work to secure the showers at the Lovelock Correctional Center. Approximately \$713,000 would be required for employee salaries and overtime.

In response to questions Chairman Raggio asked regarding the maintenance work, Mr. Rexwinkel advised that the showers were currently one open unit and would be secured with the installation of individual stalls.

In response to questions Chairman Raggio asked regarding the inmates ability to get along with each other, Greg Cox, Deputy Director of Operations, DOC, explained that the inmates got along if they were in the same organization. Mr. Cox said there were 166 inmates currently incarcerated at the LCC, but 762 inmates had been identified as belonging to the fastest growing gang security threat group in the system. Mr. Cox indicated the inmates were a disruptive, highly problematic, and violent group that acted in cohesion when, for example, they were faced with the threat of another gang moving into their territory or assaults on their own members had occurred.

Mr. Cox further advised that between July 2004 and the present time, gang members identified as the Surenos, who were based out of Los Angeles, were involved in 115 gang-related incidents. Mr. Cox pointed out that Surenos also had a Nevada base and that an increase in their population was being seen. Additionally, Mr. Cox advised that the members of the Surenos did not do well on parole or probation, and their crimes had involved assaulting their own members, who attempted to remove themselves from the organization or for violating the rules of the organization. Members of Surenos, involved in the NSP incident, were currently incarcerated at the Ely State Prison.

Mr. Cox recalled a July 2004 assault incident at the High Desert Correctional Center that involved 200 inmates, and the Surenos was one of the key gangs involved. Mr. Cox indicated that law enforcement professionals in Nevada and California did not expect the problem to diminish in the future.

In response to questions Chairman Raggio asked regarding double bunking and isolating gang members from the general population, Mr. Whorton advised that the inmates were separated from the remainder of the institutional population, double bunked, exercised in small groups in a closed, observed area, and fed in the unit. Mr. Whorton further advised that under the provisions of the master plan, new units being constructed at the High Desert State Prison would be built to manage an isolated population.

In response to questions Assemblyman Arberry asked regarding the Department's ability to handle the projected escalation of the problem, Mr. Whorton reiterated that some medium security units at the High Desert State Prison would be converted to close custody units as they had the same architectural configuration as the Lovelock facility. Mr. Whorton advised, however, that additional staffing would be needed in the future. Mr. Whorton warned that the issue of gang related activity involving a major future incident was "a matter of when, not if."

Mr. Whorton indicated that a solution to the issues related to gang violence existed only in communities that were willing to provide opportunities for young men in terms of sufficient education, mentors, and parental supervision. He said the solution did not exist in correctional facilities.

In response to concerns Assemblyman Arberry expressed that approval of the request would bind the 2007 Legislature to approve a request for a supplemental appropriation to fully fund a new lockdown unit, Chairman Raggio described the situation as very serious and indicated a possible alternative might be to contract with the federal government to place incorrigible inmates in federal facilities.

In response to Assemblywoman Weber, who questioned whether violent incidents were tracked and reported either to the Legislature or other state agencies, Mr. Whorton advised that the majority of incidents involved fistfights, coercion, and extortion but did not normally escalate to the level of murder. Although data on incidents was collected, the data stayed within the Department and was not normally reported to other state agencies. Mr. Whorton indicated that while a proactive stance was limited by resources, Hispanic speaking staff members had been recruited to provide assistance with supervisory duties.

Assemblywoman McClain requested information on the inmate population increase since the close of the budget during the 2005 Legislative Session and why the security threat issue had not been previously addressed.

Mr. Whorton advised that “significant crowding” was expected since with only six weeks into fiscal year 2007, there were currently 500 more inmates than the average population for which the Department was budgeted. Mr. Whorton explained that budgets were developed through a process of population projections provided under contract to JFA Associates, and since about 2002, the population projections had been appropriate for only the first year. Providing an example, Mr. Whorton reported that the male population had increased approximately 8 percent over the last year, which had been projected to increase about 4 percent while the female population was projected to increase a little higher than 4 percent and had increased about 17 percent.

Mr. Whorton indicated that while it had been the policy of the seven previous directors to not raise the issue before the Legislative body, his policy was to recognize and find a way to correct the problem.

In response to questions Assemblywoman McClain asked about placing gang members in special units to attempt to get them on track, Mr. Whorton explained that the Department used a classification process that attempted to place inmates within the system based on individual characteristics. While attempts had been made to avoid placing people in groups, the flexibility to do so was lost when violence escalated beyond a certain point.

Senator Titus questioned the philosophy of isolating violent inmates in groups, which provided the opportunity to form close associations and asked if dispersing them as widely as possible might not be a better solution.

Mr. Whorton indicated that there had been much discussion related to the most appropriate method of managing a violent population. However, he said that dispersing the inmates among the population would essentially widen the problem since the individuals were recalcitrant and not subject to the same logic that governed the behavior of most. Mr. Whorton explained that as a result of limited resources, violent members of the population were being placed in units in which custody officials would be aware of any incidents that were going to occur and could provide a quick and appropriate response.

Senator Titus questioned whether the Department’s limited resources had affected programs for the rehabilitation of other inmates who did not belong to the hard-core, violent group of offenders.

Mr. Whorton responded that the Department of Corrections had a “relatively small program division” and in comparison with similar agencies throughout the country, a high inmate-to-staff ratio. Mr. Whorton explained that providing the most basic functions “to count them, keep them, and control them,” meant that the largest portion of the budget was spent on supervision and not on programs. Mr. Whorton said, however, that other correctional facilities throughout the country had placed an emphasis on programming decades ago, and a recent

U.S. Department of Justice report ranked Nevada 50th in per capita expenditures for criminal justice issues. Mr. Whorton indicated that while Nevada had one of the most efficient correctional organizations within the entire United States, resources for education and vocational training were limited. Mr. Whorton credited the efforts of Howard Skolnik, Assistant Director, Industrial Programs, Division of Prison Industry, who had worked to expand job opportunities. Mr. Whorton acknowledged, however, that Prison Industry opportunities only applied to about 8 or 10 percent of the population.

Senator Cegavske questioned whether the increase in the female inmate population and services for babies at the Child Haven facility in Las Vegas could be attributed to the increase in methamphetamine use.

Mr. Whorton advised that almost every state had experienced a similar rapid growth in female inmate population, and the consensus among correctional administrators was that explosive population increase was related to the use of methamphetamines. Additionally, Mr. Whorton indicated that many female inmates were pregnant upon entering the system. With little or no pre-natal care prior to being incarcerated, Mr. Whorton reported that there were many concerns related to the health and welfare of the babies, who were considered at risk.

In response to a question Senator Cegavske asked regarding female inmates' new-born infants, Mr. Whorton confirmed that the babies were removed from the care of their mothers almost immediately after they were born.

Senator Cegavske indicated that as previously discussed, it appeared there was also much work to be done in the community to prevent young females from entering the system.

In response to questions Senator Cegavske asked regarding the availability of statistics for repeat offenders, Mr. Whorton indicated he would provide her with the data. Mr. Whorton further advised that the Southern Nevada Women's Correctional Facility had an operating capacity for just over 500, and currently the facility was operating with a population of 600.

In response to a question Chairman Raggio asked regarding a proposal to expand Southern Nevada Women's Correctional Facility, Mr. Whorton indicated an expansion was proposed, and a population projection would guide not only future capital improvement projects but also what might be necessary during the interim until needed facilities could be brought on line.

Senator Beers questioned whether a classification system for methamphetamine-driven female inmates would be appropriate for a boot camp type program. Senator Beers indicated that perhaps once the inmates were no longer abusing substances, they could work better at rehabilitating themselves.

Mr. Whorton advised that under the provisions of *Nevada Revised Statutes* (NRS), boot camps were limited to men. Additionally, Mr. Whorton advised that the concept had lost favor since boot camps were relatively short term in duration after having removed offenders from the communities, severing their infrastructure, and then returning them to the same environment from which they came.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEMS 90 AND 91.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and
Assemblyman Seale were not present for the vote.)

- 91. Department of Corrections – Lovelock Correctional Center – FY 07 –**
Addition of \$50,001.00 in Budgetary Transfer from the Director's Office to partially fund the establishment of the Disruptive Group Unit. Requires Interim Finance approval since the amount added to the Equipment category exceeds 10% of the legislatively approved level for that category.
Relates to Item 90.

Refer to narrative and motion for approval under Item 91.

- 92. Department of Corrections – Lovelock Correctional Center – FY 06 –**
Transfer of \$2,400.00 from the Inmate Drivens category to the Uniform Allowance category and \$12,053.00 from the Inmate Drivens category to the Utilities Category to fund projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Utilities category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 93. Department of Corrections – High Desert State Prison – FY 06 –**
Transfer of \$14,500.00 from the Operating category to the Utilities category to fund projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the **cumulative** amount transferred to the Utilities category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 94. Department of Corrections – Inmate Welfare Account – FY 06 –**
Transfer of \$47,936.00 from the Retained Earnings category to the Property Damage category to fund projected expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the

cumulative amount transferred to the **Property Damage** (Direct Payment Damage/Inmates) category exceeds \$50,000.00.

Refer to motion for approval under Item E.

95. **Department of Corrections – Inmate Welfare Account – FY 07** – Transfer of \$188,235.00 from the Retained Earnings category to the Satellite TV Costs category to fund the projected costs associated with the negotiated change in the delivery of television services. Requires Interim Finance approval since the amount transferred to the Satellite TV category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

96. **Department of Motor Vehicles – Director’s Office – FY 06** – Deletion of \$45,077.00 in Highway Fund Authorization to transfer the remaining balance of funds for the Kiosk Project from FY 2006 to FY 2007. Requires Interim Finance approval pursuant to AB 576, Section 48, of the 2005 Legislative Session. **Relates to Item 97.**

Refer to motion for approval under Item E.

97. **Department of Motor Vehicles – Director’s Office – FY 07** – Addition of \$45,077.00 in Highway Fund Authorization to transfer the remaining balance of funds for the Kiosk Project from FY 2006 to FY 2007. Requires Interim Finance approval pursuant to AB 576, Section 48, of the 2005 Legislative Session. **Relates to Item 96.**

Refer to motion for approval under Item E.

98. **Department of Motor Vehicles – Records Search – FY 07** – Transfer of \$80,000.00 from the Reserve **for Reversion** category to the Information Services category to provide adequate funds to purchase software that will provide a real time, front end address capture and immediate address verification at the time of original entry into the Department of Motor Vehicles application. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$50,000.00.

Refer to motion for approval under Item E.

99. **Department of Motor Vehicles – Field Services – FY 06** – Deletion of ~~\$16,905.00~~ **\$15,699.00** in Highway Fund Authorization to transfer the remaining balance in FY 2006 to FY 2007 that was legislatively approved for deferred maintenance projects. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 100. REVISED 8-28-06.**

Item 99 was revised on August 28, 2006. Refer to motion for approval under Item E.

- 100. Department of Motor Vehicles – Field Services – FY 07** – Addition of ~~\$16,905.00~~ **\$15,699** in Highway Fund Authorization to transfer the remaining balance in FY 2006 to FY 2007 that was legislatively approved for deferred maintenance projects. Requires Interim Finance approval pursuant to AB 576, Section 36, of the 2005 Legislative Session. **Relates to Item 99. REVISED 8-28-06.**

Item 100 was revised on August 28, 2006. Refer to motion for approval under Item E.

- 101. Department of Motor Vehicles – Information Technology – FY 06** – Transfer of \$50,000.00 from the Information Services category to the Department of Information Technology (DoIT) Facility Charges category and \$25,000.00 from the Line and Circuit Charges category to the DoIT Facility Charges category to provide adequate funds due to higher than projected overall usage. Requires Interim Finance approval since the amount added to the DoIT Facility Charges category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 102. Department of Public Safety – Narcotics Control – FY 07** – Addition of \$165,000.00 in High Intensity Drug Trafficking Area (HIDTA) Reimbursement grant funds from the Las Vegas Metropolitan Police Department to expand the HIDTA mission to Northern Nevada to further the investigation of individuals responsible for illegally distributing prescription narcotics. Requires Interim Finance approval since the amount added to the HIDTA grant category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 103. Department of Public Safety – Justice Assistance – FY 07** – Addition of \$246,153.00 in Project Safe Neighborhood Anti-Gang Initiative grant funds to provide America's youth, as well as offenders returning to the community, with opportunities to help them resist gang involvement. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item E.

- 104. Department of Public Safety – Forfeitures – FY 07** – Transfer of \$12,341.00 from the Reserve category to the Nevada Highway Patrol federal category to allow seven Department of Public Safety Officers to

attend Desert Snow Training, which is vital to the success of drug interdiction in Nevada. Requires Interim Finance approval since the cumulative amount transferred from the Reserve category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 105. Department of Public Safety – Forfeitures – FY 07** – Transfer of \$124,760.00 from the Reserve category to Nevada Division of Investigation (NDI) Federal category to replace handguns and shotguns and purchase tasers and load bearing vests. Requires Interim Finance approval since the amount transferred to the NDI Federal category exceeds \$50,000.00.

George Togliatti, Director, Department of Public Safety (DPS), identified himself for the record and introduced Captain Jerald Hafen, Nevada Division of Investigation (NDI), DPS, and Captain Karen Lorezno, NDI, DPS.

Captain Hafen appeared before the Committee to request a transfer of \$124,760 from the Reserve category in the Federal Forfeiture account to the NDI federal category for the upgrade of division-issued Smith and Wesson 40 model handguns to Sig Sauer P229 handguns, the same guns carried by Highway Patrol officers.

Chairman Raggio noted a staff recommendation to eliminate funding of tasers for the Chief and Deputy Chief consistent with previous action taken by the Committee for the Nevada Highway Patrol and Parole and Probation Divisions.

Captain Hafen concurred with the recommendation.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE ITEM 105 AS REVISED WHICH REDUCED THE WORK PROGRAM AMOUNT BY \$2,805 FROM \$124,760 to \$121,955.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Marvel, Assemblyman Perkins, and Assemblyman Seale were not present for the vote.)

- 106. Department of Public Safety – Forfeitures – FY 07** – Transfer of \$168,011.00 from the Reserve category to the Nevada Highway Patrol (NHP) Federal Forfeitures category to establish an Interdiction and Criminal Enforcement (ICE) Team in Northern Nevada and update equipment for the ICE Team in southern Nevada. Requires Interim

Finance approval since the amount transferred to the NHP Federal Forfeitures category exceeds \$50,000.00.

George Togliatti, Director, Department of Public Safety (DPS), identified himself for the record and introduced Colonel Chris Perry, Chief, Nevada Highway Patrol (NHP), DPS.

Colonel Perry appeared before the Committee to request approval to transfer \$168,011 from the Reserve category to the NHP Federal Forfeitures category to fund the costs of establishing an Interdiction and Criminal Enforcement (ICE) Team in northern Nevada and to update equipment currently used by an existing ICE Team in southern Nevada.

Colonel Perry indicated that the newly-established ICE Team would provide the means to increase the seizure of illicit controlled substances, U. S. currency, and would effect felony arrests. Colonel Perry provided the following information:

- The Nevada DPS proposed a highway interdiction initiative for northern Nevada recognizing that nearly all major crimes and criminal elements utilized the nation's transportation systems to further criminal enterprise.
- The ICE Team would mirror the operations of successful interdiction teams throughout the country including the ICE Team in Las Vegas.
- In 2005, the ICE Team in Las Vegas seized \$3,368,191 in U.S. currency, 390 pounds of cocaine, 75 pounds of methamphetamine, 1,616 pounds of marijuana, over 1.5 pounds of ecstasy, and initiated 168 felony drug arrests, 44 felony arrests, 14 felony warrants, and 85 misdemeanor arrests. Most recently, the ICE Team captured Warren Jeffs, who was one of the Federal Bureau of Investigation's ten most wanted fugitives.

Colonel Perry further advised that the mission of the ICE Team in both the southern and northern commands was to conduct traffic enforcement on interstates and highways in the state of Nevada while being vigilant to the indicators and characteristics of criminal activity.

Colonel Perry advised that the proposed interdiction team in the northern command would be comprised of one DPS sergeant, four DPS officers, two officers from the NHP and two officers from other DPS divisions augmented by the Washoe County Sherriff's Department and the University of Nevada, Reno Police Department.

Colonel Perry reported that, at the direction of the Director of the DPS and approval of the Interim Finance Committee (IFC), the NHP would plan, develop, train, implement and supervise the northern Nevada ICE Team. The Washoe County Sheriff's Department and the University of Nevada, Reno Police

Department would participate on a limited basis through an inter-local agreement, and a DPS officer assigned from the Division of Parole and Probation (P&P) would complement the Task Force to supervise probationers and parolees. NDI officers would provide additional expertise and experience in the investigation of crimes specifically related to drug and auto crimes.

Colonel Perry advised that interdiction teams across the country, utilizing the same tactics that would be utilized by the northern Nevada ICE Team, were encountering drug trafficking, terrorism, sex crimes, serial crimes, wanted fugitives, vehicle theft, identify theft, false documents, illegal bulk currency, and weapons violations. Interdiction teams were also seizing large amounts of property and currency related to organized criminal activity. In summary, Colonel Perry told the members of the Committee that the presence of an ICE Team in northern Nevada would be an important step toward neutralizing criminal activity on the I-80 corridor.

In response to concerns Chairman Raggio expressed regarding the inclusion of a P&P officer as a member of the ICE Team, Colonel Perry indicated four DPS officers, two from the NHP, one from P&P, and one from NDI would be assigned to the ICE Team full-time.

Chairman Raggio questioned funding requirements and the need for a P&P officer since the P&P presence was not included in the southern command.

Colonel Perry advised that the request, if approved, would fund the costs of specialty equipment and at some point in the future, a P&P officer would be integrated into the southern Nevada command.

Chairman Raggio indicated the concern was that 20 officer vacancies existed within P&P and suggested that Committee consideration for approval could include elimination of the P&P officer.

Mr. Togliatti discussed the importance of including a fully trained P&P officer since the ICE Team was moving beyond just drug interdiction and more toward a concept of protection to Nevada communities by DPS regardless of the division in which the officers were employed.

Chairman Raggio reiterated that the Committee's concern was the 20 unfilled officer positions, the high caseload carried by the current officers, and the impact to P&P if an officer was reassigned to the interdiction team.

Mr. Togliatti responded that training classes for new P&P officers were full but agreed that the ratio of officers to caseload was a concern. He said additional NHP Troopers and P&P officers would be included in the upcoming budget request for DPS.

Chairman Raggio indicated that if the request was approved to reassign a P&P officer to the ICE Team, the responsibility for the P&P officers' caseload works was a requirement that had to continue to be met.

Mr. Togliatti indicated he appreciated the flexibility to include the position.

Assemblywoman Leslie expressed her support for the request but indicated she could not justify the reassignment of a P&P officer at a time when the current officers were so overburdened with work they could not keep up with their workload.

In response to Assemblywoman Leslie, who requested information regarding the interdiction of methamphetamine being imported from Mexico, Colonel Perry advised that resources were currently being directed to interdict drug trafficking on I-15 in the south and in the north. Colonel Perry reiterated that the new northern Nevada ICE Team would mirror the tactics of the southern command, which he said had taken 75 pounds methamphetamine from I-15 in the previous year with the same success expected from I-80.

ASSEMBLYMAN HETTRICK MOVED APPROVAL OF
ITEM 106.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

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

- 107. Department of Public Safety – Highway Patrol – FY 07 –** Addition of \$83,000.00 in High Intensity Drug Trafficking Area funds (HIDTA) to accept reimbursement from the Las Vegas Metropolitan Police Department for expenditures incurred while working on the HIDTA Task Force. Requires Interim Finance approval since the amount added to the HIDTA Task Force category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 108. Department of Public Safety – Criminal History Repository – FY 07 –** Transfer of \$14,818.00 from the Reserve category to the Operating category and \$16,000.00 from the Reserve category to the Equipment category to purchase a scanner and fund temporary staff to address a backlog of domestic violence reporting in the Uniform Crime Reporting Section. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds 10% of the legislatively approved level for that category.

Refer to motion for approval under Item E.

- 109. Department of Public Safety – Criminal History Repository – FY 07 –** Transfer of \$512,000.00 from the Reserve category to the Information Services category to support the system migration and program re-write of the ***Civil Name Check***, Civil Applicant/Civil Name Check Accounting and Dangerous Offender Notification systems. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 110. Department of Public Safety – Criminal History Repository – FY 07 –** Transfer of ~~\$91,302.00~~ **\$83,792.00** from the Reserve category to the Information Services category to augment budgetary authority in the Information Services expenditure category to support the agency's data backup and data recovery functions **and \$7,510.00 from the Reserve category to the Operating category to purchase backup tapes** . Requires Interim Finance approval since the amount transferred from the Reserve category exceeds \$50,000.00. **REVISED BY FISCAL STAFF – 8-28-06.**

Item 110 was revised on August 28, 2006. Refer to motion for approval under Item E.

- 111. Department of Public Safety – Emergency Management Assistance – FY 07 –** Addition of \$122,303.00 in Federal Emergency Management Agency (FEMA) – Hurricane Relief funds to establish budgetary authority to receive and expend FEMA Emergency Management grant funds associated with the Katrina Hurricane relief efforts. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item E.

- 112. Department of Public Safety – Emergency Management Assistance – FY 07 –** Addition of \$7,750,000.00 in Office for Domestic Preparedness (ODP) – Urban Area Security Initiative Federal grant funds, \$4,180,000.00 ODP – Law Enforcement Terrorism Prevention Program federal grant funds, \$236,583.00 ODP – Citizen Corps Councils federal grant funds, and \$232,330.00 ODP – Metropolitan Medical Response System federal grant funds to give communities the ability to plan, train, and obtain equipment used to better prepare themselves in case of a terrorist act or natural disaster. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item E.

- 113. Department of Public Safety – Child Volunteer Background Checks Trust – FY 06** – Deletion of ~~\$20,408.00~~ **\$20,360.00** in General Fund Appropriation to balance forward remaining funds from FY 2006 to FY 2007. Requires Interim Finance approval pursuant to AB 576, Section 34, of the 2005 Legislative Session. **Relates to Item 114. REVISED 8-24-06.**

Item 113 was revised on August 24, 2006. Refer to motion for approval under Item E.

- 114. Department of Public Safety - Child Volunteer Background Checks Trust – FY 07** – Addition of ~~\$20,408.00~~ **\$20,360.00** in General Fund Appropriation to balance forward remaining funds from FY 2006 to FY 2007. Requires Interim Finance approval pursuant to AB 576, Section 34, of the 2005 Legislative Session. **Relates to Item 113. REVISED 8-24-06.**

Item 114 was revised on August 24, 2006. Refer to motion for approval under Item E.

- 115. Department of Conservation and Natural Resources – Nevada Natural Heritage – FY 07** – Addition of \$114,650.00 in Transfer from Agriculture Plant Industry Weed Abatement to support a weed mapping program in the Nevada Natural Heritage budget in support of a Biologist II position. Requires Interim Finance approval since the amount added to the Personnel Services category includes new staff.

Senator Dean Rhoads, Chairman of the Legislative Committee on Public Lands, provided a letter (Exhibit C) in support of Item 115. Refer to motion for approval under Item E.

- 116. Department of Conservation and Natural Resources – Division of Environmental Protection – Bureau of Waste Management and Corrective Actions – FY 06** – Transfer of \$55,000.00 from the Reserve category to the Transfer to State Agencies category to increase transfers to Washoe and Clark Counties, as well as the Department of Taxation, for their allocated share of Tire Fee revenue per NRS 444.616. Requires Interim Finance approval since the amount transferred to the Transfer to State Agencies category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 117. Department of Conservation and Natural Resources – Division of Environmental Protection – Bureau of Waste Management and Corrective Actions – FY 07** – Addition of \$203,000.00 in Nevada Environmental Results Program (NVERP) federal grant to create an environmental results program for the dry cleaning sector in order to

establish a baseline of compliance and performance that will measure improvements in the metropolitan areas of the state. Requires Interim Finance approval since the amount of the grant exceeds \$100,000.00.

Refer to motion for approval under Item E.

- 118. Department of Conservation and Natural Resources – Division of Forestry – Inter-Governmental Agreements – FY 07** – Addition of \$356,829.00 in Elko County Receipts, \$259,411.00 in Storey County Receipts, \$165,611.00 in Clark County Receipts, 56,723.00 in Eureka County Receipts, \$29,582.00 in Douglas County Receipts, \$92,766.00 in Carson City Receipts and \$36,425.00 in White Pine County Receipts and the deletion of \$3,229,185.00 in Balance Forward from Previous Fiscal Year, \$115,245.00 in Federal Emergency Management Act Grant funds, \$4,666,077.00 in Washoe County Receipts, \$1,317.00 in Insurance Proceeds, \$100.00 in Gifts and Donations and \$3,924.00 in Forest Fire Reimbursements to reconcile legislatively approved budgets with those budgets approved by the individual counties for SFY 2007. Requires Interim Finance approval since it includes new staff.

Refer to motion for approval under Item E.

- 119. Department of Conservation and Natural Resources – Division of Forestry – FY 07** – Addition of \$237,250.00 in federal United States Forest Service (USFS) Hazardous Fuels Reduction Grant and the deletion of \$1,429.00 in federal USFS National Fire Plan Grant to maintain and improve fire protection efficiency and effectiveness on non-federal lands, which includes providing for eight seasonal firefighter positions. Requires Interim Finance approval since the amount added to the Fuels Reduction Federal Grant category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 120. Department of Wildlife – Administration – FY 07** – Addition of \$94,400.00 in Southern Nevada Public Lands Act – National Park Service grant funds and \$30,989.00 in Pittman Robertson Federal Aid to increase game bureau operations. Requires Interim Finance approval since the amount added to the Game Management category exceeds \$50,000.00.

Item 120 was withdrawn.

- 121. Department of Wildlife – Administration – FY 07** – Addition of \$323,871.00 in Transfer from the Division of Emergency Management to repair road and levee damage from floods in December 2004 and January 2005 at Overton Wildlife Management Area. Requires Interim Finance

approval since the amount added to the Habitat Management category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 122. Department of Wildlife – Administration – FY 07 –** Addition of \$50,000.00 in Southern Nevada Public Lands Act – National Park Service – ~~Lake Mead Razorback Sucker Population grant funds and \$65,000.00 in United States Department of the Interior Bureau of Reclamation Lake Mojave Cooperative Habitat Enhancement~~ ***Lake Mohave Cooperative Habitat Enhancement grant funds and \$65,000.00 in United States Department of the Interior Bureau of Reclamation Lake Mead Razorback Sucker Population*** grant funds to provide a Biologist I. Requires Interim Finance approval since the addition includes new staff. **REVISED 8-28-06.**

Item 122 was revised on August 28, 2006. Refer to motion for approval under Item E.

- 123. Department of Wildlife – Wildlife Obligated Reserve – FY 07 –** Transfer of \$1,478.00 from the Reserve category to the Transfer to Wildlife category and \$73,013.00 from the Reserve category to the Duck Stamp Projects category to add various level B Duck Stamp Projects as approved by the Board of Wildlife Commissioners. Requires Interim Finance approval since the amount transferred to the Duck Stamp Projects category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 124. Department of Wildlife – Wildlife Obligated Reserve – FY 07 –** Transfer of \$4,382.00 from the Reserve category to the Transfer to Wildlife category, \$62,557.00 from the Gifts and Donations category to the Upland Game Bird Program category, \$9,070.00 from the Gifts and Donations category to the Habitat Conservation and Restoration category and \$245,775.00 from the Reserve category to the Habitat Conservation and Restoration category to add numerous level B projects for Upland Game Bird protection and propagation, and Wildlife Habitat Rehabilitation and Restoration as approved by the Board of Wildlife Commissioners. Requires Interim Finance approval since the amount transferred to the Habitat Conservation and Restoration category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 125. Department of Transportation – Administration – FY 07 –** Deletion of \$30,000.00 in Highway Fund Authorization and transfer of \$220,000.00 from the Operating category to the Equipment category to allow for the

purchase rather than the lease of the Storage Area Network System and account for the savings generated thus far by reducing the Highway Fund Authorization. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 126. Department of Transportation – Administration – FY 07** – Addition of \$2,092,129.00 in Highway Fund Authorization and \$170,239.00 in Miscellaneous Sales Funds to provide for increased Betterment costs due to the rising cost of liquid asphalt, a projected increase in over-dimensional permits and increase in funds for training due to an error in the base budget. Requires Interim Finance approval since the amount added to the Operating category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 127. Department of Transportation – Administration – FY 07** – Addition of \$169,000.00 in Highway Fund Authorization to provide funding for equipment to support the drainage features in Kingsbury Grade, Lake Tahoe Basin and Carson City areas. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00.

Item 127 was withdrawn.

- 128. Department of Transportation – Administration – FY 07** – Addition of \$1,400,908.00 in Highway Fund Authorization to re-establish unexpended FY 2006 revenue and expenditure authority for the purchase of a Project Scheduling and Management System (PSAMS) which was approved as a “Special Project” by the 2003 Legislature. Requires Interim Finance approval since the amount added to the Administrative Consultants category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 129. Department of Transportation – Administration – FY 07** – Addition of \$607,181.00 in Highway Fund Authorization to re-establish unexpended FY 2006 revenue and expenditure authority for the Safety Management System. Funding will be reimbursed by the Federal Highway Administration at 95 percent and will be used to hire necessary staff through the Master Services Agreement with the Department of Information Technology. Requires Interim Finance approval since the amount added to the Administrative Consultants category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 130. Department of Transportation – Administration – FY 07** – Addition of \$1,575,711.00 in Highway Fund Authorization to re-establish unexpended FY 2006 revenue and expenditure authority for the purchase of a Right of Way Inventory System (IRWIN) which was approved as a “Special Project” by the 2003 Legislature. Requires Interim Finance approval since the amount added to the Administrative Consultants category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 131. Department of Transportation – Administration – FY 07** – Addition of \$9,049,564.00 in Highway Fund Authorization to re-establish unexpended FY 2006 revenue and expenditure authority for the equipment yet to be delivered. Requires Interim Finance approval since the amount added to the Equipment category exceeds \$50,000.00.

Refer to motion for approval under Item E.

- 132. Public Employees’ Benefits Program – Public Employees’ Health Program – FY 06** – Transfer of \$1,340,000.00 from the Self Insured Claim Costs category to the Fully Insured Program Costs category to cover costs related to increased enrollment with Anthem Blue Cross/Blue Shield (HMO). Requires Interim Finance approval since the amount transferred to the Fully Insured Program Costs category exceeds \$50,000.00.

On behalf of the Committee, Chairman Raggio recognized P. Forrest Thorne, Executive Officer, Public Employees’ Benefits Program (PEBP), for his “outstanding leadership qualities” and over 16 years of service to the State of Nevada. Mr. Thorne was appointed as the State Risk Manager in 1990, Deputy Budget Director in 1992, Deputy Director, Department of Taxation in 1994, and Executive Officer, PEBP in 2001. The Chairman expressed the entire Legislative body’s respect and appreciation for Mr. Thorne’s dedication to his work as well as their best wishes on his imminent retirement.

Mr. Thorne thanked the Chairman and introduced Leslie Johnstone, currently the Chief Operating Officer, PEBP, as the new Executive Officer effective October 3, 2006.

Chairman Raggio congratulated Ms. Johnstone on her appointment as Executive Officer.

ASSEMBLYMAN ARBERRY MOVED APPROVAL OF
ITEM 132.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION;

THE MOTION CARRIED. (Senator Titus was not present for the vote.)

- 133. Public Employees' Benefits Program – Public Employees' Health Program – FY 07** – Transfer of \$38,591.00 from the Reserve category to the Personnel Services category and \$221,860.00 from the Reserve category to the Operating category to fund a Computer Network Technician to provide IT support and partially fund implementation costs of a new enrollment and eligibility system. Requires Interim Finance approval since the amount transferred from the Reserve category exceeds \$50,000.00 and includes new staff.

Refer to motion for approval under Item E.

- 134. Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 06** – Deletion of \$934,006.00 in General Fund Appropriation to return unspent funds to FY 2007 for medication costs in the AIDS Drug Assistance Program. Requires Interim Finance approval pursuant to AB 576, section 35(4), Chapter 434 of the 2005 Legislative Session. **RECEIVED 8-24-06.**

Work program Items 134 and 135 were considered simultaneously.

Amy Roukie, Administrative Services Officer (ASO), Health Division, Department of Health and Human Services, requested the Committee's consideration of work program Items 134 and 135 that would return \$934,006 in unobligated General Funds to fiscal year 2007, budget account 3215, for the medication costs of the clients in the AIDS Drug Assistance Program (ADAP). Ms. Roukie reported that \$1,046,759 borrowed against state fiscal year 2007 authority was conserved and only \$112,753 was expended leaving \$934,006.

Ms. Roukie advised that Health Division representatives were working with federal partners to maximize available resources for future sustainability. Additionally, Ms. Roukie reported that the transition of 270 eligible clients to the Medicare Part D program had been successful in reducing ADAP pharmaceutical expenses. Ms. Roukie further indicated there were currently no clients on the waiting list, and as of August 2006, 495 clients were being served with an available capacity of up to 542 clients. Based on projections and available resources, Ms. Roukie indicated Health Division representatives believed there would be no additional request for funds in state fiscal year 2007.

Chairman Raggio noted that only clients with an AIDS diagnoses were eligible for Part D benefits.

Ms. Roukie responded that the disability criteria defined by Medicare was based on medical necessity, and an AIDS diagnoses was currently required.

ASSEMBLYMAN PARKS MOVED APPROVAL OF
ITEMS 134 AND 135.

ASSEMBLYWOMAN LESLIE SECONDED THE
MOTION.

Assemblywoman Giunchigliani noted that significant staffing turnover had occurred within the ADAP.

Alex Haartz, Administrator, Health Division, Department of Health and Human Services, advised that all individuals who had left the program were offered promotions in other state government agencies.

THE MOTION CARRIED.

- 135. Department of Health and Human Services – Health Division – Sexually Transmitted Disease Control – FY 07** – Addition of \$934,006.00 in General Fund Appropriation to receive unspent funds from FY 2006 for medication costs in the AIDS Drug Assistance Program. Requires Interim Finance approval pursuant to AB 576, section 35(4), chapter 434 of the 2005 Legislative Session. **RECEIVED 8-24-06.**

Refer to narrative and motion for approval under Item 134.

- 136. Department of Information Technology – Network Transport Services – FY 06** – Transfer of \$11,367.00 from the Reserve category to the Personnel Services category to cover actual expenditures for the remainder of the fiscal year. Requires Interim Finance approval since the cumulative amount transferred to the Personnel Services category exceeds \$50,000.00. **RECEIVED 8-24-06.**

Refer to motion for approval under Item E.

- 137. Department of Motor Vehicles – Pollution Control - FY 2006** – Addition of \$505,000 in Pollution Control Fees, \$85,000 to the City/County Air Quality Control category and \$420,000 to the Reserve category. Requires Interim Finance Committee approval since the amount added to the City/County Air Quality Control category exceeds \$50,000. **Added to Work Program list by Fiscal Division on 8-25-06.**

Refer to motion for approval under Item E.

- 138. Department of Motor Vehicles – Pollution Control – FY 2007 –** Transfer of \$880,125 from the Reserve category to the City/County Air Quality Control category to permit awarding of grants pursuant to NRS 445B.830(8.). **Relates to Item L., approval of grants from the Pollution Control Account pursuant to NRS 445B.830(8.). Added to Work Program list by Fiscal Division on 8-25-06.**

Refer to motion for approval under Item E.

- 139. Department of Health and Human Services – Welfare and Supportive Services – Temporary Assistance for Needy Families (TANF) – FY 07** – Addition of \$2,270,475.00 in Federal TANF grant fund to establish authority to transfer TANF funds to Clark County for emergency assistance services that will mitigate child welfare service deficiencies and avoid federal penalties. Requires Interim Finance approval since the amount involves the allocation of block grant funds and this action requires a public hearing. **RECEIVED 9-1-06.**

Roger Mowbray, Administrative Services Officer (ASO), Welfare Division, Department of Health and Human Services (DHHS), appeared before the Committee to request approval to transfer Temporary Assistance for Needy Families (TANF) funds to Clark County. Mr. Mowbray advised that, if approved, TANF funding to Clark County would be restored to the fiscal year 2002 level.

At Chairman Raggio's request, Mike Willden, Director, DHHS, provided the following update on child welfare issues in Clark County.

Mr. Willden advised that over the last several months much press coverage had been devoted to statewide issues regarding the status of child welfare issues in Clark County. Mr. Willden reported that after a recent review by the Federal Administration for Children and Families (ACF), a "stern" letter of concern was received that addressed child fatalities statewide, operations at Child Haven, Clark County's emergency shelter facility, and efforts to resolve those issues.

Mr. Willden advised that in response to those concerns, a Program Improvement Plan (PIP) was developed that proposed corrective action, which he said prompted a demand by the ACF for renegotiation on several issues within the plan. Mr. Willden advised that representatives from DHHS, Clark County, and Washoe County were currently in San Francisco to address the renegotiation issues. Additionally, Mr. Willden advised that a lawsuit had been filed in Clark County regarding child welfare conditions that the county and the state had been attempting to resolve, and another lawsuit was pending.

Mr. Willden advised that the DHHS had convened a Blue Ribbon Panel, which had been operating for the past year, to oversee a study of Clark County child

fatalities. Additionally, the Legislative Committee on Children, Youth and Families, and the Children's Rights Committee had also been reviewing the issue.

Additionally, Mr. Willden reported that DHHS and Clark County representatives had been in extensive negotiations regarding child welfare issues, and the work program request before the Committee, if approved, would increase the amount of TANF funds that could be transferred to Clark County. Mr. Willden explained that in the mid-1990s, an entitlement program identified as Aid to Families with Dependent Children was replaced with Temporary Assistance to Needy Families (TANF), a block grant program. Mr. Willden indicated that Washoe County and Clark County helped Nevada earn the amount of the block grant award by providing emergency assistance services.

Mr. Willden reported that the block grant totaled approximately \$44 million, and an additional \$4 million was received per "population modifier." Approximately \$3 million was passed through to Clark County and \$1.7 million to Washoe County until the events of September 11, 2001 when the TANF caseload skyrocketed. As a result of the increased caseload, full funding to Clark and Washoe counties was reduced to a 25 percent allocation, and funding was redirected to basic TANF programming.

Mr. Willden explained that after working through caseload issues, DHHS representatives recommended that federal TANF funds be increased from \$756,825 to \$3,027,300 to address concerns related to child welfare issues in Clark County. Representatives of the DHHS notified county officials through a letter (Exhibit F) dated August 30, 2006 that the funds were to be expended on corrective actions listed in the letter. Some of those actions included:

- Personnel cost and associated services and supplies for staffing a team to conduct initial Child Protective Services' (CPS) assessments and ongoing case management.
- Crisis intervention and remediation
- Family preservation programs that would allow children to remain in or return to their home rather than being admitted into the foster care system

Mr. Willden advised that after negotiating with Clark County representatives, it was determined that TANF funds would be used to target a number of initiatives identified as the 24-7 CPS response. Police removal of children from their homes would be specifically targeted after statistics revealed that "39 percent of all child removals were made by police without the involvement of Clark County Child Protective Services."

Mr. Willden acknowledged the presence of Virginia Valentine, Clark County Manager; Tom Morton, Director, Clark County Family Services; and Darryl Martin, Deputy County Manager, who had worked with state representatives to resolve child welfare issues.

Virginia Valentine, Clark County Manager, acknowledged that much work was to be accomplished and expressed a “strong commitment” to improving child welfare services in Clark County. Ms. Valentine said that a lawsuit was filed by the National Center for Youth Law, and after negotiations with the Center for Youth Law, the American Civil Liberties Union (ACLU), and state representatives, progress had been made in identifying solutions and time lines to a number of specific issues.

Ms. Valentine requested the Committee’s favorable consideration of the TANF appropriation, which she indicated would allow Clark County to immediately focus on creating the 24-7 CPS assessment team, previously referenced by Mr. Willden. Ms. Valentine explained that creation of the assessment team would allow assessments to be conducted on a 24-7 basis, which would end or minimize police removal of children from their homes. Other top priorities included increasing foster parent recruitment and training, additional recruitment staff, recruitment strategies, increased capacity for traditional foster homes, and representation for parents of children, who were removed from their homes. Ms. Valentine advised that a more fully developed plan would be presented to the Clark County Commission for consideration in the next few weeks.

Assemblywoman Giunchigliani disclosed she was a candidate for election to the Clark County Commission and asked whether police removal of children was tracked by jurisdiction.

Thomas Morton, Director, Clark County Department of Family Services, advised that although it was possible to calculate the number of removals made by various departments, the data was not routinely tracked as it was not entered into the state’s Unified Nevada Information Technology for Youth (UNITY) system. Mr. Morton advised, however, that currently “a 30 percent sample quality assurance function” was being conducted on all police removals. The sample, to be completed on October 10, 2006, would provide information on the reasons for removal and jurisdiction.

In response to additional questions Assemblywoman Giunchigliani asked regarding police removals, Mr. Morton advised that as previously discussed by Mr. Willden, about 39 percent of removals in the last six months were by the police. Upon examination, Mr. Morton said that about 80 percent of children who were admitted to Child Haven after being dropped off by the police were usually reunited with their families within ten days, raising the question of whether the original removal was necessary.

Assemblywoman Giunchigliani suggested looking into a training component that could automatically be incorporated into Peace Officers Standards and Training (POST) requirements at the state level.

Additionally, Ms. Valentine assured Assemblywoman Giunchigliani that if the funding was approved, it would not be used for any associated fines levied by the federal government.

In response to Assemblywoman Giunchigliani, who discussed legislation in reference to the child death notification issue, Mr. Willden advised that a number of bill draft requests had been initiated in regard to child fatalities, child welfare, and child care licensing.

In response to questions Assemblywoman Giunchigliani asked regarding the number of foster care recruitment positions in Clark County, Mr. Morton advised that Clark County had one state-funded position dedicated almost exclusively to specific child recruitment for adoption. Clark County had recently added one more position, and that person had been hired. Two additional positions for foster care recruitment had been requested in the budget.

In response to Assemblywoman Giunchigliani, who asked whether ratios and/or guidelines had been developed for foster care recruitment programs, Mr. Willden advised that rather than ratios or guidelines, the number of homes that were needed and the percentage of turnover was reviewed. The example provided was if 1,000 homes were needed that had a turnover rate of 10 percent every month, 100 new homes a month needed to be generated.

Assemblywoman Giunchigliani asked if kinship care was being reviewed before removing children from their homes.

Mr. Morton responded that Clark County Family Services conducted a “diligent” search for relatives, but currently that search was not conducted in a timely enough way. A change being planned was to search for relatives within four hours of removal and to create an accelerated process for approval that included immediate fingerprinting and possibly creating the option that the child would bypass Child Haven and move directly into a kinships placement from the removal of circumstance. Mr. Morton emphasized that one Youth Law Center request was that no children under the age of 6 be placed in any form of “congregate care” including Child Haven. Mr. Morton projected that Clark County would need approximately 450 to 500 new placement options in order to meet that provision. Currently Clark County had 933 licensed homes, but only about 240 were families willing to take children with a goal of being returned to birth parents and that were flexible in regard to taking children that were not previously known to them.

In response to Assemblywoman Giunchigliani, who questioned the availability of other incentives that could be offered, Mr. Morton advised that his request to the Clark County Commission would specifically address additional incentives for families that were willing to take children 24 hours-a-day, 7 days-a-week; sibling groups with children under 6; and children under the age of 2.

Another Youth Law Center request was that only one child under the age of 2 be placed in a foster home, while current State Administrative Code allowed two children under the age of 18 months. Mr. Morton said that in order to meet those provisions, a variety of incentives and support would be needed for foster families.

Assemblywoman Giunchigliani indicated the issue was emotional, the staff was overburdened and if barriers existed, there were proactive legislators, who were willing to work to legislatively resolve the problems.

Senator Beers disclosed his wife worked for an agency of the Nevada Department of Health and Human Services and that she would not benefit from approval of the request before the Committee.

Assemblywoman Leslie indicated she supported restoring the TANF transfer to its original funding level but expressed concern on how the money would be expended. Assemblywoman Leslie asked if a budget would be approved for the resolutions that had been discussed and especially for the creation of a 24-7 CPS Assessment Team and employees to provide the assessment for police removal of children from their homes.

Chairman Raggio expressed his intent to request quarterly reports submitted to staff on the utilization of funding, if the Committee approved the request.

Ms. Valentine advised that in addition to the funding request before the Committee, other funding resources would be needed to address the issues including training law enforcement personnel in removing children from their homes. As previously discussed, Ms. Valentine advised that police had dropped children off at Child Haven with no advance warning, which did not provide an opportunity to conduct a timely search for relatives or to provide other placement options than just admittance to Child Haven. Ms. Valentine indicated she would provide Assemblywoman Leslie with the preliminary numbers and would identify other resource needs that would go unmet.

Assemblywoman Leslie questioned whether Washoe County would request a similar transfer of TANF funds.

Mr. Willden advised that TANF funds had been discussed with Washoe County officials, who had not indicated a need for a 100 percent restoration level. Mr. Willden advised that while some concerns were similar, not all Clark County

issues were pertinent to Washoe County. Mr. Willden indicated a request for Washoe County could be placed on the November 2006 Interim Finance Committee agenda.

Additionally, Mr. Willden said that a contractual document between the state and the counties would be drawn up on how the funds could be used. Specific targeted issues had already been discussed that would help forestall lawsuits and provide services to children. Mr. Willden indicated that implementation of the response team alone would cost over \$3 million and that there would be many substantial child welfare requests brought before the 2007 Legislature.

Commenting on the overcrowding issues at Child Haven, Assemblywoman Leslie expressed support for the need to remove babies from the facility and additional wrap around services to prevent removal of children from their homes.

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

SENATOR BEERS MOVED APPROVAL OF ITEM 139.

ASSEMBLYWOMAN PARNELL SECONDED THE MOTION.

THE MOTION CARRIED.

II. RECLASSIFICATIONS

| Agency | Agency/ Budget Account | Position Number | Present Class, Code, Grade & Salary | Proposed Class, Code, Grade & Salary |
|---|------------------------------|--------------------|--|--|
| Department of Administration, Division of Buildings and Grounds | 082/1349 | 0003 | Administrative Assistant II, 2.212, grade 25, step 1, \$25,891.20, Employer Paid | Program Officer I, 7.649, grade 31, step 1, \$33,053.04, Employer Paid |
| Department of Business and Industry | 742/4680 | 0027 | Administrative Assistant IV, 2.210, grade 29, step 5, \$39,504.96, Employee/Employer Paid | Program Officer I, 7.649, grade 31, step 5, \$42,950.16, Employee/Employer Paid |
| Department of Health and Human Services, Aging Services | 402/3151 | 0236 | Program Officer III, 7.643, grade 35, step 5, \$51,093.36, Employee/Employer Paid | Social Services Program Specialist III, 12.315, grade 37, step 5, \$55,812.24, Employee/Employer Paid |
| Department of Health and Human Services, Division of Health Care Financing and Policy | 403/3158 | 0053 | Health Care Coordinator II, 12.369, grade 34, step 1, \$37,458.72, Employer Paid | Auditor II, 7.154, grade 34, step 1, \$37,458.72, Employer Paid |

| | | | | |
|---|----------|--------|--|---|
| Department of Health and Human Services, Division of Health Care Financing and Policy | 403/3158 | 0091 | Health Care Coordinator III, 12.330, grade 35, step 1, \$39,087.36, Employer Paid | Auditor III, 7.148, grade 36, step 1, \$40,841.28, Employer Paid |
| Department of Corrections | 440/3710 | 1022 | Training Officer II, 7.524, grade 36, step 1, \$40,841.28, Employer Paid | Correctional Sergeant, 12.512, grade 36, step 1, \$40,841.28, Employer Paid |
| Department of Corrections | 440/3710 | 0559 | Administrative Assistant III, 2.211, grade 27, step 7, \$39,504.96, Employee/Employer Paid | Program Officer I, 7.649, grade 31, step 5, \$42,950.16, Employee/Employer Paid |
| Department of Corrections | 440/3710 | 0606 | Training Officer II, 7.524, grade 36, step 1, \$38,841.84, Employer Paid | Correctional Sergeant, 12.512, grade 36, step 1, \$38,841.84, Employer Paid |
| Department of Motor Vehicles | 810/4717 | CC7017 | DMV Services Supervisor I, 11.422, grade 31, step 1, \$33,053.04, Employer Paid | Tax Administrator I, 7.244, grade 35, step 1, \$39,087.36, Employer Paid |
| Department of Motor Vehicles, Administrative Services Division | 810/4745 | 0039 | Accounting Assistant III, 2.301, grade 27, step 8, \$41,154.48, Employee/Employer Paid | Accountant Technician I, 7.143, grade 30, step 7, \$44,871.12, Employee/Employer Paid |
| Department of Public Safety, Division of Parole and Probation | 650/3740 | 0570 | Administrative Assistant IV, 2.210, grade 29, step 5, \$35,955.36, Employer Paid | Parole and Probation Specialist III, 12.616, grade 33, step 3, \$39,087.36, Employer Paid |
| Department of Public Safety, Division of Parole and Probation | 650/3740 | 0055 | Administrative Assistant IV, 2.210, grade 29, step 10, \$44,495.28, Employer Paid | Parole and Probation Specialist III, 12.616, grade 33, step 8, \$48,587.76, Employer Paid |
| Department of Transportation | 800/4660 | 071008 | Reprographics Technician II, 9.726, grade 27, step 1, \$28,020.96, Employer Paid | Administrative Assistant III, 2.211, grade 27, step 1, \$28,020.96, Employer Paid |

F. STATEMENT OF CONTINGENCY FUND BALANCE.

Gary Ghiggeri, Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced a schedule (Exhibit G) entitled, "Statement of Contingency Fund Balance – Revised September 11, 2006." Mr. Ghiggeri advised that the Committee would be considering \$656,177.00 in requests from the unrestricted balance of the General Fund portion of the Contingency Fund which currently held \$273,602.48.

In response to a comment from Chairman Raggio regarding "IOUs" related to the requests from the Contingency Fund, Mr. Ghiggeri acknowledged that some of the requests, if approved, would be considered IOUs. Mr. Ghiggeri reported that Budget Division representatives had indicated they had processed closing documents or estimated reversions of approximately \$1.2 million. Mr. Ghiggeri indicated it was the recommendation of staff that motions to approve allocations from the Contingency Fund be contingent upon receipt of reversions.

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

1. STATE BOARD OF EXAMINERS – STATUTORY CONTINGENCY ACCOUNT – Request for \$300,240.00 to restore the balance in the Statutory Contingency Account.

Andrew Clinger, Director, Department of Administration, appeared before the Committee to request an allocation from the Interim Finance Committee's (IFC) Contingency Fund to restore the balance in the Statutory Contingency Account.

Mr. Clinger had appeared before the Committee in January and June to request similar allocations. He explained that because forecasting for the Account was difficult and also because the IFC Contingency Fund resources were limited, the Statutory Contingency Account balance requirement was being projected from one IFC meeting to the next with only the minimum amount requested to maintain the minimum balance.

Mr. Clinger referenced a schedule, (Exhibit H), that projected an allocation of \$300,240 would be required to restore the Statutory Contingency Account balance through November 30, 2006. Mr. Clinger advised that under the provisions of *Nevada Revised Statutes*, some of the funds from the Account were expended for Special Counsel Agreements, post-conviction relief, and terminal sick leave for employees.

In response to Chairman Raggio, who asked if funds for the account were primarily for litigation costs, Mr. Clinger advised that the largest single expenditure category from the Account was for the employment of Special Counsel.

Chairman Raggio expressed concern regarding the amount of funding that was being expended for outside counsel and asked if any consideration was being given to developing in-house expertise and better utilization of counsel within the Office of the Attorney General.

Randal Munn, Special Assistant Attorney General, reported that two Special Counsels were retained in 2002; two in 2003; three in 2004; twelve in 2005; and two in 2006. Mr. Munn indicated a confluence of events occurred in 2005 that contributed to the need for Special Counsel, but he did not believe it was a trend that would continue.

Chairman Raggio expressed the Committee's preference that the new Attorney General consider development of in-house counsel with specialized abilities and better utilization of the attorneys within the Office of the Attorney General.

Assemblywoman Giunchigliani asked for the status on the investigation from which the current Attorney General recused himself and hired an outside counsel.

Mr. Munn advised that the commitment made by Senn Meulemans was that the report would be delivered by the end of the September.

In response to Assemblywoman Giunchigliani, who asked for the date the report was originally to have been delivered, Mr. Munn indicated that the original contract was either for 90 or 120 days, which had not been met. Mr. Munn advised that the contract had been amended to extend the time but not the cost.

In response to additional questions Assemblywoman Giunchigliani asked regarding the interview of others who were being investigated, Mr. Munn indicated that there were possibly one or two individuals yet to be interviewed prior to the end of September.

In response to Chairman Raggio, who questioned how the funds would be allocated, Mr. Clinger advised that the Statutory Contingency Account currently contained \$595,541, and \$1,265,000 in reversions to the IFC had been confirmed. Mr. Clinger indicated he had instructed his staff to process the documents necessary to return the funds to the Contingency Fund as quickly as possible.

Chairman Raggio noted that approval of motions for allocation of funds from the Statutory Contingency Fund would be with the understanding that the motion was authorized to the extent of the availability of funds.

ASSEMBLYMAN SEALE MOVED APPROVAL OF ITEM G.1
IN THE AMOUNT OF \$300,240 DEPENDENT UPON THE
AVAILABILITY OF FUNDS.

SENATOR BEERS SECONDED THE MOTION.

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

2. STATE BOARD OF EXAMINERS – STALE CLAIMS ACCOUNT –
Request for \$128,436 to restore the balance in the Stale Claims
Account.

Andrew Clinger, Director, Department of Administration, appeared before the Committee to request an allocation of \$128,436 from the Interim Finance Committee (IFC) Contingency Fund to restore the balance of the Stale Claims Account.

Mr. Clinger referenced a schedule (Exhibit I) that illustrated the projected expenditures for the State Claims Account through November 30, 2006 and explained that funding from the Account was used to pay General Fund expenditures, which were not paid by state agencies before the close of the fiscal year. Additionally, he indicated that reversions to the General Fund significant enough to cover such expenditures were required.

In response to questions Chairman Raggio asked regarding the stale claims expenditures, Mr. Clinger confirmed that “much of the need for the restoration of the account could be attributed to stale claims for acute psychiatric services provided by the Division of Child and Family Services and Medicare audit payment refunds of approximately \$1 million to the federal government for the Division of Mental Health and Developmental Services.”

ASSEMBLYMAN SEALE MOVED APPROVAL OF ITEM G.2
IN THE AMOUNT OF \$128,436 DEPENDENT UPON THE
AVAILABILITY OF FUNDS.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED.

3. DEPARTMENT OF HEALTH AND HUMAN SERVICES –
HEALTH DIVISION, OFFICE OF HEALTH ADMINISTRATION –
Request for \$227,500 to support the operation of the Poison
Control Centers through Washoe Medical Center and Southern
Nevada Health District for the period September 1, 2006 through
February 28, 2007. RECEIVED AUGUST 29, 2006.

Alex Haartz, MPH, Administrator, Health Division, appeared before the Committee to request a \$227,500 allocation from the Contingency Fund. Mr. Haartz advised that the allocation, if approved, would be used as a “stopgap” measure to support the continued use of poison control telephone line services in the state. The cost of the service had previously been supported by federal funds, which were disallowed as of September 1, 2006.

In response to questions Chairman Raggio asked regarding the services provided, Mr. Haartz advised that historically Washoe Medical Center provided the service as a community donation for all counties except Clark County. Southern Nevada Health District (SNHD) paid for the service for Clark County until fiscal year 2002 when the Health Division began paying for the service using available federal funds.

Additionally, Mr. Haartz explained that in March 2006 when Washoe Medical Center advised that they could no longer cover the approximate \$6,000 a month

cost of the service, the State Health Division stepped in to pay for the cost and to ensure a seamless coverage for the entire state.

Mr. Haartz explained that one nationwide toll-free number could be called by anyone assuming the state being called from was paying the cost for the “backend” expert services regarding chemicals in the home or ingestion of a poisonous product. Clark County residents, who dialed the toll-free number, were routed to the Rocky Mountain Poison Control Center, and individuals from the balance of the state were routed to the Oregon Health Sciences Center.

Mr. Haartz indicated that Health Division representatives were advised by the Health Resources Services Administration (HRSA) that effective September 1, 2006, federal funds that were being used to pay for the services would be disallowed.

Mr. Haartz further indicated that approval of the \$227,500 allocation would provide continued coverage for the service through the end of February 2007. At that time, the Legislature would be approached with a supplemental appropriation request of approximately \$114,000 that would continue the service through the balance of fiscal year 2007. Additionally, the Health Division budget request would seek to continue General Fund support in fiscal years 2008 and 2009.

In response to Chairman Raggio, who asked for information on the utilization of service, Mr. Haartz advised that approximately 3,800 calls a month were answered between the two centers.

In response to Chairman Raggio, who asked for information on how the public was made aware of the service, Mr. Haartz indicated public awareness was generated through general national advertising and promotion of the number, which was listed as 1-800-222-1222. The information could be found on items such as magnets handed out to clients by many health care providers.

Assemblywoman Gansert questioned the need for two separate services and asked if consolidation would be less expensive. Additionally, Assemblywoman Gansert noted a discrepancy between the amount being requested and the \$6,000 a month cost Washoe Medical Center had been paying.

Mr. Haartz indicated it was his understanding that the two separate call centers were an artifact of how the services had historically been funded. He further indicated that Washoe Medical Center had funded the poison control telephone line as a community service, while Sunrise Children’s Hospital, in southern Nevada, initially funded the service until SNHD assumed the funding.

Insofar as consolidation, Mr. Haartz advised that the Health Division had initiated a request for proposal (RFP) to seek one statewide vendor, and Rocky Mountain

Poison Control Center was the only vendor that responded with a letter of interest.

In response to the question concerning the \$6,000 per month cost and the allocation request, Mr. Haartz explained that the monthly cost for the Rocky Mountain Poison Control Center contract was \$32,500, and the Oregon Health Sciences Center monthly contract cost was \$5,400. As previously indicated, the allocation request was for \$227,500, which would pay for the service from September 1, 2006, through the end of February 2007. An approximate \$114,000 supplemental request from the 2007 Legislature would pay for the service through the balance of fiscal year 2007.

In response to additional questions from Assemblywoman Gansert concerning consolidation efforts, Mr. Haartz advised that the RFP was initiated with consolidation in mind; however, as previously indicated, Rocky Mountain Poison Control Center was the only vendor that responded to the RFP. Mr. Haartz explained that the Rocky Mountain Poison Control Center, as a matter of practice, entered into contracts based on per capita population for a geographic area. The contract with Washoe Medical Center and Oregon Health Sciences Center was based upon call volume.

In response to Assemblywoman Gansert, who asked if there was any way to encourage other vendors to bid, Mr. Haartz advised that California operated several poison control center call lines, as did Arizona and Utah. Mr. Haartz indicated Health Division representatives could check with other vendors to see if they would be interested in providing service to Nevada.

Assemblywoman Parnell asked if other hospitals in the northern part of the state were provided an opportunity to carry on the service.

Mr. Haartz indicated that Health Division staff did not ask Northern Nevada Medical Center, Saint Mary's Hospital, or Carson Tahoe Regional Medical Center if they were interested in absorbing the cost for the service. Mr. Haartz indicated he made an administrative decision to continue to use available federal dollars as they had been doing in Clark County.

In response to questions Senator Beers asked concerning the grant funding, Mr. Haartz advised that each year the federal Health Resources Services Administration (HRSA) Hospital Preparedness grant had been modified to define how the funding could be used. The current year's emphasis was to improve on the maximum number of people who could be treated in an emergency, better surveillance of a hospital environment, and the ability to flow hospital staffing between hospitals. Mr. Haartz explained that, in the event of an emergency, there was a goal to seamlessly move hospital staff from one part of the state to another to work in hospitals in which they were not credentialed. As previously indicated and in keeping with the current year's emphasis, the Health Division

was informed by the HRSA in March 2006 that continuation of the funding for the poison control centers would no longer be permitted beginning September 1, 2006.

Senator Beers questioned whether the grant funds could be justified to pay for the personnel needed to regulate hospital environments that the IFC had approved earlier in the meeting. Senator Beers indicated that the grant funds could perhaps be used as an offset that would provide a net zero effect on state expenditures.

In response, Mr. Haartz indicated Health Division staff would investigate the possibility to use the funds to provide an offset.

In response to Senator Mathews, who questioned the RFP process, Mr. Haartz clarified that the Rocky Mountain Poison Control Center was the only vendor that responded to the RFP but that all poison control centers had been contacted.

Senator Mathews recalled that during the time she worked at the Washoe Medical Center, the poison control service was contracted with a vendor in Utah. Senator Mathews suggested that the RFP be resubmitted since the Rocky Mountain Poison Control Center cost appeared to be too expensive.

Mr. Haartz indicated it was the intent of the Health Division staff to operate the service through one vendor and toward that end would initiate an additional RFP.

Senator Beers discussed temporarily funding the request to provide the Health Division staff the opportunity to determine if the grant could be applied to another activity currently being paid for with General Fund money and to use the General Fund to pay for the poison control telephone line.

In response to Chairman Raggio, who asked whether it was feasible to temporarily fund the service and to send out another RFP, Mr. Haartz indicated it was his understanding that the Purchasing Division had sent the RFP to all vendors that operated the poison control telephone service. Mr. Haartz indicated, however, that he would review the possibility of using the federal grant in a "swap" for another activity and using the General Fund to pay for the telephone service.

In response to Chairman Raggio's inquiry regarding deferral of the request until the November IFC meeting, Mr. Haartz explained that the contracts currently held by the Southern Nevada Health District in Clark County and Washoe Medical Center had been reimbursed only through September 1, 2006 by the Health Division through sub-grants.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF
ITEM G. 3 IN THE AMOUNT OF \$227,500 DEPENDENT
UPON THE AVAILABILITY OF FUNDS.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus and
Assemblywoman Leslie were not present for the vote.)

In response to Senator Mathews, who questioned the feasibility of finding a single vendor to provide statewide service at a reasonable cost even though the allocation request had been approved, Mr. Haartz confirmed that a new RFP would be sent even though the allocation request had been approved.

H. STATEMENT OF DISASTER RELIEF ACCOUNT BALANCE.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reported that the Disaster Relief Account balance, prior to consideration of grant requests, totaled \$10,069,942, and the requests before the Committee totaled \$4,561,891.

Mr. Ghiggeri indicated he would defer to Division of Forestry representatives to address pending requests for August and September fires and to representatives of the Office of Emergency Management to address requests from local governments.

Mr. Ghiggeri cautioned the Committee that the resources for the Disaster Relief Account were as limited as those from the IFC Contingency Fund.

Chairman Raggio indicated it appeared that the 2007 Legislature would need to look into appropriating more funding than had historically been made available for both the Contingency Fund and the Disaster Relief Account.

Kamala Carmazzi, Deputy Chief, Division of Emergency Management, Department of Public Safety, reported that the requests under Item I would subsequently be followed by a third request for approximately \$2.5 million for August fire expenses. Requests were also pending from the City of Caliente and Lincoln County while language in the law relative to the amounts that could be applied for was being clarified. Ms. Carmazzi advised that if the requests for the two entities, which totaled between \$1.4 million and \$1.6 million combined were approved in conjunction with September and October fire costs, the Account balance would be close to being exhausted or potentially exceeded.

In response to Assemblywoman Giunchigliani's question regarding declaration of a disaster, Ms. Carmazzi advised that a declaration of emergency had been declared by Governor Guinn for the entire fire season. Additionally,

Ms. Carmazzi said that the Division of Emergency Management staff worked with representatives of the Federal Emergency Management Agency (FEMA) to obtain a federal declaration. However, provisions within the Stafford Disaster Relief and Emergency Assistance Act, regarding cumulative versus a single natural event, precluded that option. Ms. Carmazzi advised, however, that the Nevada Division of Forestry (NDF) had been successful in applying for the Fire Mitigation Assistance Grant.

Assemblywoman Giunchigliani questioned whether, with respect to the provisions of the Stafford Act, the City of Caliente and Lincoln County could individually request an emergency incident for submission by the Governor to FEMA.

In response, Ms. Carmazzi advised that submission of individual incidents would not be possible and explained that a federal declaration would look at damage primarily to public infrastructure while Fire Mitigation Assistance Grants provided for the recovery of cost suppression activities.

In response to a request from Chairman Raggio, Pete Anderson, State Forester Firewarden, provided the following overview of what he defined as an extraordinary fire season.

- To date 1,065 wildland fires destroyed a total of 1,468,000 acres across the state compared to 2005 when 687 fires burned a little over one million acres primarily in Clark and Lincoln Counties.
- While lightening was a primary source of ignition, human-caused wildfires had also occurred.
- To date 36 incident-management teams had been called in statewide for wildfires that exceeded local suppression capability, and on several occasions wildfires had gone without staff because of a shortage of wildfire suppression resources.
- A total of 225,000 acres of private land and over 725,000 of public land burned in Elko County (Exhibit J)
- Serious and damaging fires that strained local government resources beyond their capabilities also occurred in Lyon, Storey, Douglas, Washoe, Lander, and Eureka counties.
- Wildlife resources were significantly affected, particularly in Elko County, where over 100 sage grouse leks, an area of ground used by the grouse as a stage for communal breeding, were estimated to have been destroyed. Nearly all of the mule deer and antelope winter ranges in area 6 were destroyed.

- Although numerous northeastern ranchers were burned out of their livelihood losing livestock, rangelands, fencing, and structures, many homes and ranges were saved from destruction by the work of firefighters.
- Nearly all Nevada Division of Forestry personnel statewide had been committed to the wildfire season for the past three months with conservation camp crews consistently working 16-hour-a-day, 14-day assignments with one day off since mid-May.
- Due to a severe shortage of national food caterers, the division's two 30-year old food kitchens were placed in service for the last two months in order to provide hot meals for local and out-of-state fire fighters.
- Firefighting trucks and equipment had endured "severe and consistent rough operation in both dusty and hazardous conditions."
- Faced with "overwhelming natural resource and environmental challenges as a result of native vegetation loss," a key objective was to minimize the continued spread of cheatgrass, an annual invasive grass, highly flammable when dry. With the continued spread of cheatgrass, long and costly wildfire seasons could be expected to continue.

Mr. Anderson discussed the critical nature of protecting what little native plant communities remained and advised that Governor Guinn supported an effort being undertaken by the Nevada Division of Forestry, in coordination with the Department of Agriculture, the Department of Wildlife and federal land management agencies, to address re-vegetation efforts and to identify steps that could be taken to reduce the likelihood of fire and its frequency in and around Nevada. Mr. Anderson advised that while fire damage land rehabilitation was critical, available funding was minimal at all levels. A synopsis (Exhibit J) of rehabilitation efforts to date was provided to the Committee.

Additionally, Mr. Anderson reported that Congress was moving to add \$275 million to federal land management agencies' budgets for their anticipated wildfire suppression shortfalls. Mr. Anderson advised, however, that Nevada and several other hard-hit western states found themselves in the same financial shortfalls with little relief anticipated.

Senator Rhoads, a northern Nevada rancher from Tuscarora, discussed his personal experience during the fire which burned his ranch. Senator Rhoads indicated that some ranchers would probably "go under" as a result of the fire damage and said he had spoken to Senator Reid, who was attempting to put a package together that would help Nevada and other western states affected by the fire.

*I. REQUESTS FOR ALLOCATION FROM THE DISASTER RELIEF FUND (NRS 353.2755).

Chairman Raggio noted sufficient money currently existed in the Disaster Relief Account to process the requests before the Committee and indicated that additional requests would be considered at the November meeting. Additionally, Chairman Raggio noted that the documentation was in order with a recommendation from the Division of Emergency Management to access the Account.

1. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF FORESTRY – Request for a grant of \$2,438,885.00 to fund the state's portion of wildland fire suppression costs for June 2006.
2. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF FORESTRY - Request for a grant of \$2,123,006.00 to fund the state's portion of wildland fire suppression costs for July 2006.

SENATOR RHOADS MOVED APPROVAL OF ITEMS I. 1 AND 2.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was absent for the vote.)

- *J. DEPARTMENT OF HEALTH AND HUMAN SERVICES – DIRECTOR'S OFFICE – Pursuant to NRS 439.630(6.), request for approval of grant awards to state agencies through the Fund for a Healthy Nevada.

Laura Hale, Chief, Grant's Management Unit, Director's Office, Department of Health and Human Services, appeared before the Committee to request approval of grant awards recommended for funding to state agencies under the Fund for a Healthy Nevada. A document, entitled *Fund for a Healthy Nevada Grant Awards to State Entities FY07-FY08* (Exhibit K) listing the grants awarded to state entities was provided to the Committee.

ASSEMBLYWOMAN MCCLAIN MOVED APPROVAL OF ITEM J.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

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

Chairman Raggio turned the Chairmanship duties over to Chairman Morse Arberry, who conducted the remainder of the meeting.

*K. STATE PUBLIC WORKS BOARD

1. Project 05-S04, Statewide Advance Planning Program – Request to:

- Change scope to expend \$19,195 as the State's funding for Phase I of a cultural landscape preservation program for the Stewart Indian School
- Request authorization to receive and spend \$19,000 in Historic Grant-In-Aid funds from the Historic Preservation Office for Phase I of a cultural landscape preservation project at the Stewart Indian School

Evan Dale, Deputy Manager, Administration and Finance, Public Works Board (PWB) appeared before the Committee to request approval to change the scope of Project 05-S04 Statewide Advance Planning. Mr. Dale explained that the \$19,000 in grant funds from the State Historic Preservation Office (SHPO) would be used to partially fund a cultural landscape preservation study at the Stewart Indian School. The entire cost of phase I of the study was \$38,195 of which \$19,000 would be provided from the Historic Grant-In-Aid funds and the remaining \$19,185 from the Statewide Advance Planning Project for a total of \$38,195.

In response to questions Chairman Arberry asked regarding use of funding for advance planning, Mr. Dale advised that a grant had been authorized in the past to study the seismic retrofit of the water tower at the Stewart Indian School.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM K.1.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Raggio and Assemblyman Perkins were not present for the vote.)

2. Project 05-P05, Design 400-bed addition for Southern Nevada Women's Correctional Center – Request to change scope to:

- Remove the child reunion center

- Add a 9,100 square foot medical facility in one of the two housing units
- Add the remodel of the existing 1,522 square-foot medical facility for use as administrative and psychiatric care
- Convert 969 square feet of existing administrative space to records storage and a break room
- Add minor renovation and equipment upgrades for the existing laundry and kitchen
- Add the construction of a 1,700 square foot addition to the existing warehouse for dry food storage

The revised scope provided for the construction of 77,282 square feet of new construction and 3,431 square feet of remodeled space. The current construction cost was estimated at \$38.8 million in 2008 dollars.

Gustavo Nunez, P.E., Interim Manager, Public Works Board (PWB), appeared before the Committee to request a change in the scope of Project 05-P05 for the design of a 400-bed addition to the Southern Nevada Women's Correctional Center. If approved, the change in scope would remove the child reunion center; add a 9,110 square-foot medical facility; remodel 1,522 square feet of existing medical facility space for use as administrative space and to provide psychiatric care; convert 969 square feet of administrative space to records storage and a break room; renovate and provide equipment upgrades for the existing laundry and kitchen; and add 1,700 square feet to the existing warehouse.

Mr. Nunez advised the Committee members that the original request for a change in scope provided that the current construction cost was estimated at \$38.8 million in 2008 dollars, which was in error. The current construction cost was estimated at \$38.8 million in 2006 dollars.

Assemblywoman Parnell asked why the child reunion center was removed from the scope of the project.

Glen Whorton, Director, Department of Corrections, advised that the philosophy behind planning for the project was not supported by actual and projected populations. The project was originally perceived to include a 200-bed transitional center, but population projections reduced the number of beds to 100. Mr. Whorton advised that the female population had increased to the point that additional beds were required to meet constitutional requirements. Additionally, Mr. Whorton indicated his predecessor had not provided a model for planning or staff, and he was "unwilling" to implement a program that included children inside

of an institution that would include responsibilities for pediatric care without an “intensive planning process.”

Assemblywoman Parnell recalled an earlier discussion regarding the dramatic increase in the female population and said that with respect to the number of pregnant women entering the institution, elimination of the child reunion center did not appear to be wise decision.

Mr. Whorton discussed the number of difficult high-risk births presented by pregnant women entering the institution and indicated that the risk would be assumed by the state. Mr. Whorton cautioned that without planning and appropriate resources, a decision to include the reunion center at the current time would be unwise.

Assemblywoman Giunchigliani expressed concern that hard fought for progressive programming needs for women inmates, which helped to ensure their re-entry into society appeared to being dispensed with.

Mr. Whorton discussed the Department’s current lack of resources for female inmates, which he attributed to a lack of planning. He advised that currently 45 women had been placed in Unit 7 at the Southern Nevada Correctional Center, which was to have opened in September as a male institution. Mr. Whorton further advised that planning was essential not only for programs but for a facility that met constitutional requirements, which had not occurred and placed the state at risk.

Assemblywoman Giunchigliani agreed that the state had been placed at risk with a respect to a lack of up-to-date medical programs and inadequate drug and rehabilitation programs. Assemblywoman Giunchigliani questioned the lack of discussion regarding the problems under consideration and indicated legislators on the Committee as well as others would be willing to discuss the Department’s needs.

Assemblywoman Weber expressed disappointment in hearing that transitional beds were being converted to hard beds and objected to women inmates, whether or not they were violent offenders, being treated in the manner of a “one size fits all.” Assemblywoman Weber also objected to the minimization of re-entry and work programs for women inmates and indicated that improvement of programs needed to be addressed in the next budgetary cycle.

Mr. Whorton pointed out that a much larger opportunity for transitional services was being provided for women than for men. Mr. Whorton advised that the Department of Corrections currently housed over 11,000 men with fewer than 500 beds provided for transitional services compared with 1,000 women for whom 100 transitional beds were being provided.

In response to Assemblywoman Weber, who asked if the Casa Grande transition house in Las Vegas was currently fully occupied, Mr. Whorton indicated it was not.

Assemblywoman McClain indicated that comments by the current Director regarding inappropriate planning for the 400-bed addition to the Southern Nevada Women's Correctional Center by his predecessor were false. Assemblywoman McClain expressed her intent to not support the request for a change in scope and said that the need for programs for female inmates would be addressed during the 2007 Legislative Session.

Mr. Whorton responded that in his position, as Assistant Director of Operations, prior to the 2005 Legislative Session, he would have been the person responsible for formatting a plan, but no such plan was addressed by his predecessor.

SENATOR BEERS MOVED APPROVAL OF ITEM K.2.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

Assemblywoman Parnell also expressed her intent to not support the request for a change in scope without the inclusion of the child reunion center.

In response to Chairman Arberry's request for the provision of additional options, Mr. Whorton indicated he would accept inclusion of the reunion center if the Committee agreed to support the cost of the program.

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, requested that either Mr. Whorton or Public Works Board representatives address the sequence of events that would transpire with either approval or non-approval of the request. More specifically, Mr. Stevens asked if PWB representatives planned to request an early funding bill to begin early construction of the 400-bed addition.

Mr. Nunez advised that the proposal contained within the 2007 Capital Improvement Program budget request included construction funding for the current scope for which an early bill to fund construction would be requested of the 2007 Legislature. Mr. Nunez advised that if direction was provided by the Committee to modify the request, the design team would be required to begin work immediately in order to meet the Department of Corrections' schedule for the needed beds.

In response to Chairman Arberry, who discussed approving the request but withholding funding until the Legislative Session, Mr. Nunez advised that if design changes were immediately addressed and funding was provided during the Legislative Session, construction could begin in late May or early June.

Assemblywoman Giunchigliani agreed with the Chairman's recommendation, which she indicated helped to at least partially resolve concerns even though the Committee would be obligating the 2007 Legislature to funding requirements for the project.

Assemblywoman McClain expressed concerns regarding the request to remove the child reunion center.

Mr. Whorton advised that if the family reunion center was to be included in the scope, it should be enclosed within a secure area to simplify the process and to provide for a less costly construction expense.

In response to questions Assemblywoman McClain asked regarding the transitional center, Mr. Whorton provided assurance that the transitional center remained within the scope of the project.

Senator Beers reminded the Committee that CIP projects undertaken in the last three years had all incurred inflationary cost overruns, which reduced project scopes and redirected funding for furniture, fixtures and equipment (FF&E) to the cost of construction. Senator Beers pointed out that the 2007 Legislature would be required to replace the FF&E funding for those projects. Additionally, Senator Beers recalled that during the 2005 Legislative Session, legislators were warned by staff of a lack of adequate planning for a potential increase in the female inmate population.

Assemblyman Hettrick questioned the number of square feet required for the reunion center and the amount of funding for which the 2007 Legislature was being obligated. Additionally, Assemblyman Hettrick pointed out that the current construction cost for the 400-bed addition was estimated at \$38 million in 2006 dollars but that 20 percent could be added to the project by the time the addition was constructed. In addition to the FF&E costs that had been redirected from prior projects, Assemblyman Hettrick indicated the 2007 Legislature could be obligated for \$10s of millions of dollars, if not \$100 million.

In response to Chairman Arberry, who asked whether stockpiling construction materials once a contract was awarded could save costs, Evan Dale, Deputy Manager, Administration and Finance, Public Works Board, advised that the PWB currently paid contractors for material stored on site if the material was stored in a bonded warehouse and could be accessed by a PWB inspector. Mr. Dale explained that once a contract was awarded, the state was not in a position to gain anything by paying for materials up front. Mr. Dale suggested that in advertising for bids, the PWB could perhaps indicate a willingness to pay for all the materials up front, which could foster lower bidding.

Chairman Arberry advised the members of the Committee that the motion by Senator Beers and seconded by Assemblyman Marvel was to approve the change in scope for the Southern Nevada Women's Correctional Center, which incorporated removal of the child reunion center.

In response to Assemblywoman Giunchigliani's request for clarification of the number of beds requested, Mr. Nunez explained that the number of transitional beds was being reduced from 200 to 100, and the number of medium beds increased from 200 to 300 for a total of 400 beds.

Mr. Nunez explained that inclusion of the child reunion center could decrease the number of medium beds, or increase the size of the building.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, advised that information regarding the project scope provided to Committee members during the 2005 Legislative Session indicated the proposed facility would incorporate approximately 33,000 square feet and would consist of 250 beds.

Mr. Nunez advised that the project, as originally approved, was for a 400-bed addition to the Southern Nevada Women's Correctional Center in North Las Vegas to include food service, dining, visiting area, mother-child reunion center in a secured area, classrooms, offices, administration, canteen and recreational areas for which funding for construction would be requested in the 2007 Capital Improvement Program budget.

In response to a request from Assemblywoman Giunchigliani for clarification regarding the square footage being requested, Mr. Dale advised that the project in the 2005 CIP called for 100,500 square feet, and the request before the Committee reduced the total square footage for new construction to 77,892 square feet.

Assemblywoman Giunchigliani reiterated earlier discussion that Legislative intent for the project included a child reunion center.

Mr. Whorton addressed the urgency of the need for the 400 beds and indicated that dependent on pending population projections, emergency measures might need to be taken to house women inmates.

Assemblywoman Giunchigliani indicated a willingness to provide the 400 beds within the framework of what was approved by the Legislature.

Assemblywoman McClain reiterated her concerns with respect to changes in construction as well as the reduction of transitional beds from 200 to 100 and her intent to not support the request.

Chairman Arberry called for a vote on Senator Beers' motion to approve the change in scope for Project 05-P05 included removal of the child reunion center; addition of a 9,100 square foot medical facility in one of the two housing units; remodel of the existing 1,522 square-foot medical facility for use as administrative and psychiatric care; conversion of 969 square feet of existing administrative space to records storage and a break room; minor renovation and equipment upgrades for the existing laundry and kitchen, and construction of a 1,700 square foot addition to the existing warehouse for dry food storage

THE MOTION FAILED. (Senator Mathews, Senator Titus, Assemblyman Denis, Assemblywoman Gansert, Assemblywoman Giunchigliani, Assemblyman Hogan, Assemblywoman Leslie, Assemblywoman McClain, Assemblyman Parks, Assemblywoman Parnell, Assemblyman Seale, Assemblywoman Weber voted nay. Assemblyman Perkins was not present for the vote.)

Senator Beers, Senator Cegavske, Senator Rhoads, Assemblyman Hettrick, Assemblyman Marvel voted aye. Senator Raggio was not present for the vote).

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED APPROVAL OF A CHANGE IN SCOPE FOR PROJECT 05-P05, DESIGN FOR THE 400-BED ADDITION OF THE SOUTHERN NEVADA WOMEN'S CORRECTIONAL CENTER WITH THE INTENT TO DEVELOP THE 400 BEDS WITHIN THE FRAMEWORK OF THE RECOMMENDATIONS MADE BY THE 2005 LEGISLATURE REGARDING PROGRAMING NEEDS AND TO ALLOW FLEXIBILITY IN THE DESIGN OF THE FACILITY.

Mr. Whorton asked for clarification that the medical space requested in the request before the Committee was included in the motion.

Assemblywoman Giunchigliani indicated that the argument had been made for inclusion of the infirmary space and that her motion included the need for the medical facility.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

In response to Senator Beers, who asked if the expansion also included an additional 100 beds, Assemblywoman Giunchigliani indicated it was her understanding that the additional 100 beds were not needed.

Senator Beers indicated he believed the original plan was to convert transitional beds to hard beds because the demand for hard beds was higher than projected and asked again if the motion also included the expansion of an additional 100 hard beds.

Chairman Arberry indicated it was his understanding that 100 additional beds were not included.

Mr. Nunez indicated he understood the motion to include a total of 400 beds, which provided for 300 medium beds and 100 transitional beds; incorporation of the child reunion center; addition of a 9,100 square foot medical facility in one of the two housing units; remodel of the existing 1,522 square-foot medical facility for use as administrative and psychiatric care; conversion of 969 square feet of existing administrative space to records storage and a break room; minor renovation and equipment upgrades for the existing laundry and kitchen; and construction of a 1,700 square foot addition to the existing warehouse for dry food storage

THE MOTION CARRIED. (Assemblywoman McClain voted nay; Assemblyman Perkins and Senator Raggio were not present for the vote.)

3. Project 05-P28, Design Indian Springs Work Center – Request for change in scope and use of Construction Manager at Risk (CMAR) delivery method. Original scope provided for:
 - A new 88,400 square foot conservation camp with 626-beds adjacent to the existing Indian Springs Conservation Camp; and,
 - The remodel of 14,400 square foot camp for classroom and programming areas for minimum custody inmates.

Revised scope would provide for:

- Construction of a new 112,955 square foot facility consisting of 384 minimum security beds
- The remodel of 14,400 square foot housing unit for housing 112 boot camp inmates and 56 DUI inmates
- The remodel of 4,323 square foot multi-purpose building to house boot-camp support.

The State Public Works Board representatives advised that construction of the project would require early funding from the 2007 Legislature. The current construction cost estimate was \$37,626,845.

Gustavo Nunez, P.E., Interim Manager, Public Works Board (PWB), appeared before the Committee to request a change in the scope of Project 05-P28, Design Indian Springs Work Center Advance Planning and to use the Construction Manager at Risk (CMAR) delivery method.

Mr. Nunez advised that the request was the result of the planning effort done under the 2005 Capital Improvement Program, which better defined the specifics of the Department of Correction's needs. Mr. Nunez indicated the PWB was ready to proceed with the final design for the project and that an early funding bill would be requested of the 2007 Legislature in order to meet the construction schedule. Additionally, the CMAR delivery method was being requested to "fast track" and to complete the project within the time the Department of Corrections needed the minimum security beds.

ASSEMBLYMAN SEALE MOVED APPROVAL OF ITEM K.3
TO CHANGE THE SCOPE OF PROJECT 05-P28.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and
Senator Raggio were not present for the vote.)

4. Projects 05-M36, Central Chiller Plant Renovation – Lovelock Correctional Center and 05-M29 – Groundwater Protection – Carlin Conservation Camp - Request to cancel the remaining scope of project 05-M29 and transfer \$607,434 from project 05-M29 to project 05-M36, Central Chiller Plant Renovation, Lovelock Correctional Center. Funding for the construction portion of project 05-M29, Groundwater Protection, Carlin Conservation Camp will be requested from the 2007 Legislature.

Evan Dale, Deputy Manager, Administration and Finance, Public Works Board (PWB) appeared before the Committee to request a transfer of \$607,434 from Project 05-M29 – Groundwater Protection – Carlin Conservation Camp to Project 05-M36, Central Chiller Plant Renovation – Lovelock Correctional Center to fund a construction shortfall in Project 05-M36. The funds being requested for transfer from Project 05-M29 would be submitted for consideration by the Legislature in the 2007 Capital Improvement Program budget proposal.

ASSEMBLYMAN DENIS MOVED APPROVAL OF ITEM K.4.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and
Senator Raggio were not present for the vote.)

5. Project 05-C16 – Greenspun College of Urban Affairs Building at UNLV – Request for change of scope to reallocate \$10,800,000 from furnishing, fixtures and equipment to construction and to receive and spend \$10,900,000 from NSHE for construction, professional services and miscellaneous project costs. Approximately \$10,800,000 will be requested from the 2007 Legislature for furnishings, fixtures and equipment.

Evan Dale, Deputy Manager, Administration and Finance, Public Works Board (PWB) advised that the PWB had requested that Project 05-C15 be withdrawn from consideration by the Committee.

6. 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).

Gustavo Nunez, P.E., Interim Manager, Public Works Board (PWB), advised the members of the Committee that Item K.6 (Exhibit L) was provided as an informational only monthly progress report for the University of Nevada Las Vegas Science, Engineering and Technology Building.

7. Projects 05-M32, HVAC Renovation Building 5, NNAMHS, and 05-M33, HVAC Renovation, Building 8, NNAMHS – Request to transfer \$140,633 from project 05-M32 to project 05-M33, HVAC Renovation, Building 8, NNAMHS. Funding to complete Project 05-M32, HVAC Renovation, Building 5, NNAMHS will be requested from the 2007 Legislature.

Gustavo Nunez, P.E., Interim Manager, Public Works Board (PWB), appeared before the Committee to request a change in scope and authority to transfer \$140,633 from Project 05-M32, HVAC Renovation Building 5, NNAMHS to Project 05-M33, HVAC Renovation, Building 8, NNAMHS.

Mr. Nunez advised that it was determined in recent action by the PWB, that the funds being transferred from Project 05-M32 would not be submitted for consideration by the Legislature in the 2007 Capital Improvement Program budget proposal.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM K.7.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and Senator Raggio were not present for the vote.)

8. Projects 03-M63, Renovate Central Kitchen, NNAMHS and 03-M64, Remodel Kitchen, Replace Equipment, Upgrade Floor and Bathrooms, Lake's Crossing – Request to transfer \$100,000 from 03-M64 to 03-M63 to fund unanticipated electrical work. Project 03-M64 is complete and will not require additional funding from the 2007 Legislature.

Evan Dale, Deputy Manager, Administration and Finance, Public Works Board (PWB) appeared before the Committee to request a transfer of \$100,000 from Project 03-M64, Remodel Kitchen, Replace Equipment, Upgrade Floor and Bathrooms, Lake's Crossing to Project 03-M63, Renovate Central Kitchen, NNAMHS in order to fund unanticipated electrical utility work.

SENATOR RHOADS MOVED APPROVAL OF ITEM K. 8.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and Senator Raggio were not present for the vote.)

9. Project 05-C01. Repair the exterior of the Grant Sawyer Office Building – Project status report (INFORMATIONAL ONLY).

Gustavo Nunez, P.E., Interim Manager, Public Works Board (PWB), advised that a project status report (Exhibit M) for Project 05-C01, Grant Sawyer Building – Office Building Exterior Tile Replacement had been provided in the documents that had been distributed to the members of the Committee.

In response to questions Chairman Arberry asked regarding the project's completion date and whether additional costs were anticipated, Mr. Nunez indicated completion was scheduled for the end of summer 2007. Mr. Nunez explained that framing and rust problems were discovered during the demolition process and although the completion date would not be affected, the presence of a structural engineer and correction of the structural deficiencies would be required. Mr. Nunez pointed out that it was not unusual during a remodel or repair project to discover unanticipated conditions.

Chairman Arberry advised that Items K. 10 and 11 had been provided for informational purposes and would not be addressed.

10. Semi-annual report on progress of developing additional performance indicators for the Facility Condition Analysis Program. Letter of Intent, 2005 Legislature - (INFORMATIONAL ONLY)

11. Project Status Report (INFORMATIONAL ONLY).

Senator Mathews expressed concern regarding term limits and the fact that in four years, there would be no institutional memory remaining regarding issues such as those related to the Grant Sawyer building.

*L. DEPARTMENT OF MOTOR VEHICLES – Pursuant to NRS 445B.830 (8.), request for approval of grants from the Pollution Control Account to:

1. Clark County Department of Air Quality and Environmental Protection - \$660,000
 2. Washoe County District Health Department - \$220,125
- Item L.2 was related to Item E. 138.

Clay Thomas, Deputy Director, Department of Motor Vehicles, appeared before the Committee to request approval for the release of \$880,125 in funds from the excess grant reserve in the Pollution Control Account.

Mr. Thomas advised that if approved, Clark County Department of Air Quality and Environmental Protection would be granted \$660,000 and Washoe County Health District Air Quality Management Division would be granted \$220,125 for application to air quality programs.

In response to questions Chairman Arberry asked regarding the quality of air in Clark County, Mr. Thomas advised that ongoing monies were distributed to the counties from dedicated grant funds along with excess grant reserve funds in the Pollution Control Account to help combat dust and vehicle emissions and to ensure that air quality remained at a healthy level.

Assemblywoman Giunchigliani asked whether alternative truck routes were being considered with respect to emissions from idling vehicles.

Mr. Thomas advised that Clark County used the money for a variety of programs that addressed air quality issues. Although he was unfamiliar with a program to use alternative truck routes, Mr. Thomas said he would pass the information on to Clark County representatives.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF
ITEM L.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE
MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and Senator Raggio were not present for the vote.)

- *M. DEPARTMENT OF CORRECTIONS – PRISON INDUSTRY – Pursuant to NRS 353.335(2.c.), request approval to accept donated building with an estimated value of \$180,000 for use by Prison Industries at High Desert State Prison.

Howard Skolnik, Deputy Director, Industrial Programs, Department of Corrections, appeared before the Committee to request approval to accept a donated 11,000 square-foot inflatable building. The building was previously used by a private company, CEDCO, Inc., in the manufacture of concrete castings at the High Desert State Prison. The project was completed, and rather than move the building valued at \$180,000, CEDCO, Inc. indicated they would donate it to the Department of Corrections' Prison Industries.

ASSEMBLYMAN MARVEL MOVED APPROVAL OF ITEM M.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins and Senator Raggio were not present for the vote.)

- *N. DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE LANDS – Pursuant to Chapter 6, 17th Special Session, request for the approval of issuance of \$11,760,000 in General Obligation Bonds to fund the grant program as set forth in subsection 2 of section 2 of the act.

Pam Wilcox, Administrator, Division of State Lands, Department of Conservation and Natural Resources, identified herself for the record and introduced Kevin Hill, Coordinator, Question 1 Program, Division of State Lands, Department of Conservation and Natural Resources.

Ms. Wilcox appeared before the Committee to request authority to issue additional general obligation bonds in the amount of \$11,760,000 under the Question 1 Program. Question 1 was a program approved by the voters in 2002 pursuant to A.B. 9, 17th Special Session of the 2001 Legislature. The Question 1 program provided \$200 million in funds for a variety of conservation and open space projects including \$65.5 million to the Division of State Lands for a grant program. Ms. Wilcox advised that of the \$65.5 million, \$50.5 million had a specific provision that the issuance of general obligation bonds required the approval of the Interim Finance Committee (IFC).

Ms. Wilcox referenced a schedule (Exhibit N) entitled, *Existing and Proposed Bond Authority for State Lands Question 1 Program*, which outlined proposed funding expenditures for the requested \$11,760,000 in bond authority. The eligible projects included recreational trails, acquisition of land for urban parks and greenbelts, completion of habitat conservation plans, open space plans, acquisition of open space land, and water projects along the Carson River Corridor and the Lake Tahoe Path system.

Ms. Wilcox advised that to date authority had been provided to sell \$23,545,000 in bonds. With approval of the \$11,760,000 request, total bond authority would be increased from \$23,545,000 to \$35,305,000 leaving authority of \$15,195,000 of the original \$50.5 million that required IFC approval.

Ms. Wilcox indicated that whenever the time was made available, the Division of State Lands' representatives would like the opportunity to provide the members of the Committee a PowerPoint presentation on the projects that had been approved for funding.

SENATOR TITUS MOVED APPROVAL OF ITEM N.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

In response to questions Assemblywoman Giunchigliani asked regarding Question 1 funds and funds provided through the Southern Nevada Land Management Act, Ms. Wilcox advised that the special account created by the sale of lands in southern Nevada under the Southern Nevada Public Land Management Act, had a category entitled, Parks, Trails and Natural Areas for which money was available to local governments in Clark County only. Ms. Wilcox advised that the funding provided through the Southern Nevada Public Land Management Act was one of the reasons there had not been a large volume of requests for conservation projects from Clark County as originally anticipated.

In response to questions Assemblywoman Giunchigliani asked regarding funding allocations under the Southern Nevada Land Management Act, Ms. Wilcox recommended reviewing the Bureau of Land Management's web site, which provided up-to-date information on all of the Southern Nevada Public Land Management Act expenditures.

In response to Assemblywoman Giunchigliani's request for information on the status of Floyd Lamb Park, Ms. Wilcox advised that the transfer of the Floyd Lamb Park by the state to the City of Las Vegas would be finalized by the end of fiscal year 2007.

In response to questions Assemblyman Parks asked relative to the issues involved in the transfer of state-owned land versus leased land for the

Floyd Lamb Park, Ms. Wilcox advised that the bill that authorized the transfer to the City of Las Vegas provided that the state-owned land would be transferred directly to the City, and the land that was leased from the Bureau of Land Management (BLM) would be leased by the BLM directly to the City. Ms. Wilcox further advised that stringent legal requirements existed on the City's future use of the land that was being transferred from the state, but requirements were less restrictive on the land leased from the BLM. Issues regarding "the conservation transfer area" and its intersection with land leased from the BLM were under review.

In response to questions Assemblyman Seale asked regarding whether the general obligation bonds would be sold through a negotiated or competitive sale, Robin Reedy, Deputy Treasurer, Office of the State Treasurer, advised that the bonds would be issued under the provisions of a competitive sale as their cash flow dictated.

THE MOTION CARRIED. (Assemblyman Perkins and Senator Raggio were not present for the vote.)

- O. INFORMATIONAL ITEMS – Reports on letters of intent and various reports from agencies. Refer to Exhibit D for a complete list of Item O Informational items.

Chairman Raggio announced that reports would be heard for the following informational items:

Item I – Legislative Committee on Health Care – Senator Maurice Washington

Item II 5B – Department of Taxation – Report on financial status of White Pine County

Item II 6B – Nevada System of Higher Education – University of Nevada School of Medicine (UNSOM), Report on the reallocation of Medical School residency funds and clarification on proposed Medical School/Medicaid Intergovernmental Transfer.

Item II 7B – Department of Cultural Affairs – Nevada State Museum, Las Vegas – Project status report on the design and construction of the Nevada State Museum project in Las Vegas, which was approximately \$11.5 million over budget.

Item II 9 – Nevada Commission on Tourism – Preliminary report for use of Fiscal Year 2006 funds for Reno-Tahoe Winter Games – Letter of Intent, 2005 Legislature.

Item II 10A – Director’s Office – Progress report on department’s move to Technology Way.

Item II 12A (3) – Department of Public Safety – Quarterly report on the State Homeowners’ Disaster Assistance Program for the quarter ending June 30, 2006.

Item II 15B – Status update of filling the Wildlife Specialist position and initiation of the Wildlife Health Program, including the avian influenza surveillance program.

Item II 16A – Department of Transportation – Status report on the progress of the Galena Creek Bridge.

SENATOR CEGAVSKE MOVED TO ACCEPT ALL OTHER REPORTS NOT DESIGNATED BY THE CHAIRMAN FOR ADDITIONAL INFORMATION.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus was not present for the vote.)

- I. Legislative Committee on Health Care – Senator Maurice Washington, Chairman – Overview of topics considered by the committee in the development of a comprehensive plan for the provision of health care in Nevada.

Senator Maurice Washington, Chairman of the Legislative Committee on Health Care (LCHC) identified himself for the record and introduced Peter Burns, of Burns and Associates, and Committee staff member, Marsheila Lyons, Senior Research Analyst, Legislative Counsel Bureau, Research Division. Senator Washington also acknowledged staff member, Leslie Hamner, Principal Deputy Legislative Counsel, Legislative Counsel Bureau, Legal Division, who was on leave.

Senator Washington advised that, under the provisions of A.B. 342, 2005 Legislature, the LCHC was required to develop a strategic and comprehensive health care plan for Nevada that anticipated trends, identified Nevada’s workforce health care needs, and ensured quality and access to the state’s health care system.

Senator Washington reported that the LCHC had addressed issues that related to the quality of and access to the state’s health care delivery system that included facilities, professionals, education, pharmaceutical coverage, and public health issues regarding funding for wellness programs related to chronic disease,

health disparities, immunization, oral hygiene, substance abuse, and mental health. The LCHC worked with Nevada System of Higher Education (NSHE) representatives to address the need for an increased number of health care professionals. Additionally, the LCHC worked on issues related to mental health care facilities, public/private partnerships, the uninsured, the working poor, long-term care needs, data collection, and rural community issues that included telemedicine, equipment needs, and communication. The LCHC also worked to develop a Health Care Policy Analysis office that would review trends and needs within the state and information technology systems.

Senator Washington indicated that additional interim studies were requested for pediatrics, geriatrics, and boards and commissions centered on the health care industry, which were areas that were studied but not covered as extensively as would have been preferred.

Peter Burns, Burns and Associates, referenced a document entitled, "Nevada Strategic Health Plan Recommendations Developed by the Legislative Committee on Health Care," (Exhibit E), which Chairman Raggio indicated would become a part of the record.

Referring to page 6 of the document, Mr. Burns said that as a result of the process established by Chairman Washington, it was determined that Nevada's health care system had the following deficiencies:

- A shortage of health care professionals existed in Nevada.
- A high proportion of Nevada's population remained uninsured, which led to cost shifting.
- Significant population growth provided the opportunity for Nevada to "get in front" of its health care problems.
- Demographics
 - ✓ During the next thirty years, Nevada's population would more than double. During that period, the percentage of the elderly, the group with the highest health care utilization and cost, would increase from 11 percent to 20 percent.
- Health Care Professionals
 - ✓ Nevada had a shortage of health care professionals. Per 100,000 of the population, Nevada ranked 48th for physicians and 49th for nurses.
- Health Insurance Status

- ✓ Nevada had the 4th highest percentage of people without health insurance. There were approximately 426,000 uninsured residents, of which 214,000 were employed.
- ✓ At 47th, Nevada had among the lowest percentage of the population covered by Medicaid.
- Recommendations from the Focus Groups, the Summit, and the Committee for Presentation to the Legislature
 - ✓ The Nevada System of Higher Education, (NSHE) would make a presentation for their Health Science Center concept that would address health professional education issues.
 - ✓ The Department of Health and Human Services (DHHS) was considering including in their budget request many of the recommendations that addressed both the Medicaid program and prevention services.
 - ✓ The LCHC would make recommendations that focused on planning, prevention, safety net, and nursing education.
 - ✓ The proposal from the NSHE would focus on doubling the Medical School enrollment and enhancing, through the Health Sciences Center (HSC), interdisciplinary studies that would add to the workforce and focus on Nevada health care issues.
 - ✓ The DHHS was considering recommendations, for inclusion in their budget, that addressed increasing Medicaid rates for hospitals, physicians, other providers, and expansion of behavioral health services in the rural areas particularly related to the use of hospital emergency departments; the availability of home and community-based long-term care services; reforming the eligibility process; adding funds to the Senior and Disability Rx programs; the state's immunization registry; and expanding certain prenatal programs.
 - ✓ The LCHC would, through bill draft requests (BDR) and expressions of support, address recommendations related to doubling the capacity for nursing education in the state; creating planning functions in both DHHS and at the NSHE; performing one-time projects related to electronic health records; expanding substance abuse services; supporting safety net providers that served the uninsured; expanding funding to rural emergency medical service providers; funding wellness programs to prevent chronic diseases, and expansion of oral health programs.

In response to Chairman Raggio, who asked if the NSHE planned to include the recommendation to double nursing enrollment in their budget, Mr. Burns confirmed it was his understanding that the request would be included in the NSHE budget for the coming biennium.

Senator Washington introduced Jane Nichols, Vice Chancellor of Academic and Student Affairs, NSHE, who advised that an addendum to the NSHE budget had been submitted for funding to double the capacity for nursing education. However, the Vice Chancellor advised that the actual dollar amount needed was for the first biennium only, and because almost 1,600 new students would need to be recruited, the process would take three biennia.

Mr. Burns continued the presentation on page 22 and 23 with the biennium costs addressed by the NSHE, DHHS, and the Committee.

Senator Washington told the members of the Committee that the overall comprehensive plan that would meet the health care needs for Nevada citizens should be completed by January 2007 in time to make a formal presentation to the Legislature.

Chairman Raggio expressed appreciation for the efforts of the LCHC, who he indicated had been one of the hardest working interim committees.

Assemblywoman Giunchigliani asked for an explanation of the terms, *operating without nursing* and *supported initiatives*.

Mr. Burns explained that the LCHC had moved ahead of the NSHE and DHHS budget process, and initially the NSHE had developed their proposal for the Health Science Center without a nursing component. The nursing initiative, which doubled the nursing involvement over ten years, was subsequently developed, and the cost figures were included in the line item that listed the biennium cost for the Committee.

Assemblywoman Giunchigliani asked how the cost for nursing expansion "interfaced" with the initiatives adopted for the community and state colleges during the 2005 Legislative Session.

Mr. Burns explained that the NSHE had just completed doubling the nursing enrollment process, and the LCHC recommended that the expansion be doubled again over the next ten years.

Assemblywoman Giunchigliani indicated she had been told that Nevada had many licensed nurses, who chose not to practice and asked if rather than doubling the expansion, it might be best to first determine why nurses decided not to practice.

Mr. Burns indicated that the reasons why nurses chose not to practice should be studied and that one of the LCHC recommendations was to institute at the university level a center for health care professional studies.

In response to questions Assemblywoman Giunchigliani asked regarding whether the LCHC had also considered shortages for psychiatric nurses and other licensed health care professionals, Mr. Burns advised that the LCHC had addressed all of the professionals and allied professionals associated with health care professional education.

Senator Mathews questioned whether the need for additional faculty with respect to doubling the nursing enrollment had been addressed.

Senator Washington advised that the additional faculty issue was discussed and deferred to Vice Chancellor Nichols.

Vice Chancellor Nichols advised that the plan included 67 nursing faculty to be hired in the next biennium. Vice Chancellor Nicholas indicated that the 2005 Legislature funded the Ph.D. program at the University of Nevada, Las Vegas, (UNLV) that would begin to produce graduates it was anticipated would remain in Nevada. Additionally, incentives for nursing faculty were being reviewed, but Vice Chancellor Nichols agreed it would be challenge to find faculty.

Senator Mathews pointed out that in order to retain quality faculty, it would be necessary to provide them the same benefits as other members of the NSHE faculty.

Chairman Raggio indicated that without objection, the report was accepted.

- II. Reports on letters of intent and various reports from agencies – See Exhibit D for a complete list of Informational Items.

5. DEPARTMENT OF TAXATION

B. Report on Financial Status of White Pine County

Dino DiCianno, Executive Director, Department of Taxation, reported that White Pine County had avoided insolvency for fiscal year 2005-06, ending the year with a cash fund balance of \$77,000. Mr. DiCianno advised that although White Pine County's financial situation was still considered fragile and required constant monitoring, the Tax Commission's mitigation plan, the increase in PILT (payment in lieu of taxes) from the federal government, and the net proceeds of minerals tax, had generated revenue that exceeded projections.

In response to questions Assemblyman Seale asked regarding government entity consolidation, Terry Rubald, Chief, Division of Assessment Standards,

Department of Taxation, advised that the long-term strategy adopted by the Tax Commission included a plan for consolidation of government entities. Although a strategic plan had not yet been established, Ms. Rubald advised that consolidation efforts included, for example, that the City of Ely, the County, and the school district maintain all of their equipment within one department.

There were no additional questions from Committee members, and Chairman Arberry accepted the Department of Taxation's report on the financial status of White Pine County.

7. DEPARTMENT OF CULTURAL AFFAIRS

- B. Project status report on the design and construction of the Nevada State Museum in Las Vegas, which was approximately \$11.5 million over budget.

Scott Sisco, Interim Director, Department of Cultural Affairs, referenced a document entitled, *Nevada State Museum Springs Preserve – Opening July 2008 – Project Status Report*, (Exhibit O) that had been distributed to the members of the Committee.

Mr. Sisco reported that in the year 2000 an idea was put forward to move the Museum in Lorenzi Park to the Las Vegas Springs Preserve site, and \$35 million was included in the Question 1 program for a new museum. Mr. Sisco advised that the original project was budgeted in the year 2000, but inflationary factors between 2000 and the current time had enormously increased the cost of the building. Mr. Sisco reported that the design for the building had been completed and plans were currently with the Las Vegas building inspector. However, Mr. Sisco reported that funding for construction, exhibits, as well as furniture, fixtures, and equipment would be used to construct only the building shell. Plans called for ground breaking in October and completion of the shell in 2008. Mr. Sisco advised that approximately \$11.5 million would be requested of the 2007 Legislature to complete the project.

In response to questions Chairman Arberry asked, Mr. Sisco advised that additional Question 1 money could not be provided to the Nevada State Museum Springs Preserve project, for which \$35 million had originally been allocated.

10. DEPARTMENT OF HEALTH AND HUMAN SERVICES

- A. Director's Office – Progress report on department's move to Technology Way.

Mike Torvinen, Deputy Director, Fiscal Services, Director's Office, Department of Health and Human Services, reported that the contractor was scheduled to complete the lease-hold improvements on the new buildings that would be used to house employees by October 1, 2006. However, Mr. Torvinen explained that he had just learned that cable work for data and phones would not be completed

on time and that he was working with Department of Information Technology (DoIT) representatives to determine why. Mr. Torvinen also indicated he was working to explore other opportunities to mitigate the time frame issues. Additionally, Mr. Torvinen reported that the lease-hold improvements were slightly more expensive than anticipated and that a supplemental appropriation from the 2007 Legislature would be needed although the appropriation was expected to be less than what had originally been anticipated.

15. DEPARTMENT OF WILDLIFE

- B. Status update of filling the Wildlife Specialist position and initiation of the Wildlife Health Program, including the avian influenza surveillance program.

Doug Hunt, Acting Director, Department of Wildlife, introduced Dr. Russ Mason, who provided an update on the avian influenza surveillance being conducted by Department of Wildlife staff.

Dr. Mason, Division Administrator, Game Management, Department of Wildlife advised that:

- Influenza surveillance had been underway for two months.
- Influenza detection rates were 100 percent higher than in California, with about 50 percent of the samples showing varieties that were reportable by world health organization standards.
- Sampling of migrant birds would begin in four weeks.

Dr. Mason advised that Department of Wildlife officials were about to begin interviewing candidates, the majority of whom held D.V.M. and Ph.D. degrees, for the new Department of Wildlife Health Specialist position. Dr. Mason was working with representatives of the Department of Agriculture, the Cattlemen's Association, Nevada Bighorns Unlimited, and the University of Nevada to select a Wildlife Health Specialist.

Dr. Mason reported that the Idaho Division of Fish and Game had closed sage grouse season as a result of West Nile Virus in Owyhee County, which was located just across the border from fire damaged Nevada Area 6. With respect to earlier comments by Nevada Division of Forestry representatives, Dr. Mason advised that Department of Wildlife representatives were also focused on the loss of 90 percent of the mule deer habitat, 70 percent of the antelope habitat and 82 percent of the sage grouse leks as a result of the fires, which covered approximately 5,000 square miles in Area 6. Additionally, Dr. Mason expressed concern that West Nile Virus could further impact those populations, although there was no data to confirm that assumption.

In response to Assemblywoman Leslie, who questioned the length of time being taken to hire the Wildlife Health Specialist, Dr. Mason explained that the position had been approved two months earlier and after advertising, it was a matter of finding a technically competent individual, who could effectively work with sportsmen and ranchers alike.

In response to questions Assemblywoman Leslie asked regarding funding for the position, Dr. Mason advised that the cost for the position as well as support costs would be paid for with federal funding.

In response to additional questions Assemblywoman Leslie asked regarding influenza surveillance activities, Dr. Mason advised that surveillance activities had begun several months ago.

In response to questions Assemblywoman Giunchigliani asked regarding the type of birds affected by the avian flu, Dr. Mason advised that all samples were positive for Mallards.

In response to questions Assemblywoman Giunchigliani asked about Steller's Jays being affected in the southern part of the state, Dr. Mason explained that although Steller's Jays would not be affected by avian influenza, West Nile Virus affected all corvids including crows, jays, magpies, and ravens. Dr. Mason further explained that the only birds hit harder by West Nile Virus were sage grouse with mortality at 100 percent.

In response to questions Assemblywoman Giunchigliani asked regarding a plan to re-establish the habitats, Dr. Mason advised that it would take from thirty to fifty years to re-establish some of the habitats that had been lost.

In response to questions Assemblywoman Giunchigliani asked about tags for hunting wildlife, Dr. Mason advised that an emergency antelope depredation hunt had been established to remove 200 animals, which would be followed by aerial and drop net captures of another 300 animals for relocation to other parts of the state. Additionally, Dr. Mason advised that Department of Wildlife staff were working with wildlife services to remove predation pressure on those animals, and additional seeding would take place in the fall and spring in an attempt to replace habitat. Dr. Mason also explained that the number of tags for other species, such as mule deer, could be increased.

Assemblywoman Parnell expressed concern regarding hunting activity in Area 6, which was being affected by West Nile Virus.

Dr. Mason advised that Idaho Fish and Game had closed the season on sage grouse in Owyhee County, near Nevada Area 6, because of West Nile mortality in radio-collared birds. Dr. Mason explained that Nevada had no radio-collared

birds and whether the West Nile Virus infection rate in Idaho was also the case in Nevada was an unknown.

Assemblywoman Parnell indicated her concern was for the danger hunters might be exposed to in Area 6.

Dr. Mason advised that the mosquitoes, which were the source of West Nile Virus, would be long gone before the arrival of the hunters.

In response to Assemblywoman Parnell's concern regarding antelope hunting in Area 6, Dr. Mason explained that antelope hunting took place in the southern part of the state where the concern for the virus was not as great.

Mr. Hunt provided additional information in response to Assemblywoman Leslie's earlier question regarding influenza surveillance activities and advised that Department of Wildlife personnel had been utilized during the summer field season to collect surveillance data. The data was being analyzed in conjunction with the Department of Agriculture, and positive samples would be sent directly to Ames, Iowa for further testing. Mr. Hunt added that the soon to be hired Wildlife Specialist position, approved by the Committee in June, would be critical to analysis being conducted on migratory birds.

Assemblywoman Leslie expressed her appreciation for the clarification provided by Mr. Hunt.

16. NEVADA DEPARTMENT OF TRANSPORTATION –
A. Status Report on the progress of the Galena Creek Bridge

Jeff Fontaine, Director, Nevada Department of Transportation, identified himself for the record and introduced Rick Nelson, Assistant Director, Operations, Nevada Department of Transportation.

Mr. Fontaine provided the following report in response to the Interim Finance Committee's (IFC) request for a detailed update on the progress of the Galena Creek Bridge.

The Galena Creek Bridge was one of four bridges in the initial contract to extend the Interstate 580 Freeway from the Mount Rose Highway in Reno to the Winters Ranch in Washoe Valley. The project was divided into Package "A" and Package "B" -

- Package "A" called for the construction of four bridges, Corey Canyon Way grade separation, Browns Creek Bridge, St. James Parkway grade separation, and the Galena Creek Bridge, along with establishing the alignment connecting the bridges together.

- Package “B” was to complete the freeway extension by constructing three bridges to the north of Galena Creek, the interchange at Winters Ranch, and completion of the Mount Rose Interchange along with the movement of about 1.5 million cubic yards of earth across the Galena Canyon.

The timing of Package “B” relied on the completion of the southbound portion of the Galena Bridge. Due to the geography and alignment of the roadway, the bridge had to span a distance of approximately 1,700 feet, and a concrete arch span bridge type was selected.

There were two design alternatives for Package “A,” one designed by NDOT’s consulting engineers and the other designed by NDOT in-house engineers. All three of the bidders, who bid on Package “A” bid on NDOT’s design option, which was the erection of a steel pilot truss with concrete formed around the truss.

Edward Kraemer & Sons (EKS) was awarded the bid at \$79 million in October 2003. The other two contractors bid almost \$4 million and \$10 million higher than EKS.

In the fall of 2005, EKS raised an issue about the impact of high winds on the steel truss during construction. NDOT hired experts to look at the wind issue, and the experts concluded that the bridge was adequately designed. Mr. Fontaine emphasized that the stability of the bridge in its final permanent state was never in question. Concern was raised only with respect to wind impact during a specific stage of the construction in which the steel truss was erected.

NDOT representatives worked with the contractor to resolve the wind issue, but other issues had developed, specifically the contractor had to remove a significant amount of concrete from one of piers on the bridge that did not meet NDOT specifications. In addition, a failure of one of the pier columns occurred during construction placing the project more than a year behind schedule, and the wind issue would place the project even further behind schedule. Serious concerns also arose regarding the contractor’s fabrication of the steel truss and whether or not it could be constructed. By the spring of 2006, NDOT and EKS were at an impasse. The contractor indicated they were going to file a claim for about \$18 million in delays as a result of the wind issue. More importantly EKS refused to build the pilot truss as designed by NDOT and refused to provide any additional information that could have been used to re-design and add additional strength to the pilot truss.

The NDOT considered the contractor’s posture a breach of contract. However, pursuing the default option would have put the project years behind schedule while the surety and the contractor fought the default. Although structural experts believed the design was sound, the technical issues associated with the design of the pilot truss placed the state at risk of not prevailing in a court of law.

From a business standpoint, Mr. Fontaine indicated it was important to negotiate a no-fault termination in order to move Package "B" into construction while minimizing the financial impact of the entire project.

Mr. Fontaine advised that Package "B" was waiting for the construction of the Galena Creek Bridge and inflationary increases for each month's delay would increase the cost of the project from \$2.2 million to \$3.5 million. Thus, a decision was made to settle with EKS and pay for the work performed. Additionally, Mr. Fontaine indicated some items were negotiated for NDOT including the use of materials, forms, temporary access roads, and staging areas. All other claims with the contractor were closed.

Once it became apparent the contract with EKS would be terminated, NDOT faced constraints regarding inflationary cost increases for Package "B" and the need to move 1.5 million cubic yards of material from the north end of the project across Galena Creek to the south end. It was determined the best way to ensure early completion of the Galena Creek Bridge was to include its construction in Package "B" and bid Package "B" with the remainder of the Package "A" work.

EKS was paid about \$47.5 million for completion of the three bridges at Corey Canyon, Browns Creek, and St. James Parkway and for about 40 percent completion of the Galena Creek Bridge.

Package "B," which would complete the freeway was advertised on July 6, 2006 with bids to be opened in October. The Committee was assured that the NDOT's consulting engineers worked hard to ensure the bid could be let as quickly as possible. It was anticipated a contract could be awarded to the successful bidder in November with construction to begin at the end of the year.

The project, as currently planned, was expected to be constructed in 1,000 working days or 4.5 years. While the sequence of how the construction would take place was up to the contractor, it was anticipated the southbound Galena Creek Bridge would be completed by the end of 2008. The entire freeway project was anticipated to be completed in 2010 at a cost of \$331,000,000. With the Galena Creek Bridge and three other bridges in the contract, the prime contractor would be required to employ a special pre-qualified bridge builder as part of their team. Additionally, Mr. Fontaine indicated that four bridge erectors that attended a mandatory pre-bid conference were eligible to bid on the project along with three prime contractors.

In summary, Mr. Fontaine advised that NDOT representatives were confident that the bridge could be built and were looking forward to the construction and ultimate completion of the project.

In response to questions Chairman Arberry asked regarding NDOT's decision not to penalize the contractor, Mr. Fontaine explained that EKS, the contractor for

Package “A,” was a well-known national bridge-building company. EKS hired an engineer to review the wind issue concerns, who agreed with the contractor. NDOT hired two internationally recognized experts, who reviewed the design pier in terms of engineering and construction and agreed with NDOT’s position.

Insofar as penalties, one option was to default the contractor, which was explored and could have been justified, but that option was abandoned after reviewing the risks. Liquidated damages were assessed in terms of completing the overall contract including the bridge at approximately \$26,800 a day. Mr. Fontaine indicated that each day Package “B” was delayed pending litigation or arbitration over the issues with the contractor increased the cost of the project. Assuming a 5 percent inflationary increase, an additional cost of \$56,000 a day would occur, but at 10 percent, a more realistic construction industry assumption, the cost increased to over \$111,000 a day. Mr. Fontaine indicated that negotiation of the no-fault termination was purely a business decision to minimize the financial impact of the entire project.

Assemblywoman Gansert asked whether EKS would be completely released of liability for the bridge if a new contractor chose not to accept the work that had been completed.

Mr. Fontaine responded that NDOT had accepted the work completed by EKS, who no longer had any responsibility for the contract.

In response to questions Assemblywoman Giunchigliani asked regarding the concrete that had been poured by EKS and the steel arch pilot truss, Mr. Fontaine advised the concrete was tested during the pours to ensure that NDOT specifications were met. Additionally, Mr. Fontaine reiterated that the pilot truss would be constructed from both ends and once the truss was erected, concrete would be poured to surround the outside of the truss.

In response to questions Assemblywoman Giunchigliani asked regarding the wind issue, Mr. Fontaine explained that EKS representatives had only been concerned with the period of vulnerability during construction when the arch was erected.

In view of the increased cost of concrete, Assemblywoman Giunchigliani suggested that NDOT explore the possibility of building a concrete batch plant for large construction jobs.

In response to Senator Mathews’ questions regarding the wind velocity in the area of the bridge, Mr. Fontaine advised that the contractor’s responsibility for addressing issues related to the wind, which could approach 80 to 100 during miles per hour through the canyon, had been clearly specified. After being awarded the contract, EKS chose to erect the bridge in a different way than designed by NDOT, which they had the flexibility to do. One of the changes the

contractor made that “significantly changed” the construction was to divide the truss segments in half because the cranes they were using were not capable of lifting the segments of the truss designed by NDOT.

In response to Senator Mathews’ concerns that EKS was not penalized and that other contractors would not be interested in bidding the project, Mr. Fontaine reiterated that in October 2003, EKS bid the project for \$4 million less than the next low bidder and \$10 million less than the third low bidder. After being awarded the contract, EKS was confronted with delays and cost increases regarding concrete that had been poured and subsequently removed, construction of the pilot truss, wind velocity, and costs increases for steel and concrete. It was Mr. Fontaine’s opinion that as a result of the foregoing problems, EKS did not earn any money on the contract.

6. NEVADA SYSTEM OF HIGHER EDUCATION (NSHE).

B. University of Nevada School of Medicine (UNSOM) Report on the reallocation of Medical School residency funds and clarification on proposed Medical School Medicaid Intergovernmental Transfer.

Chairman Raggio acknowledged the presence of Dr. Milton Glick, the newly appointed President of the University of Nevada, Reno. Chairman Raggio welcomed President Glick and provided him the opportunity to address the Committee.

Dr. Glick, who served for 15 years as the Executive Vice President and Provost at Arizona State University and prior to that in various capacities at universities in the Midwest, told the members of the Committee that it was an exciting time for the University and higher education in Nevada and that he was looking forward to working with the Legislature in the coming months.

John McDonald, M.D., Ph.D., Vice President for Health Sciences and Dean, University of Nevada School of Medicine, advised that Item 6.B covered issues related to the University of Nevada School of Medicine (UNSOM) Medicaid Intergovernmental Transfer and the reallocation of Medical School residency funds.

UNSOM/Medicaid Intergovernmental Transfer

Dr. McDonald advised that the Center for Medicare and Medicaid Services (CMS) “allowed for additional payments to teaching positions,” who trained residents, which he indicated would result in federal funding that would supplement funding being received by the state.

A Medicaid State Plan Amendment (SPA) was undertaken, which Dr. McDonald explained “amplified” Medicaid payments to teaching positions employed by the School of Medicine. Dr. McDonald explained that based on an annual evaluation of Medicaid services provided to patients, the “UNSOM would be paid a quarterly

supplemental payment for outpatient services to Medicaid recipients,” which would offset the higher cost of providing medical services to Medicaid patients in a teaching environment. Dr. McDonald indicated the mechanism for leveraging state appropriated funding through Medicaid was being used by a number of medical schools around the country and would provide a significant enhancement to the UNSOM budget.

Dr. McDonald agreed to a request by Chairman Raggio for a commitment to make the budget changes necessary to independently track UNSOM Intergovernmental funding.

Residency Funding Reallocation

Dean McDonald advised that during the 2005 Legislative Session, Vice Chancellor Dan Klaich appeared before the “money committees” to request an increase in the number of UNSOM residents. Additionally, flexibility in the use of the appropriated funds was requested in order to also hire faculty to train the residents. Dr. McDonald indicated that the UNSOM was successful in obtaining other sources of funding for the 34 residents and requested a portion of the appropriated funds to pay for additional faculty to train the new residents.

In response to Chairman Raggio, who questioned whether hiring new faculty detracted from the number of resident positions originally contemplated, Dr. McDonald said it did not.

Dr. McDonald indicated that while an alternative funding source had been obtained for the 34 resident positions, residency programs would continue to be expanded and that ultimately all of the state appropriated funds would be used for that purpose.

In response to Assemblywoman Leslie, who questioned the number of residency positions for which funding was appropriated, Dean McDonald confirmed that funding was appropriated for 34 residents.

Assemblywoman Leslie asked for information regarding the 11 new psychiatric resident positions that would be funded by Southern Nevada Adult Mental Health Services (SNAMHS) in fiscal year 2007 and when the new residents would begin training.

Dean McDonald indicated that although all residents were practicing with the exception of one psychiatric resident position still under discussion, he did not have the specific date training began.

In response to Assemblywoman Leslie, who asked how many residents were practicing in the 34 positions for which funds were appropriated, Dean McDonald advised that 33 had been hired.

Senator Cegavske discussed having recently toured Touro University in Henderson, which was a self-supported institution and asked for comments on the availability of partnership opportunities.

Dean McDonald advised that an agreement had been reached to take Touro's fourth-year students for UNSOM clinical electives. Additionally, Dr. McDonald indicated that all residency positions were open and available to Touro graduates. Dean McDonald also advised that the UNSOM had been cooperating with the Nevada Hospital Association, and through the leadership of the Health Sciences Subcommittee, chaired by James D. Leavitt, Regent, NSHE, the expansion of postgraduate and other medical training opportunities was being discussed.

In response to Assemblyman Marvel, who asked for information regarding the reversion of residency funding to the General Fund, Dean McDonald indicated that residency funding would not be reverted to the General Fund.

Gary Ghiggeri, Fiscal Analyst, Legislative Counsel Bureau, Fiscal Analysis Division, provided information that the UNSOM had reported they planned to revert unspent residency funds from fiscal year 2006.

Dean McDonald apologized for the error and confirmed that unspent fiscal year 2006 funds to hire residents would be reverted to the General Fund.

In response to questions Assemblywoman Giunchigliani asked regarding the total number of residency positions, Dean McDonald advised that the UNSOM had a total of 150 residency positions.

Assemblywoman Giunchigliani questioned whether the UNSOM had or had not hired the 34 new positions for which state funding had been appropriated.

Dean McDonald advised that the additional residents had been hired, and, as previously indicated, the UNSOM had been successful in obtaining an unanticipated source of funding for residency positions. Dr. McDonald explained that approximately two years ago, the Center for Medicare and Medicaid Services (CMS) announced a reassessment of unused residency positions, and the UNSOM applied for and successfully obtained 36 new residents paid for with federal funds. Twenty-four of those positions were dedicated for a new emergency medicine training program at the University Medical Center (UMC), and the remainder was dedicated to internal medicine and geriatric residency positions.

In response to questions Assemblywoman Giunchigliani asked regarding the timing of the federal funding for the 36 new residents, Dean McDonald advised that while the initial announcement and application process took place two years

prior to the 2005 Legislative Session, the formal announcement regarding the positions was made well after the Session had adjourned.

Assemblywoman Giunchigliani commended the UNSOM's application for and receipt of federal dollars, but indicated the Legislature should have been made aware of the application process during the discussion for an additional 34 residency positions.

Dean McDonald advised that UNSOM representatives had no knowledge that the funding for the residency positions would be forthcoming from CMS and reiterated that the formal announcement the funding would be received had taken place well after discussions with the Legislature regarding funds for additional residents were concluded.

In response to Assemblywoman McClain, who questioned the number of geriatric residencies, Dean McDonald advised that there were two in northern Nevada. Dean McDonald indicated discussions had taken place with representatives of Sierra Health Services Inc., a diversified healthcare company headquartered in Las Vegas, to begin a geriatric fellowship program.

In response to Assemblywoman McClain, who said that medical students should be encouraged to take geriatric courses, Dean McDonald advised that geriatrics had been integrated into the UNSOM medical school curriculum. Additionally, Dean McDonald discussed a program that provided a resident the opportunity to live fulltime in the Promenade on the River, a senior living community in downtown Reno, which he said provided additional exposure to geriatric issues.

Chairman Raggio accepted the report on behalf of the Committee.

9. NEVADA COMMISSION ON TOURISM – Preliminary report for use of Fiscal Year 2006 funds for Reno-Tahoe Winter Games. (Letter of Intent, 2005, Legislature.)

Chairman Raggio reported that funding for the Reno-Tahoe Winter Olympic Games was appropriated during the 2005 Legislative Session when it appeared the winter games in 2014 could be held in the Reno-Tahoe area. Although the 2014 date was no longer a viable option, Chairman Raggio said the Reno Tahoe Winter Games Coalition (RTWGC) was working on a proposal to hold the winter games in 2018.

Steve Woodbury, Deputy Director, Nevada Commission on Tourism, identified himself for the record and introduced Jim Vanden Heuvel, Chief Executive Officer (CEO), RTWGC.

Mr. Vanden Heuvel reported that the potential for a candidate city bid to hold the winter games in the Reno-Tahoe area in 2014 was presented to the members of

the 2005 Legislature. At that time the United States Olympic Committee (USOC) had reorganized their Board of Directors reducing the board from 124 to 11 members. The new Board reviewed all policies and procedures for the Olympic Committee and decided that the United States would not bid on the 2014 Games.

Mr. Vanden Heuvel indicated that progress had been made in a bid for the winter games to be held in the area in 2018, and a request was made by the USOC that the RTWGC review the following elements of a strategic plan that would be advantageous in a potential bid.

- Development of Olympic training centers
- Community outreach for Olympic programs
- Development of regional training components and training programs
- Creation of a Community Olympic Development Program (CODP)

Currently, Mr. Vanden Heuvel reported that the RTWGC was working to:

- Create a Community Olympic Development Program in partnership with the USOC and six national governing bodies in sports.
- Develop an Olympians Association that would be utilized as a speakers bureau and statewide outreach component.
- Develop a potential year-round training center at Sky Tavern on Mount Rose as a grass roots development component.

Chairman Raggio asked how the remaining \$78,399 of the funding allocated in fiscal year 2005-06 and the \$125,000 allocated in fiscal year 2006-07 would be expended.

As previously discussed, Mr. Vanden Heuvel indicated that the RTWGC, at the direction of the USOC, was currently working on development of a CODP and an Olympians Association. The CODP that had been established in West Palm Beach Florida had an annual budget of approximately \$1 million a year. Mr. Vanden Heuvel indicated the RTWGC had developed matching grants for the state money expended over the last year and expected to raise another \$200,000 to \$300,000 in the next fiscal year for the CODP.

In response to questions Chairman Raggio asked regarding the potential 2018 bid and expenditure of the funding, Mr. Vanden Heuvel advised that although the USOC had to first determine whether to even request a bid, they wanted the RTWGC to “stay in the game” and partner with them on development programs. Over the past year, the USOC had made a determination to put resources only into those cities that had a potential to win an international bid. In discussions regarding 2016, Denver and Reno-Tahoe were mentioned as potential cities

for 2018. Mr. Vanden Heuvel advised that the opportunity to move forward as a candidate city was a reality; the USOC would make a determination in 2009, and the premise of the RTWGC was to “stay in the game” and continue the process to move successfully toward a bid to hold the winter games in the Reno-Tahoe area in 2018.

Chairman Raggio accepted the preliminary report and requested that reports continue to be provided for the Committee’s information.

12. DEPARTMENT OF PUBLIC SAFETY

A. Division of Emergency Management Assistance:

(3) Quarterly report on the State Homeowners’ Disaster Assistance Program for the quarter ending June 30, 2006.

Frank Siracusa, Chief, Division of Emergency Management (DEM), Department of Public Safety (DPS), identified himself for the record. Mr. Siracusa reported that the Homeowner’s Disaster Assistance Program was established under the provisions of A.B. 572, 2005 Legislature, and the DEM was assigned the responsibility to establish a process whereby financial assistance could be provided to private homeowners, whose homes were damaged or destroyed as the result of an emergency or a disaster.

Chairman Raggio acknowledged Senator Titus’ recommendation of the legislation and asked DEM officials to provide a status report.

In a brief background presentation, Mr. Siracusa told the members of the Committee that while the DEM staff had experience in managing millions of dollars in grant funds to governmental agencies, the Homeowner’s Disaster Assistance Program provided a first experience in managing a program that provided grants to individual families and individual homeowners.

Mr. Siracusa advised that after a lengthy process of reviewing other states with similar programs and finding only a few, it was determined that the Federal Emergency Management Agency (FEMA) program that provided assistance to individuals could be used to provide guidelines. Mr. Siracusa indicated that care had been exercised in using FEMA’s program as a guide as a result of FEMA’s recent problems related to the misuse of funds.

Chairman Raggio indicated that most had heard the media reports surrounding the misuse of federal funds and that a number of non-qualified individuals had applied for funding.

Mr. Siracusa advised that FEMA’s experience had provided information as well as lessons and over a period of about eight months from February 2006 to date, the DEM staff had worked on developing emergency regulations, an application process, and applicant briefings. Mr. Siracusa reported that to date 80

applications had been received, which had been narrowed to 30 eligible requests for funding.

In response to Chairman Raggio's request for information on eligibility requirements, Mr. Siracusa advised that individual financial status was reviewed to determine the availability of insurance or other resources that could be used to repair the damage, or whether application for a personal loan had been or could be made to repair damage. Mr. Siracusa explained that the State Homeowners' Disaster Assistance Program was essentially "a last resort" for individuals, who did not have the financial resources to repair or, in some cases, replace their home, to apply for a limited amount of financial assistance.

In response to questions Chairman Raggio asked regarding the type of disaster that had to occur in order to receive assistance, Mr. Siracusa advised that the damage had to occur as a result of an emergency disaster, such as flood or fire. Mr. Siracusa advised that FEMA guidelines provided a maximum of \$5,500 for damage incurred to a structure and up to \$10,900 if the property was totally destroyed.

Mr. Siracusa indicated that DEM staff was currently in the process of finalizing the regulations and reiterated that to date 80 applications had been received, 30 were approved as eligible and 15 of the 30 actually approved. One check had been issued and upon completion of the fiscal year process, the remainder of the checks would be issued.

Chairman Raggio indicated that it appeared the DEM staff had been cautious and deliberate, but he said it was essential that people, who had been approved as eligible, received their funding as quickly as possible.

Senator Titus commended the DEM staff for their work in developing emergency regulations and the application process for a needed program. Although the process had been lengthy, Senator Titus indicated she was gratified that the program was established and ready for any future disasters that might occur.

Mr. Siracusa advised that applicant briefings would be conducted for any future emergency disasters wherein DEM staff would meet with prospective applicants, provide information about the program, assist the applicants in the application process, and provide onsite interviews with the applicant. Mr. Siracusa indicated that the learning experience over the last eight months would enable the press to move forward more quickly in the future. Mr. Siracusa concluded his comments by telling the Committee that the DEM staff took their fiduciary responsibility to ensure the integrity of the funding for the State Homeowners' Disaster Assistance Program "very seriously."

Chairman Raggio accepted the report.

P. PUBLIC COMMENT.

There was no response to Chairman Arberry's request for public comment.

Q. ADJOURNMENT.

Chairman Arberry adjourned the hearing at 3:30 p.m.

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, Legislative Counsel Bureau | Agenda |
| B | Fiscal Analysis Division, Legislative Counsel Bureau | Guest List |
| C | Senator Dean Rhoads | Letter from the Committee on Public Lands in support of Work Program E.115 |
| D | Fiscal Analysis Division, Legislative Counsel Bureau | Item 0 – Informational Items |
| E | Legislative Committee on Health Care | <i>Nevada Strategic Health Plan Recommendations</i> |
| F | Department of Health and Human Resources | Letter dated August 30, 2006 to Tom Morton, Director Clark County Family Services |
| G | Fiscal Analysis Division, Legislative Counsel Bureau | Statement of Contingency Fund Balance – <i>Revised Sept. 11, 2006</i> |
| H | Department of Administration | Statutory Contingency Budget Account 4892 |
| I | Department of Administration | Stale Claims Budget Account 4888 |
| J | Nevada Division of Forestry | Elko Field Office Fire Season 2006 |
| K | | Fund for a Health Nevada Grant Awards to State Entities |
| L | Public Works Board | Progress Report University of Nevada Las Vegas Science, Engineering & Technology Building |
| M | Public Works Board | Grant Sawyer Building Office Building Exterior Tile Replacement Projects 05-C01 and 01-M04 |
| N | Division of State Lands | Existing and Proposed Bond Authority for State Lands Question 1 Program |
| O | Department of Cultural Affairs | Nevada State Museum Springs Preserve Project Status Report |